
**A Report on the Inspection of
The Town of Peace River
George B. Cuff & Associates
August 2014**

Table of Contents

Section One: Setting the Stage (Purpose, Methodology, History, Functions)	7
1.1 The Request	8
1.2 Purpose of an Inspection	9
1.3 The Starting Point	10
1.4 Powers of the Inspector	10
1.5 Our Methodology	11
Section Two: The Basics (What We Would Expect to Find)	14
2.0 The Basics	15
2.1 Functions of a Municipality	15
2.2 Who Does What	17
2.3 Role Clarity	18
2.4 Council Elected to Lead	20
2.5 Principles of Decision-Making	21
2.6 The Mayor as Leader of Council	22
2.6.1 Importance of the Mayor's Position	22
2.7 Council as a Whole	25
2.8 Council's Governance Processes	29
2.8.1 Model of Governance	30
2.8.2 Governance Functions	32
2.8.3 Instruments of Decision-Making	35
2.9 Role of Senior Management	38
2.9.1 The Impact of Management	38
2.9.2 An Apolitical System	39

A Report on the Inspection of The Town of Peace River

2.9.3	A Two-Fold Role	41
2.9.4	Senior Management Practices	42
2.10	Roles of the Chief Administrative Officer	48
Section Three: Observations & Findings		54
3.0	What We Observed	55
3.1	Setting the Stage: Key Background Observations	55
3.2	Impact of the Inspection.....	56
3.3	Council Processes/Governance	57
3.3.1	Council Orientation	60
3.3.2	Style/Model of Governance.....	61
3.3.3	Strategic Plan.....	62
3.3.4	The Budget.....	63
3.3.5	Council Communication	65
3.3.6	Policies	65
3.3.7	Protocols	69
3.4	Administrative Processes	70
3.4.1	Structure	70
3.4.2	Administrative Practices	71
3.5	Departmental and Functional Observations	74
3.5.1	The CAO	74
3.5.2	Management Team.....	78
3.5.3	Business Planning	80
3.5.4	Human Resource Systems	82
3.5.5	Management Information Systems.....	91
3.5.6	Financial Management and Reporting.....	93

A Report on the Inspection of The Town of Peace River

3.6	The Town’s Planning Processes	106
3.7	Community Services	108
3.8	Engineering & Infrastructure	109
3.9	Protective Services	110
3.10	Regional Cooperation	112
3.11	Communications Practices	114
3.11.1	History and Current State.....	116
3.11.2	Problem Areas	116
3.11.3	Communications Plan.....	118
3.12	Economic Development and Tourism	125
3.12.1	History and Current State.....	126
3.13	Agencies, Boards and Committees.....	128
3.13.1	Legislative Authority	130
3.13.2	Overview of Council ABCs.....	130
3.13.3	Some Comments on ABCs	137
3.13.4	Recommended Principles	139
Section Four: Key Issues at the Heart of the Inspection		143
4.0	The Inspection Request	144
4.1	What Does the Legislation Say?	145
4.2	The Principles	146
4.3	Are These Principles Being Applied in Peace River?	149
4.4	The CAO Contract.....	154
4.4.1	CAO Timeline Summary	155
4.4.2	Comments.....	157
4.4.3	Contract Length	160

A Report on the Inspection of The Town of Peace River

4.4.4 Compensation	162
4.5 The Ski Hill	163
4.5.1 A Summary of Key Events	163
4.6 Related Policy Issues	169
4.6.1 Politicization of the Administration	169
4.6.2 Pseudo-Party System.....	170
4.6.3 CAO as a Developer	171
4.6.4 Personnel Policy	172
4.6.5 CAO Compensation	172
4.6.6 Strategic Plan	173
4.6.7 Recommendations in Agendas	174
4.6.8 Council’s Relationship with Its Administration.....	175
4.6.9 Capacity to Move Forward	176
Section Five: Conclusions & Recommendations.....	180
5.0 Conclusions	181
5.1 Where to from Here	181
5.2 Some Specific Protocols	182
Section Six: Recommendations.....	186
6.0 Recommendations	187
Appendix A: Elements of an Effective Governance Model	195
Appendix B: Financial Analysis	208

A Report on the Inspection of The Town of Peace River

September 15th 2014

The Honourable Diana McQueen

Minister of Municipal Affairs

#404 Legislature Building

10800-97th Avenue, Edmonton, AB

Canada T5K 2B6

Dear Minister McQueen:

Re: A Report on the Inspection of the Town of Peace River

We are pleased to provide you with our Report on the Inspection of the Town of Peace River. Our Report summarizes our findings based on compliance with the terms of reference. The Inspection/Review was conducted over the period of March 28th 2014 to July 11th 2014.

Our findings are based on our review of the relevant documentation and the substance of the interviews that we conducted with those individuals who are directly connected to this engagement. As well, we have reviewed some of the historical documentation (generally speaking for the period of October 2010 to the present time).

We are pleased to report that all parties to our engagement including the current and past Councils, current and former CAOs and current management of the Town were cooperative and responded to our numerous requests for information and clarification.

We are, as usual, available to respond to any questions you might have and are thankful for this opportunity to be of assistance.

Yours very truly,

George B. Cuff, FCMC, President

**Section One: Setting the Stage (Purpose,
Methodology, History, Functions)**

1.1 The Request

Alberta Municipal Affairs received a petition in May 2013 from some residents of the Town of Peace River requesting that an inspection of Town Council be commissioned. The petition was based on a reference to Section 232(1) of the Municipal Government Act which rendered that petition invalid as that section does not pertain to a petition to the Minister. Subsequent to the October 2013 municipal election, the Council of the Town met with the Minister and expressed interest in following up this matter. A subsequent motion of Council directed this request to the Minister as per Section 571. The letter sent to the Minister was dated November 28th 2013.

The decision to conduct an independent examination (“Inspection”) of the Town of Peace River was made by the Minister of Municipal Affairs on January 16th 2014. The letter from the Minister to the Mayor of Peace River stated that:

“The objective of the inspection process is to support the role of council and administration in providing local government services in the community. The results of an inspection may confirm and reinforce the positive practices and policies of the municipality, and may identify areas and make recommendations where improvements are required... The broad scope of issues addressed in the inspection should result in recommendations that will be of benefit to council, administration, and the community.”

On March 27th 2014 then Minister Hughes sent a letter to Mayor Tarpey of Peace River attaching Ministerial Order L: 033/14 which appointed George Cuff of George B. Cuff & Associates Ltd. as the inspector to conduct an inspection of the management, administration and operations of the Town of Peace River.

The Inspection has occurred over the April-August 2014 timeframe. Our approach has involved the services of four personnel associated with this firm (George B. Cuff & Associates Ltd.). All have substantial experience in related work (finance, audit, management consulting and communications) and all were guided by this firm’s principal officer.

1.2 Purpose of an Inspection

The purpose of an Inspection is cited in the MGA under Section 571 as follows:

- (1) *The Minister may require any matter connected with the management, administration or operation of any municipality ...*
 - (a) *On the Minister's initiative, or*
 - (b) *On the request of the council of the municipality.*
- (2) *The Minister may appoint one or more persons as inspectors for the purpose of carrying out inspections under this section.*
- (3) (b) *The inspector has the same powers, privileges and immunities as a commissioner under the Public Inquiries Act.*

In the letter of the Minister to the Mayor of Peace River the Minister states

Section 574 of the MGA provides that the Minister may, by order, direct the council, the Chief Administrative Officer or a designated officer of the municipality to take any action that the Minister considers proper in the circumstances if the Minister considers (based on the inspection report) that the municipality is managed in an irregular, improper, or improvident manner. Directives normally have timelines by which the action is required to be completed.

Our contract required us to report on matters which we believed fell within the guidelines of “irregular, improper or improvident conduct by Council, individual Councillors or by municipal staff”. The terms irregular, improper and improvident may not be familiar to the reader in this context. Black’s Law Dictionary provides the following definitions:

Irregular: Not regular; not according to established law, method, or usage; not conformable to nature, to rules or moral rectitude, or to established principles; not normal, disorderly.

Improper: Not suitable; unfit; not suited to the character, time and place.

Improvident: As used in a statute excluding one found incompetent to execute the duties of administrator by reason of improvidence, means that want of care and foresight

in the management of property which would be likely to render the estate and effects of the intestate unsafe, and liable to be lost or diminished in value, in case the administration should be committed to the improvident person.

Any such matters that we believe fall into one or all of these categories are identified in this Report.

1.3 The Starting Point

The above section (s.571) outlines the authority to conduct an Inspection. The initiating trigger or criteria for undertaking an Inspection is set out under section 572 (Inquiry): that is, the Minister will consider initiating an Inspection when a petition, as described in the subsection 572(1)(2)(a) is received or on a request from Council. In this instance the Minister received a letter from the Mayor in late November 2013. The decision to conduct the Inspection was made in mid-January 2014; and the Inspector was appointed in late March 2014.

1.4 Powers of the Inspector

Subsection 3 and 4 of section 571 set out the powers of the person conducting an Inspection. This includes the power to require Councillors and staff to be available for interviews and the obligation of the CAO to produce any records requested. It states that an Inspector “...has the same powers, privileges and immunities as a commissioner under the Public Inquiries Act”. Through this clause, an Inspector is provided with considerable power to acquire information, per section 3 of the Public Inquiries Act which includes:

- (1) *The commissioner or commissioners may engage the services of*
 - (a) *counsel, clerks, reporters and assistants, and*
 - (b) *experts, persons having special technical or other knowledge or any other qualified person to assist them in the inquiry.*

- (2) *The commissioner or commissioners may authorize a person referred to in subsection (1)(b) to inquire into any matter within the scope of the inquiry.*
- (3) *A person authorized under subsection (2) has the same powers, privileges and immunities that the commissioner or commissioners have under this Act.*
- (4) *A person authorized under subsection (2) shall report the evidence and the person's findings, if any, to the commissioner or commissioners.*

The key point is in general the Inspector is not restricted in his/her scope. Also, Section 571 provides an Inspector with sufficient power necessary to complete a project. Sections 4 and 5 state:

4 The commissioner or commissioners have the power of summoning any persons as witnesses and of requiring them to give evidence on oath, orally or in writing, and to produce any documents, papers and things that the commissioner or commissioners consider to be required for the full investigation of the matters into which the commissioner or commissioners are appointed to inquire.

5 The commissioner or commissioners have the same power to enforce the attendance of persons as witnesses and to compel them to give evidence and to produce documents and things as is vested in a court of record in civil cases, and the same privileges and immunities as a judge of the Court of Queen's Bench.

1.5 Our Methodology

Our work requires us to “get to the bottom of things” and assess whether or not the Town has been and is functioning in a responsible manner relative to its mandate as the governors and leaders of the municipality. As part of our Inspection, we:

- requested documentation from Alberta Municipal Affairs which we felt would be useful to our study
- conducted interviews with all members of Council
- conducted interviews with all management staff of the Town

A Report on the Inspection of The Town of Peace River

- interviewed the Reeve/Mayor and CAO of the following neighbouring jurisdictions:
 - Northern Lights
 - Northern Sunrise County
 - M.D. of Peace
 - Town of Grimshaw
- interviewed former chief administrative officers of the Town who we felt might be able to shed additional light on this topic and its history
- interviewed the Member of the Legislative Assembly for the Town of Peace River
- interviewed two former Mayors of the Town
- interviewed the Manager of the Mackenzie Municipal Services Agency
- reviewed documentation from the Town and other organizations with an involvement with the Town including background reports, audit reports, related studies, minutes and documents considered to be directly related to this Inspection
- conducted a comparative analysis of other similar municipalities with regard to a number of indices relating to current “fiscal health” of the municipality
- sought additional clarification from the Town and other parties on issues which are central to the Report
- interviewed certain members of the public who had an involvement with the Town during the run-up to the unsuccessful public petition
- interviewed most of the members of the previous Council (2010-2013)
- interviewed Fire Chiefs from surrounding municipalities and some members of the Fire Department
- Reviewed all those matters which we believed to be germane to this Inspection and request.

We wish to note that we have been involved in this Inspection for a considerable time and thus have placed demands on the management (and to a lesser extent, the Council) of the Town during the course of this engagement. We have appreciated the responsiveness of

management to our interventions and their cooperation in finding documents which we felt we needed to understand the background to the issues described herein.

Further, we note that in the main we have been impressed by the desire of those interviewed to do the right thing in terms of overseeing their functions and work responsibilities. Municipal management is not without stresses and difficulties in terms of not only managing people and responding to demands for service but doing so in an environment that is overseen by a political layer who must act on behalf of the residents and businesses of the community. We have considerable respect for those who labour in this enterprise and who do so with integrity and a servant heart.

Section Two: The Basics (What We Would Expect to Find)

2.0 The Basics

One could argue that each municipality is largely left to its own devices as to what constitutes reasonable governance and management. While we would accept that there is some truth in that assertion, there is also considerable literature which has surfaced over the years with regard to how a municipality ought to be governed by the elected Council and managed by an apolitical administration. Some of this is based on commonly-accepted principles and some on the very legislation which undergirds a municipality.

What follows in this section of the Report is a combination of the above: we have included some background on how a Council ought to function and what practices should mark an effective administration. While much of what follows is new to this Report, we note that some relevant background material has been extracted from previous reports by this author. We have decided to include it here because the material applies to the following narrative and helps to set the stage for much of what follows. Where it was necessary for sake of clarification, we have attempted to ensure that it applies directly to the circumstances found in Peace River.

2.1 Functions of a Municipality

The Encyclopaedia Britannica describes a municipality “as a unit of local government...a political subdivision of a state within which a municipal corporation has been established to provide general local government for a specific population concentration in a defined area.” In Alberta, Section 77 of the MGA defines the types of municipalities as: village; town; city; specialized municipality.

Part 1 of the Act defines the purpose, powers and capacity of municipalities. Section 3 describes the purpose as:

- (a) to provide good government,
- (b) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and

(c) to develop and maintain safe and viable communities.

Its powers are defined in the Municipal Government Act and other enactments. Along with powers, duties are imposed on the municipality by the MGA and other enactments and those which "...the municipality imposes on itself as a matter of policy".

The Act (s.6) states that

"A municipality has natural person powers, except to the extent that they are limited by this or any other enactment."

The kind of services that may be provided by a municipality is best understood when examining Part 2 of the Act which defines the bylaws that a municipality may pass. This is an extensive list that includes such aspects as: safety, health and welfare of people and the protection of people and property; nuisances, including unsightly property; transport and transportation systems; businesses, business activities and persons engaged in business; services provided by or on behalf of the municipality; public utilities; wild and domestic animals and activities in relation to them; authority to deal with any development, activity, industry, business or thing in different ways; divide each of them into classes and deal with each class in different ways; provide for a system of licences, permits or approvals ...

How are these services accomplished? Most municipalities understand that there are two major spheres of authority or responsibility: policy-setting and decision-making (governance); and putting policies into action (administration). A careful design of these functions and a willingness by all parties to stick to their respective roles ensures a minimal degree of overlap and maximum effectiveness. While this is readily accepted by most of those involved in local government, adherence to these roles remains a major challenge for a number of elected and appointed officials. Unfortunately, those who refuse to accept role restraints and who do not respect the responsibilities of others cast a significant and largely negative impact on the organization.

The dichotomy of roles is based on the requirements of service more so than the motivation for service. The latter for both elected and appointed officials is generally one of a desire to

serve. The requirements for those appointed is that of training and perceived expertise; for elected officials the requirements are an ability to appeal to the populace as someone worthy of support likely based on prior community involvement (or at least visibility) and a sense (by the public) that the candidates leadership abilities and personal style would be useful to the governance and sustainability of the community. These are substantially distinct.

2.2 Who Does What

Section 201(1) states that a council is responsible for:

- (a) developing and evaluating the policies and programs of the municipality;
- (b) making sure that the powers, duties and functions of the municipality are appropriately carried out;
- (c) carrying out the powers, duties and functions expressly given to it under this or any other enactment.

This section of the MGA is complemented by Section 207 which specifies what the chief administrative officer is responsible for, and which states that the CAO:

- (a) is the administrative head of the municipality;
- (b) ensures that the policies and programs of the municipality are implemented;
- (c) advises and informs the council on the operation and affairs of the municipality;
- (d) performs the duties and functions and exercises the powers assigned to a chief administrative officer.

Our experience here in Alberta and across Canada underscores the notion that Council is expected to establish the policy framework, the priorities, the anticipated results and the required resources whereas the chief administrative officer (CAO) and his administration provide advice on those requirements as well as the skills/expertise and daily commitment for these to be achieved. In short, Council determines what is to happen (generally based on

a combination of the advice of the CAO/senior management and Council's own insights based on their linkages to the community); the CAO provides the advice to Council as well as the leadership, direction and supervision to the staff members assigned to get the tasks done. Council members are often elected as a result of their commitment to the community and their ability to capture the voting support of their fellow residents in an election. This is generally related to their community connectedness and the promise of action for the future. The administration on the other hand are selected and appointed on the basis of the work that needs to be done and the skills required doing it. This requires knowledge of applicable processes and expertise in a required profession or a particular competency. While not mutually exclusive these spheres are certainly very distinct and form the basis of a good "marriage" of complementary skills and commitments.

2.3 Role Clarity

It should be obvious to all new Councils that a comprehensive orientation is critical to a good beginning. This should be apparent to all but often that is not the case. We are aware of a number of Councils which still do not plan any rigorous, thorough orientation and which may not even be sure why that might be required. We have and will continue to argue that the role of an elected official is new; it's challenging; and it needs to be talked about if it is to be properly appreciated and experienced.

Given that this author has written extensively on this topic, we have chosen to highlight some of those observations which we believe are central to what we find in Peace River. While not all municipalities are the same nor do we expect them to all act as one (given the range and diversity of personalities on Councils) there are certain basic tenets of what is referred to as "good governance" which ought to be shared across the board.

One such basic tenet is that any municipal Council in this Province has essentially two primary functions. It must ensure that:

- the municipality provides those services and functions deemed useful or necessary to the population of the community in an efficient and effective manner while maintaining a healthy tax base and providing for a sustainable future; and
- the municipality acts on those issues which are within its jurisdiction and which require the judgment of the elected Council.

In order to accomplish this Council must establish sound policies, make good decisions, approve annual budgets, ensure that primary services are appropriately funded and ensure that good government (public order and public safety) are preserved. Further, a Council must ensure that it has a functioning administrative organization which has the capacity and experience to deliver services effectively and efficiently and within the policies established by the Council.

In the previous section we highlighted the role statements found in the Act. Understanding these is fundamental to the task of being a member of Town Council. These statements are intended to provide Council members with some clarity as to their roles as elected officials and the CAO as their chief policy advisor and administrator. Those two principal roles are substantially different. That of a Council is one of policy-making; of judging the merits of various proposals regarding policies and programs while delegating to the CAO the responsibility and accountability for good management.

The reason these roles are spelled out separately is because they are quite different: the one is based on the political support garnered from the community while the latter is based on training and experience in managing a municipality, its resources and its attendant functions. One requires a good sense of the community's political will while the other requires training and experience in how to manage resources and projects prudently. Council is expected to establish the policy framework, the priorities, the anticipated results and the required resources whereas the chief administrative officer (CAO) and his administration provide advice on those requirements as well as the skills/expertise and daily commitment for these to be achieved.

In short, Council determines what is to happen at a strategic, policy level generally based on a combination of the advice of the CAO/senior management and Council's own insights based on their linkages to the community. The CAO on the other hand provides useful advice, background information and clear recommendations to Council as well as the leadership, direction and supervision to the staff members assigned to get the tasks done. When Council members forget why they were elected or on what basis, or where the administration starts to act as though it could do so without the guidance of its Council, problems result.

2.4 Council Elected to Lead

Council has the responsibility to lead the community. It is elected now every four years to provide guidance to the decisions being made and the direction being set. While it must do so within the parameters set by the legislation (principally the MGA) the Council still has considerable flexibility in what decisions are made and how they are justified. In many instances, the decisions of a Council are not challenged by the voters either because they seem relatively commonplace or because the electorate has not been alerted to the magnitude of a decision and its implications.

Council's leadership is generally expressed in what it sees as its strategic priorities (which often directly impact the operating and capital budget) and in what it believes are reasonable policies which capture what it expects to happen in terms of service delivery, communication to its residents, impact on its neighbours, relationships with other levels of government, and so on.

Such leadership involves choices. Decisions need to be made which move one priority ahead of another of seemingly equal value. Whether or not to participate in a regional venture is decided not on the desire for goodwill (although that is important) but on whether or not, in the opinion of Council, the proposal to act regionally will benefit the residents and businesses of the community it represents.

Leadership also requires accountability. Council members are expected to stand behind the judgments they make and to own up to the fact that in the final analysis, at the municipal level they are accountable.

2.5 Principles of Decision-Making

Council's decisions ought to be guided by what the Council believes to be or accepts as its "principles of decision-making". In other words, when a Council makes choices it does so as an outcome of how it perceives its role; how it views the overall needs of the community it serves; and what it feels the community will support.

Its decisions flow from its principles: and while often not formally stated and perhaps not even considered, such principles reflect how a Council sees its relationship to its electorate and how it perceives its role and mandate in serving as the elected representatives.

In previous studies we have suggested these **principles** as requirements to:

- act in good faith so that the best interests of the whole community are respected
- think independently and refrain from forming allegiances with factions within Council
- work with each other on Council so that the will of the public in electing each other is respected
- support the citizens' choice of Mayor and show respect for the position and a willingness to make the system work well
- as Mayor, respect the other choices that citizens made in electing the Council members and show evidence of a genuine desire to enable the new Council to function effectively
- take all points of view into account when making decisions; withhold judgment on requested decisions until all of the information has been considered including the ideas and opinions of each member of Council
- work in collaboration with the chief administrative officer and his administration; act respectfully at all times

- refrain from showing added consideration to the views of any individuals in the community regardless of how important they may be perceived to be (either in their own mind or that of others); and
- provide collective leadership as a governing body to the chief administrative officer (i.e. not individually); and use the office of the Mayor to maintain liaison with the CAO between meetings of Council.

2.6 The Mayor as Leader of Council

According to the Act, the Mayor has the same responsibilities of all members of Council as well as performing additional roles associated with leading his/her Council. Thus, in addition to those roles described in the Act for all members of Council, the Mayor (according to Section 154 (1)) as

“A chief elected official, in addition to performing the duties of a councillor, must

- (a) preside when in attendance at a council meeting unless a bylaw provides that another councillor or other person is to preside, and
- (b) perform any other duty imposed on a chief elected official by this or any other enactment or bylaw.”

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.

2.6.1 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/she 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. He should be able to draw out their respective viewpoints and encourage each to voice their concerns and questions.

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 may disagree on the key issues. Where Council members disagree, the challenge of 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 based on 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 and who therefore might be considered as "not part of the team". This latter expression presumes that everyone must be on the same page to have a good Council or to be a good Councillor. That is, of course, nonsense.

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 here and 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 full Council in such a circumstance is difficult to fathom. A Mayor needs to recognize 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.

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.

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 deliberately 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 personal business interests should be made known to the CAO and Clerk (recording secretary) 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 (or, for example, to fund a project or hire any employee) 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 and they see him as "their" leader and spokesperson. That is a role and perspective which ought not to be treated lightly.

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 that single 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. 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.

2.7 Council as a Whole

The legislation impacting how local government is conducted in Alberta (and indeed across Canada) is quite clear: Council makes the policy decisions. Council approves the by-laws. Council directs the CAO. Council makes any agreements with surrounding communities. Council approves the budget. These are all Council decisions. They are not to be made by

the Mayor or by the CAO, both of whom have very important roles in helping guide Council to quality decisions.

The Municipal Government Act (s.153) states that Councillors have the following duties:

- a. *“to consider the welfare and interests of the municipality as a whole and to bring to Council’s attention anything that would promote the welfare or interests of the municipality;*
- b. *to participate generally in developing and evaluating the policies and programs of the municipality;*
- c. *to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by council;*
- d. *to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer*
- 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 perform any other duty or function imposed on councillors by this or any other enactment or by the council.”*

In exploring this section of the MGA one will readily note that a Council has an obligation to consider the welfare and interests of the municipality as a whole”. This requires every Council to look at all recommendations it receives from its CAO and management team as well as from committees and external agencies and ask the question “does this advice or intended action by our Council truly reflect what the community as a whole would have us do?” Are we acting for one group or organization or select individuals or are we actually reflecting to the best of our ability what the community at large would, if presented with the facts of the matter, also endorse as consistent with the community’s best interests.

Decisions are made as a result of a thorough discussion of alternatives which the administration is expected to outline in its reports to Council. Every business issue on which

a Council must render judgment reflects options as to how to proceed. Such options might include:

- Does Council stick with the status quo or proceed towards a new alternative?
- What are the pros and cons of such choices?

Because those options are known in most instances to the administration, the CAO has the responsibility of ensuring Council is made aware.

The issues which should be on Council's agenda are there because:

- they are legally required to have Council's approval to proceed;
- the proposal to act goes beyond Council's current policy;
- there appears to be the need for a new policy; or
- the administration believes that Council would expect to be informed.

Council is expected to act as a body in making decisions on what it perceives as the right course of action. The CAO and his administration are charged with advising the Council on policy and program choices and to present those clearly including whatever options appear to be logical. A sound administration will ensure that each proposed action is clear; is signed off by the CAO; and presents a solid recommendation to act.

Council members provide leadership to their community by exposing their decisions to the light of public attention and by ensuring that all such decisions are made in accordance with the approved Procedural Bylaw and are made in a Council meeting and not in the coffee shop or parking lot or the private office of a member of Council.

The legislation states that a Council member is to participate in Council and committee meetings. These are, in the main, public forums which ensure that the public can see what is being done and why certain actions occur. Thus, the light and heat of public attention ensures that the views and best interests of the public are being sought.

As indicated earlier in this section, the system works well when it is allowed to function as intended by the legislation and generally accepted principles. These include expecting quality information and advice from the CAO on all salient issues (see s. 153.d) thereby

respecting the authority of that position and its independence. The Act does not suggest that a member of Council be the person expected to seek out the background information or to negotiate agreements or act as a professional advisor to Council. That would be considered disrespectful to the administration that has been tasked with that obligation.

There is an onus on all Council members to make the system work as well as it can. This is not just the expectation of the Mayor. Thus, even if the Mayor is acting in a manipulative manner by withholding key information or by forcing issues of some magnitude to look urgent, it is still incumbent on the rest of Council to take the high road and act as a buffer or restraint to such behaviour. And, if a majority of the Council wishes to act as a bloc and thus reject the advice or input of the minority on significant issues, this is not sufficient cause for the minority to roll up shop and withdraw. Good decision-making requires all of Council to be in attendance, even when the decisions appear to be pre-baked. Voicing opposition to such actions is needed if the public as a whole is to be well-served.

Section 153 (d) states that a council is “to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public”. While this clause may seem to run counter to the adage “public business is best done publicly” it is not. It simply reflects the wisdom that there are limited instances wherein their nature justifies their being resolved behind closed doors (as provided for in legislation)(MGA, FOIPP). Where Council as a whole votes that a matter is to be discussed in private then that is where it is expected to be discussed. Regardless of how open any Councillor wishes to appear to the public, the legal requirement to keep certain issues out of the public realm ought to be respected by all members of Council.

A fundamental obligation of anyone involved in governance is to seek the ongoing continuity of the organization (and in this instance community) being served. It is a matter of understanding what a Council inherited in assuming office and what state that inheritance is to be upon leaving office. The focus ought to be: how can Council build upon (or improve) the work of its predecessors? How can the state of the Town be improved such that the

community's continuity (i.e. its ability to sustain itself) is better at the end of a term than at its inception?

2.8 Council's Governance Processes

Governance refers to the processes utilized to make decisions. Such processes are integral to the acceptability of decisions and the maximizing of those decisions to the good of the organization (and the community). In the context of a municipality, governance processes can be interpreted as narrowly as a Council meeting or could be extended to include reference to task forces, standing committees, special committees, Council roundtables, external boards and committees and may even include administrative committees.

Governance also refers to the mechanisms of decision-making. Thus, the type of reports a Council receives from its management are an essential part. Further, whether or not a Council utilizes the advice of committees contributes to how a Council governs. And, whether or not a Council takes the time to reflect on the key issues in advance will also contribute to the quality of decision-making.

We have articulated this before but it is perhaps useful to re-state it here as it guides our assessment of whether or not this Town Council utilizes a system which should produce good governance results. A healthy, useful, results-oriented system could be said to exist if:

- Council was fully briefed at the outset of any new term as to its powers and expectations
- the respective roles of the Mayor, Councillors, the CAO and senior management were fully explained at the outset of a new term of office for Council members
- the procedural bylaw was adapted to the preferred governance style of this Council
- Council took the time to establish its goals at the outset of every term
- terms of reference of special purpose bodies and their relationship to Council was fully explained and understood by all parties

- the advisory role of the CAO and his administration was clear, comprehensive and fully respected
- all of Council had equal access to all information made available to Council
- the accountability of the CAO was outlined at the outset and respected by all parties
- accessibility to the administration was clearly outlined and respected
- Council had a suitable opportunity to reflect on the policy options facing it on key matters and access to the views of the public as they existed at that moment in time
- the key matters of Town business consistently faced a rigorous review by the administration before presentation of new or revised policies for Council's consideration.

The decisions of a Council are to be resolved at meetings of Council, unless expressly delegated by Council by bylaw and only then when so permitted by the Act. Such meetings according to the MGA are to be properly advertised and are to follow the procedures established by Council in its Procedural Bylaw. Thus, and for example, there should be no hint of a decision having been made before Council as a whole has been presented with the complete issue package and has had time to reflect on whether the decision being recommended makes sense. To do otherwise is completely unfair to the rest of Council and almost guarantees that the decision will be held up to question or ridicule.

Thus, if Council is being asked to undertake a major change in its business plan priorities for example, it would obviously be incumbent upon the CAO and Mayor to ensure that the full decision package is made available to all of Council as soon as possible with the complete administrative analysis contained within the package. This would ensure that the Council as a whole would be able to ascertain whether or not the proposal justifies a major change in the Council's previously determined priorities.

2.8.1 Model of Governance

The model of governance chosen by the Town will impact how Council 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. Such processes include the meetings of Council and its committees.

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.

Council needs to make 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.

Effective committee meetings reflect:

- openness to debate and to other points of view
- respect for those presenting reports, whether they be members of the administration or members of the public
- administrative reports that have been considered by the office of the CAO prior to being circulated to members of the committee for discussion so that the administrative recommendations are subject to a high level of scrutiny and quality control
- adherence to the procedural bylaw and etiquette (for Council committees) that ensures that the meetings are conducted in a manner that is sensitive to the opinions of others and away from any personal attacks or demeaning commentary
- a relaxed approach to the rules of discussion in committee so the members are free to discuss policy options, seek the opinion of others without declaring a political position, and think through what others are saying.

We note that a Council may determine not to utilize any committees. It may have had a poor experience with such committees previously or it may see such committees as unnecessary to its decision-making. Council can require that business issues which it must consider be directed to Council's regular meetings wherein decisions will be considered and made. This may be deemed suitable by a Council but it may also prove over time to be problematic. In some instances, Councils have found that the weight and gravity of an issue is such that simply discussing it at one meeting is insufficient and members leave having felt pressured to decide. Further, Councils have at times determined that they are not as involved in the affairs of the municipality to the degree preferred and so want the added exposure that a committee system affords. Provided that the committee(s) have appropriate and broad terms of reference, Council's involvement will be at the policy level. A multitude of committees with narrow terms of reference will often result in more administrative focus than is necessary or healthy for a Council.

2.8.2 Governance Functions

Primary governance functions include its role in setting the strategic agenda (goals, priorities, and strategies); establishing policy or revising existing policies; making decisions by way of bylaws and resolutions; and providing leadership to the administration through its decisions.

If Council is guiding the decisions from a governance perspective, it will recognize that its powers stem from:

- **Legislative Responsibilities and Powers**

The Municipal Government Act provides Council with a considerable range of both duties and expectations. The sections directed specifically at a Council are exclusively that of Council as the governing body. While Council is expected to turn to its administration for guidance, it retains the final authority to approve the matters within its assigned jurisdiction.

- **Representation of the Public**

While the administration and various groups in the community are all involved in providing service to the Town's residents, only Council can legitimately claim to actually represent its

residents. This representation carries with it tremendous authority and prerogatives that are only ascribed to Council.

- **Council Vision, Goals, Priorities**

If the Town is to have a clear sense of where it is heading and what issues it wishes to address over a particular time frame, Council must be the body that articulates that direction. Once Council outlines what it sees as the vision, goals, objectives and annual priorities for the Town, those should set the stage for subsequent actions by the administration. The latter must ensure that Council's articulated vision is captured by this and successive budgets and business plans. We note that this process of setting the vision, goals and priorities should include representation from the administration as it will be able to suggest meaningful ideas as well as identify the resources needed to accomplish the aspirations of the Council.

- **Operational and Capital Budgets**

Not much of significance happens in any municipality that is not provided for in the approved operating and capital budget. The authority to approve both of these documents rests with Council. While the run-up to the presentation of budgets can be extensive in terms of the time commitment of the administration, the focus of Council's energies must be on the front and back ends to the process. The front end focus lies in Council's involvement in the strategic planning process whereas the concluding chapter lies in Council's review of the formalized documents and its approval of the proposed changes and resulting tax implications.

- **Policies & Bylaws**

As we pointed out earlier, Council has a significant role in its governance processes through the approval of new or revised policies and bylaws. These are the principal documents that guide the actions of a municipality and provide the residents with the clarity they need to understand what is permissible by them and their neighbours and what is not.

- **Organization Structure; Personnel; Compensation**

It is our view that every Council has both the obligation and responsibility to approve the senior level (i.e. the CAO and direct reports) of the organization structure (but not the hiring of any individual personnel except the CAO). This is important because it shapes where the organization will place its resources and who will be viewed as a senior manager and entitled to be at the decision-making table. Council also has a role in approving either the number of personnel or the funds established for personnel (or both). While we would caution Council from being involved in any other aspect of personnel save the relationship which it has with the Chief Administrative Officer, Council ought to be engaged in defining the relationships that it has with senior management personnel and the access that it needs to have with regard to reports and issues.

With regard to compensation, Council should also establish the overall personnel and compensation policy. This policy should set the framework within which the CAO is to function and make decisions regarding such matters as collective bargaining and access to any merit funds for exempt employees.

- **CAO Performance**

One of the most significant aspects of a Council's mandate is the development of a solid working relationship with the CAO. This is essential given the fact that virtually all of Council's messages are communicated to the organization through the CAO's office and because the administration's messages sent up to Council are to be processed through the office of the CAO. The Council-CAO relationship establishes the tone at the top which we describe in detail later in this Report. The review and assessment of that relationship should be viewed as a significant mandate of Council and undertaken on at least an annual basis.

- **Budget Variances**

Council also has the authority to establish its policy vis-à-vis to what extent the CAO might approve variances to the approved budget. It is likely in the course of every year that issues and events arise that were not forecast and which may have a significant impact on one or more budget items. It is Council's authority to determine the extent of change that the CAO can authorize and make the necessary adjustments.

- **Governance Processes**

Council also has considerable authority in terms of the processes it utilizes which impact how it will govern the organization and the community. Such processes include the following:

- agenda process
- type of committee system
- appointment of public members to Council's agencies, boards and committees (ABCs)
- Procedural Bylaw.

We discuss these in some detail later in the Report.

2.8.3 Instruments of Decision-Making

- **Council Meetings**

Council meetings are the forum for resolving issues and disputes. They can be quite stressful depending upon the issue or celebratory when local teams are being recognized for some accomplishment. In the main, they are utilized to make decisions on behalf of the community. Council meetings are likely to be interesting and even enjoyable when the rules of procedure are understood and followed and when the Mayor (as chair) ensures that no one (not even the Mayor) manipulates the rules to their own ends.

Each Council has a Procedural Bylaw which governs these meetings. In many instances the bylaw is unnecessarily complex in an attempt to cover virtually all foreseen and unforeseen circumstances. In the main, the Bylaw ensures that such meetings are appropriately regulated in a manner which is fair to all and which allows the business to be fairly conducted.

Section 145 of the Municipal Government Act provides a council with the authority to pass bylaws regulating "...the procedure and conduct of council, council committees..." Each

Council does so and uses those procedures to ensure that business is conducted in a fair and even-handed manner. The Procedural Bylaw speaks to when meetings are to be held; the time of meetings; the role of the presiding chair; the order of business; the role of any committees; the conduct of meetings and of council members at such meetings; the recording of minutes and so on.

The quality of such meetings is also directly impacted by the capacity of the Mayor to chair effectively and fairly. Where the Mayor has a strong personal presence this is typically a non-issue. Where the Mayor is challenged on a wide variety of small and greater issues at every hand, the meeting can degenerate into personal attacks and improper behaviour.

Effective meetings reflect close adherence to the Procedural Bylaw with some flexibility shown where someone is genuinely trying to make their point. The voices of all members are respected and the advice of the administration is accorded respect. Councillors are free to dispute the views of each other but to do so in a respectful manner. The Mayor as chair is supported because he manages the meeting carefully and ensures that each person is heard.

- **Policies**

The policies (and bylaws) of a municipality are considered to be its “laws” in terms of what it sees as the best way to approach issues in order to ensure fairness. These are generally established in response to issues which might be either considered to be significant or repetitive. They show up on Council agendas on a relatively frequent basis either as a fresh reminder of what this or a previous Council felt was the right way to do something; or to alert Council that their proposed approach may be in contravention to its own policies or bylaws. We see policy development as a continuous process which means that it would be unusual 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.

We have never argued that a Council simply sets policy and the management/administration does everything else. Rather, there are issues wherein a simple resolution would suffice. In other instances, the CAO may have the authority to make a decision but will bring the matter to Council out of courtesy and with the knowledge (common sense) that Council will want to be consulted.

The text from a recent book by this author speaks to this issue when it states:

“Where issues are either substantive or likely to be repetitive, the Council may need to consider what policy stance would make the most sense and be most likely to ensure an appropriate and timely response in the future. Policy governance...requires that Council be alert to the issues which citizens will be concerned with and may have already raised with their previously elected Council. Such issues require the Council to give its full attention to how such matters can be resolved and whether or not a well-reasoned policy can be (or already has been) articulated.”

And further:

“It is my premise or thesis that any Council that is interested in really making a difference which will last for some time into the future will have a dynamic policy agenda and a refined policy framework. Busyness does not count; attending innumerable meetings matters little; holding positions locally, provincially and federally may seem important at the time but they too will be short-lived. What matters is how each Council treats the matters of governance which appear before it at every meeting of Council and whether it did so in a consistent, thoughtful, compassionate manner.”

IF the approach is well-thought out and IF the approach is inclusive of the steps outlined herein, THEN the following should be expected:

- a) Improved clarity of roles
- b) Enhanced clarity of messages
- c) Consistency of responses

- d) Delegation of duties
- e) Uncertainty is reduced
- f) Business planning and budgeting processes are enhanced
- g) Council's primacy as the decision-makers is enhanced.

Central to an effective governance model is the creation of a policy framework that ensures the primacy of Council is reflected in all key decisions impacting the direction of the community and civic organization. **This Report takes a policy approach.** It is drafted in this manner/style because we believe that without a commitment to such policies, the impact of this Inspection will dissipate and the Peace River world will settle back into sameness. This would not be helpful to either the Council or the public of the Town. If the Council is intent on making lasting changes, and that is what we have been led to believe, then it should ground those changes in policies. These will ensure that the management of the Town follows what this Council sees as the “right” way to do business.

2.9 Role of Senior Management

Our Report was not intended as a comprehensive evaluation of management personnel or management decision-making. It was however intended as a broad overview of what management does in the context of an Inspection. This includes an examination of key administrative processes as well as the quality of management's relationships with the Council it serves. Again, we begin with a broad overview of the processes we view as significant to how the Town functions and then we assess what we found in the Town of Peace River.

2.9.1 The Impact of Management

The capacity of any Council to provide good leadership to the citizens of any community is impacted significantly by the capabilities exhibited by its administration. While we put the spotlight on the role of the CAO, we realize that the CAO's perceived capabilities and confidence are a direct reflection of the sum of the administration reporting to him. That is,

while the accountability for results rests in the office of the CAO, his ability to deliver Council's direction to the staff and the staff's messages to Council lies in the composite expertise of the senior management team.

The work of senior management impacts:

- Council's understanding of the background to the issues
- the confidence of the Council in handling any complaints from the public
- the confidence of the non-management staff in the decisions being made by Council
- the morale of the organization
- the ethical compass of the organization
- the fairness of decisions
- the ongoing development of professional skills
- the pursuit of funding for special projects
- the professional management of fiscal, physical and human resources.

We have consistently argued that a quality organization depends upon the presence of a governing body which understands and carefully guards its mandate **and** the presence of an administration which is expected to be apolitical and highly professional. The advice of the latter should be generally accepted because the issues are dealt with dispassionately, without bias and grounded in solid administrative sense. This requires that the administration is respected for its professionalism and its capacity to think of the long term needs of the Town.

2.9.2 An Apolitical System

It is critical in our view that the Town's administration be viewed as separate from the Council and not tied politically to any one individual on Council (including the Mayor). Local government is not to be run as a party system with staff members viewed as nothing more than executive assistants. The CAO is NOT to be considered as the Mayor's friend or partner: rather the CAO is the employee of the Council and an advisor to all members of Council. As a result, the CAO should never be placed in a position of having to choose sides

when Council is divided on an issue or separated ideologically. It also needs to be made clear that the role of the administration is not to support the preferences or bias of individual members of Council, regardless of how powerful or important or assertive they might appear to be. In order for the system of local government to function as our legislation dictates the administration ought to be viewed as separate from the Council and its political machinations.

The CAO should be the standard-bearer for all of the staff and be viewed as someone who treats all of Council equally and professionally: not as someone who is there to carry out the Mayor's vendetta against this staff member or that because of some perceived slight or because an administrative decision may have negatively impacted the Mayor's businesses and the potential to make a better profit.

The CAO should be the one who oversees the development of a staff **code of conduct** which speaks to the fact that all members of Council and the public will be accorded respect regardless of any personal feelings which will not be on display at the office. All members of the administration will be cautioned against speaking ill of any member either publicly or in Town facilities.

An apolitical system ensures that information will be provided to **all** members of Council on a concurrent basis. This information will not be slanted towards the philosophy/ideology of any particular member or faction on Council but will be based on the best professional advice that this administration is capable of producing. The information given to Council will be comprehensive and straight-forward recognizing that members of Council are not expected to be local government experts (as that is the role of an informed administration). The decisions of Council will be implemented quickly and according to Council policy/resolution. In an apolitical system as we are describing a protocol will be established which requires that any administrative response or report requested by one member of Council will be shared on a concurrent basis with all members.

Members of the administration are encouraged to view Councillors as colleagues in the same enterprise as opposed to friends. There is little doubt that some members of both do develop a measure of trust and respect for one another. Unfortunately, there are problems experienced on both sides of the table whenever these relationships begin to result in friendships being formed. This results in a challenge to role clarity. It is extremely difficult for instance, if a member of Council or even the Mayor is so linked to the CAO, to a department head, or to the union that any objective assessment of performance or of the issues is likely to be biased.

Whenever the CAO speaks to Council it ought to be presumed that he is providing the best administrative opinion that his experience and knowledge can afford. He will have done the research necessary into the matter at hand; the advice would then flow from a balanced perspective such that the “health” of the municipality can be protected or enhanced. If the matter is perceived to be significant (i.e. changing the capital budget mid-stream), then the CAO and chief financial officer would be expected to ensure that the legislation relative to unplanned major expenditures will be followed.

Where the CAO is uncertain as to the legal course of action then the matter should be referred to the Town’s independent legal counsel for advice. Unless that advice has somehow missed the mark, it should be followed. In every instance such independent advice should be provided concurrently to all members of the Council given that the advice is intended to benefit the community and not the individual.

Management is to serve the Council as a whole with information being provided to all members of Council at the same time. Any questions or requests from individual members of Council are to be referred to the CAO or department head to ensure that the question(s) is appropriate and that the response goes out under the name of the department head or CAO. The response is intended to reflect what management as a body, as represented by the CAO, believes to be the best course of action on any issue.

2.9.3 A Two-Fold Role

Management's role is, when boiled down to the basics, essentially two-fold: provide advice to Council on the best course of action on policy and/or other business issues; and secondly, carry out the decisions of Council in a prompt, efficient and effective manner. Management does not just perform the latter role: rather, the provision of advice to the Council on priorities, policies, services and programs is at least as important (as the role of carrying out the decisions) as this advice influences to a considerable degree what Council ultimately determines to be in the best interests of all of the citizens.

Confidence in the advice of the CAO and his senior team is critical to the effective functioning of this system. We note as well in this instance and because of the circumstances enveloping Council's election that the issue of trust in the administration and particularly the CAO is central to almost everything else connected to the Council-management relationship. Whereas a system of local government can tolerate many things, it has to be centred in a trust relationship between the Council and its chief officer.

2.9.4 Senior Management Practices

Our Inspection did not include an in-depth review of the practices of senior management. Our Inspection looked at how the senior staff members were managing their departments and in the case of the CAO, his approach to managing the organization. Their practices were reviewed in comparison to what we believe to be "best practice" based on our own experiences with similar organizations across Alberta and Canada. Some of the more central or core practices follow.

- **Providing Policy Advice**

The legislation outlines that the CAO is to advise Council on its policies and programs and that the Council is to go to the CAO for such advice. It is clear that any municipality which wants to act in a progressive, logical fashion must expect good policy advice from its chief employee such that once the appropriate policy is articulated the Council can be assured

that certain actions will follow. Otherwise a Council will need to meet much more frequently and review every intended administrative action to determine whether or not it agrees with the action to be taken.

We believe that the CAO has a critical role in ensuring that the Council understands what policies exist as they begin their term of office and the context which surrounded the introduction of key policies. Given any degree of change on a Council one would have to believe that the new group would be genuinely interested in what policies currently impact the Town and which ones have proven to be the most controversial. Each agenda should be examined in terms of issues which might require a new/revised policy. While not expected on each agenda, policy items ought to populate Council's regular meetings given that Council is a policy governance body.

Senior 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. This same logic applies equally to members of Council.

- **Advising on the Strategic Framework**

The management of a municipality should expect to be consulted as a part of any Council's attempt to establish its own priorities and sense of direction. While we would expect a new Council to want to exert its impact on what the priorities and eventual strategic plan will reflect, senior management needs to be at that table as it will be expected to assist the Council meet those objectives.

The CAO is expected to develop a process whereby the administration is effectively engaged in assisting Council in the development of its priorities and in establishing a framework for administrative priorities as well. Such a process, preferably facilitated independently, should be used in guiding the development of the business plan, the annual budget and in establishing performance targets.

- **Overseeing Employees**

While sometimes overlooked in the busyness associated with being a department head or supervisor, senior staff has an obligation to provide effective direction and supervision such that employees understand their roles and carry them out effectively. This requires managers to identify those tasks that need to be done and completed in a timely manner; to ensure that all positions are clearly described and positioned on the organization structure; to supervise the day-to-day activities of each department; and to encourage employees to follow safety procedures and to be courteous to any members of the public with whom they have contact.

An often overlooked aspect of good management is the requirement of senior staff members to ensure that the system has the appropriate checks and balances needed. Included in this expectation is the importance of management meeting with the external auditor to discuss his/her perceptions on the need for ongoing improvements to fiscal controls; and to ensure that independent audits are performed on key Town functions/processes e.g. expense accounts, reserve fund allocations. Follow-up on any recommendations in the annual management letter is an essential component of a sound system of checks and balances.

Providing direction to employees also requires that management occupy the high ground in terms of their personal adherence to ethical behaviour. That is, it would be impossible for a boss to expect his/her employees to maintain high standards of ethical behaviour if their own life choices are living contradictions. Thus, and for example, it is difficult for the supervisor to expect his/her employees to refrain from dishonest or immoral practices if their own adherence to a moral code has been observed to be shaky. Further, where an employee is known to have experienced ethical failings in the past, additional supervision would appear to be justified and expected. In some instances, such an employee might need to be removed from a supervisory position.

- **Ensuring Adequate Staffing**

Part of the task of the CAO and senior management is to ensure that the organization is appropriately staffed to meet the objectives and needs of Council and of the community. There is a delicate balance to be achieved: what is required to get the job done without placing inordinate stress on the employees; and what level of resources can the community afford? Given the significant impact that employees have on the costs of any organization the Council needs to be aware of any change to the number of full-time employees and the incremental costs involved.

While there is merit in ensuring that supervisory employees only oversee the number of staff that they can reasonably manage, this factor is but one of many in determining whether or not added supervisory levels or staffing are required. A part of being an efficient administrative organization is the development of an internal mindset that plans any change very carefully with an eye on maximizing the use of resources and minimizing the costs to the taxpayers. At the same time, a quality manager understands that he/she can only supervise a certain number of employees before frequency of contacts becomes a performance issue or where the motivation to save money costs instead.

- **Assessing and Training**

Part of the mandate of a CAO is to ensure that the Council (and by extension the community) are receiving value for money from their staff. We do not know how this can possibly be done without a formalized approach to performance evaluations. Such a process needs to be interactive such that all staff members have the opportunity to receive feedback and provide their input on their own performance.

Staff members, including management, need to know the performance norms of the organization and the standard expected of their work. These standards should be established for the organization as a whole and for each organizational unit.

Senior management is also required to assess the training and development needs of their direct reports and make adequate provision in budgets for training dollars to support the

planned development of staff into more senior positions or to enable them to remain current in their own profession/career.

- **Orientating Staff**

If Council and the CAO want to ensure that those working for the Town are as effective in their roles as possible, the senior management must have in place a comprehensive process of ensuring that all staff members are given a full-scale orientation to the organization and to their roles. The CAO should ensure and oversee the development of an in-house orientation process which ensures that any new staff members are properly and thoroughly introduced to the organization. While the responsibility of developing such a plan may be delegated to the head of human resources, the importance of proper orientation requires that all of senior management be active participants and contributors.

- **Ensuring Communication**

One of the greatest challenges for all organizations is how to get information out and receive feedback in. Most suffer because they do not have useful communication tools or a broadly-based strategy/plan for ensuring that their employees understand what the corporation is doing and how they can be useful in both hearing from their clientele but also utilizing that information to better inform their audience.

Employees depend upon their senior managers to ensure that all staff has access to information impacting their work responsibilities. This requires that management hold focused and useful regular meetings with all staff to ensure that they are apprised of any organizational issues. We believe that senior staff should meet on a bi-weekly or weekly basis to discuss issues which are being readied for Council consideration. This should be done under the chairmanship of the CAO. He and other department heads should be expected to contribute issues for the agenda of such meetings.

Department heads should also be holding regular meetings with their staff members likely on a weekly or bi-weekly basis. Such meetings need to be taken seriously and therefore planned by the department head.

- **Being Responsive to the Public**

Further, a part of the task is for the administration, led by its senior management team, to ensure that it has a communications strategy and policies that support the provision of information to the public. Municipal offices exist to ensure that the citizens of the community receive services and that their concerns are being heard and addressed. The public generally expect their civic services to be user friendly, and designed in such a way to make visits to Town Hall as stress-free as possible. They are not expert in how the Town is structured but do know that their concerns and ideas should be welcomed (or at least heard) by the administration. The senior management need to be aware that the public is the client and that its expectations of quality service should be forefront for any management team.

- **Integrating Departments and Functions**

One of the greatest challenges faced by department heads and the CAO is how to ensure that all parts of the organization are working together in a collegial fashion. As we have stated previously, an effective organization is premised on the degree of synergy between the component parts and the desire of the leadership to work in a strong, inter-related collegial fashion. Municipal administrations are increasingly seeing the importance of creating work teams that transcend departmental structures and that are created as recognition that many issues are not rigid nor owned by only one segment of the organization. Most issues are multi-faceted in nature. They may easily involve several departments. The breadth of such issues might require the input of police, fire and transportation officials or recreation, culture and IT staff, or business planning expertise along with human resources and administrative support.

- **Monitoring Employee Morale**

Organizations do not function very well if those employed are not working relatively harmoniously with those who manage their functions. Members of administration respond to their leaders if they perceive those in authority to be supported by the level above them (and so on). Leadership and the moral authority to act do not arise simply because of

position. There must be evidence of organizational commitment, loyalty, ethical foundation and the ability to move the agenda forward in order for those within the organization to feel that their support is justified.

It is not that important (albeit preferred) whether or not employees “like” their boss. It is still possible for a manager to be effective as long as the employees respect the person in command. While having a good relationship to the person in charge is useful to overall morale, respect for the integrity of the individual is far more important.

2.10 Roles of the Chief Administrative Officer

Principally sections 207 and 208 of the MGA guide the role of the CAO. Sections 207/208 describes the role as follows:

“s. 207 The chief administrative officer

- (a) is the administrative head of the municipality;*
- (b) ensures that the policies and programs of the municipality are implemented;*
- (c) advises and informs the council on the operation and affairs of the municipality;*
- (d) performs the duties and functions and exercises the powers assigned to a chief administrative officer.*

s. 208 (1) The chief administrative officer must ensure that

- (a) all minutes of council meetings are recorded in the English language, without note or comment;*
- (b) the names of the councillors present at council meetings are recorded;*
- (c) the minutes of each council meeting are given to council for adoption at a subsequent council meeting;*
- (d) the bylaws and minutes of council meetings and all other records and documents of the municipality are kept safe;*
- (e) the Minister is sent a list of the councillors and any other information the Minister requires within 5 days after the term of the councillors begins;*

- (f) the corporate seal, if any, is kept in the custody of the chief administrative officer;*
 - (g) the revenues of the municipality are collected and controlled and receipts are issued in the manner directed by council;*
 - (h) all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by council;*
 - (i) the accounts for authorized expenditures referred to in section 248 are paid;*
 - (j) accurate records and accounts are kept of the financial affairs of the municipality, including the things on which a municipality's debt limit is based and the things included in the definition of debt for that municipality;*
 - (k) the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by council are reported to council as often as council directs;*
 - (l) money invested by the municipality is invested in accordance with section 250;*
 - (m) assessments, assessment rolls and tax rolls for the purposes of Parts 9 and 10 are prepared;*
 - (n) public auctions held to recover taxes are carried out in accordance with Part 10;*
 - (o) the council is advised in writing of its legislative responsibilities under this Act.*
- (2) Subsection (1)(a) to (d) and (o) apply to the chief administrative officer in respect of council committees that are carrying out powers, duties or functions delegated to them by the council.”*

The role of the CAO must also be established by bylaw (see Section 205 (1)). This establishes how significant the Province sees this role. In addition to requiring the role and specifying some of the required duties, the Municipal Government Act (Section 205.1) requires that

“a Council must provide the chief administrative officer with an annual written performance evaluation of the results the chief administrative officer has achieved with respect to fulfilling the chief administrative officer’s duties under Section 207.”

These two parts of the same section of the Act are indicative of the importance placed on the role. These are not mere suggestions: these are legal requirements.

The Act identifies the CAO as the “**administrative head**” of the organization. This separates the CAO from other senior staff members and by inference at least places considerable expectations on the person filling this role. Everything that happens administratively is deemed to be “on his watch”. The conduct of senior staff members is the responsibility of the CAO. The reporting of senior management to Council occurs only through the CAO.

Their **reports** are a reflection of the CAO. Their advice must pass across the desk of the CAO in order to be affirmed by their administrative “boss” before such reports are viewed by members of Council. The quality must be consistently high; a standardized approach ought to be used (i.e. a Request for Decision format). We would also argue that senior management team meetings are essential before a meeting of Council is it is at such meetings that other members of the senior administration should be encouraged to challenge the reports of their colleagues so that the subsequent questions of Council members will be anticipated and hopefully answered.

The CAO also must ensure that the **policies and programs** of the municipality are implemented. This statement provides the CAO with not just the title and expectation of managing the corporation but also providing the oversight necessary to ensure that the policies and programs approved by Council (i.e. through the budget and business planning processes) are in fact being carried out in an efficient and effective manner by the administration.

The CAO also has an obligation to **keep Council in the loop** on all matters affecting the operations of the Town. This seems to imply that the CAO will have developed certain indicators that provide him with “organizational eyes” that can assess whether or not the

system is functioning as it should. Those indicators would surely encompass the fiscal health of the municipality; the state of the infrastructure; relationships inside the organization (i.e. the morale of employees); relationships with other external jurisdictions (federal, provincial, regional); the impact of current policies and the need for revised or new policies; and much more.

The last clause is the “catch all” descriptor which covers the multitude of other duties and obligations of a CAO which are generally described in somewhat more detail in the contract and position description.

The CAO’s work is multi-faceted and includes, as is referenced above, 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 his senior team and with all members of 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.

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 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 decisions which have been mishandled or made with less than complete objectivity and professionalism may negatively impact the Town. Such decisions may become the matter of lawsuits if not carefully managed and may cost the Town financially and from a reputation perspective. It is critical that the Town always act in a manner that is considered by peers and the public alike 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 all senior staff. 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.

This is a major responsibility and one which has far-reaching impacts on the organization including the role played by those governing the system (i.e. Council). 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 Town. This role necessitates the CAO placing a high degree of reliance on his team to manage their areas of responsibility in an accountable fashion. The CAO should not have to provide guidance on a day by day basis. Rather, there should be ongoing constructive and candid communication between the CAO and his managers to ensure that he is kept at least generally in the loop.

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 decisions of Council are implemented expeditiously.

Section Three: Observations & Findings

3.0 What We Observed

The Inspection has been thorough, comprehensive and complicated. Its genesis was found in the apparent concern of the public relative to some of the decisions of the 2010-13 Council. Whether or not those same concerns persist today is not known. What is evident is that the public expects some answers to the issues voiced a year ago and some assurance that if those concerns were well-founded that they would not be repeated this term.

An Inspection reflects a summary picture of what has transpired over a particular period of time. In this instance and while some events required us to journey back further in time, we basically limited our review of documents and events to the time period of 2010 to the present time. This will not please everyone as there were references made to situations and circumstances that pre-date 2010 but then the question for us became one of “if not 2010 what year ought to reflect the cut-off and why?”

3.1 Setting the Stage: Key Background Observations

Prior to the municipal election in October 2013 twelve (12) members of the public developed a petition requesting the Minister to call an inspection under Section 571 of the MGA. We were advised that the petition was circulated at public events and by going door-to-door. In total 1,379 signatures were handed to Municipal Affairs on May 2nd 2013. The validity of the petition was questioned as the information provided to those who signed was minimal and not all may have clearly understood what was being requested.

That request for an Inspection was initially denied by the then Minister stating that the petition indicated that it was made pursuant to Section 232 (1) of the MGA, which only applies to petitions to Council and not to petitions to the Minister. The petition was also addressed to the Council of the Town of Peace River and not to the Minister. The Minister encouraged the group to work with their Town Council and pointed out that the fall election was an opportunity to deal with the citizens' concerns.

The October 2013 municipal election returned 2 incumbents and 5 new members. The election was characterized as polarized with members of each “side” voicing major concerns relative to that of the other. (We note that members of both “camps” while accusing the other of immature campaign tactics assured us that “their side” conducted itself with the utmost probity). It was apparent to us that although the election had occurred sometime previous to our interviews that there continued to be considerable negative feelings about what had happened and who was felt to be at fault.

It was noted by many interviewees that the campaign became very nasty with personal attacks being used on social media platforms. (We have reviewed some of that material). We were also made aware that a number of candidates for Council ran as an informal group.

Shortly after their election, the new Council requested that the Minister conduct an Inspection under Section 571 of the Municipal Government Act. The issues which we were advised by past and current members of Council and administrations were at the heart of this request pertained to the CAO’s contract (compensation; term; process); degree of involvement by all members of Council in the decisions made vis-à-vis the candidates; turnover of CAOs; approach to the decision to financially assist the ski club: the degree of regional cooperation.

While the foregoing represents a brief summary of the more significant points of concern, we were advised by some of those whom we interviewed that other decisions were similarly questionable in terms of process or transparency.

3.2 Impact of the Inspection

We ran into considerable misunderstanding of the purpose of the current Inspection and in some instances, the Inspection was regarded as a surprise. Some staff advised that they were not made aware that an Inspection was to take place; others were worried that their candid expression of concerns and views would be used against them at some future date. Once the process was explained, we were advised that we should review the problems

leading up to the split in the previous Council and why that has undermined faith in the local electoral process. Some felt that the information gathered from our interviews would likely find its way to other “voices” in the community and that the staff members would continue to feel anxious relative to the results. Some were of the opinion that the election changed everything and thus this Inspection was too little too late.

However, in the main what we heard related largely to the concern that the misapprehensions voiced relative to the previous Council needed to be addressed and “put to bed”. Further, we heard that the Inspection should point the way for the current Council to act in an ethical fashion and to not repeat the mistakes of predecessor Councils. Both those members of the prior Council as well as those on the current Council spoke to the need to reclaim the ground of civic leadership as a blessing to the community rather than a process tinged with distaste. Those interviewed pointed to inadequate decision processes; a lack of transparency; favouring of friends; ill-considered and long term decisions; need for the focus to be forward and not backward; and the fact that any attempt to use the Report as a vendetta should be considered improper and ill-advised.

We are also of the opinion that the greatest benefit of this study would accrue to Peace River if the community was able to understand the essence of the difficulties encountered in prior years and how the lessons learned could benefit those serving now and in the future.

3.3 Council Processes/Governance

The current Council is viewed as working well together, however it is relatively early in their term (i.e. the election was held October 2013). Council harmony and mutual respect are critical if this Council wants to break with the tenor of the past. It is not disagreement that is the issue: it was the lack of respect for each other and due process that was at the core of many of the faults laid at the door of the past Council. Ironically it is our finding that the previous Council had been largely together on many of the issues; that is, the “split” on

Council was not necessarily evident on the majority of agenda issues. This seems to be true until the latter part of the 2010-13 term.

In many of the interviews we held there was repeated reference to issues that predate the current Council and/or current term of the CAO. These may be dealt with by reference to policy issues which ought to be considered by this Council. It is our observation that there are **few governance policies** and their absence has led to a number of the problems which have been cited by Councillors and staff members alike. Council understands the need for focus at a policy level, however there is not a lot of policy discussion at the Council table. We note that thus far the current Council does its research and seems to ask good questions. The community is best served (in our view) where there is a strong, cohesive Council with an articulate and committed personality as Mayor combined with an equally strong and professional CAO. One of the keys to appropriate role recognition and respect is the ability of the administration to always defer to the Council on issues that lie beyond their scope of authority. Otherwise, the perception of both Council and the public will be one of “the administration runs the show” which can be as harmful as “Council never listens to its administrative advisors”.

- **Procedural Bylaw**

Section 145 of the Municipal Government Act provides a council with the authority to pass bylaws regulating “...the procedure and conduct of council, council committees...” This bylaw directly impacts how a Council does its business and particularly how it utilizes their Council meeting forums. The bylaw is central to establishing that decisions will be made in a step-by-step fashion that is common to and involves all members of Council.

Our assessment is grounded in a belief that Council’s procedural bylaw is theirs; that is, such procedures ought to be deemed as workable by the Council and senior management with changes made along the way when flaws are reflected in one aspect of how a Council handles its meetings or another.

Peace River's Council has such a Procedural Bylaw (#1841). This bylaw conveys what the Council has agreed to do in terms of a number of meeting procedures. These are written in such a way as to establish a level playing field so that all members of Council are considered equal participants at the Council table.

Of note, the Bylaw was approved August 24th 2009 and covers the usual wide range of topics deemed germane to an effective meeting. In some instances the detail may be onerous while in other sections the detail adds to its clarity. In relationship to the issues we have related herein, we note that the Bylaw states the following (as abbreviated by this report writer)(emphasis is that of the writer):

5.1(2) The conduct of all Town business is controlled by the general will of the Council...the right of the majority to decide, **accompanied by the right of the minority to require the majority to decide only after a full and fair deliberation, in a constructive and democratic manner...**

5.2(4) The presiding Chair shall encourage questions, **treating them impartially**, with sound judgment.

5.2(8) **No individual may give specific direction to any staff member...such direction shall come from the full Council at a duly assembled meeting, as delegated to the CAO or designate.**

5.4(3) **Only business listed in the agenda shall be undertaken at a meeting**, unless a resolution to change it is unanimously passed.

5.14(2) Council or committees may deal with a motion on a subject which is not on the agenda **with unanimous consent only.**

5.18(2) **Individual Councillors or committee members have no authority to act outside established bylaws and policy.**

5.18(6) **No special interests shall be promoted** over the common interest.

We cite these sections of Peace River's own bylaw because they speak to the conduct of a Council intent on bypassing its own procedures in order to conduct business the way it felt

that business should be conducted. This is a serious matter. The residents should be able to count on their elected representatives to conduct themselves with honour and integrity based on a solid understanding of what is deemed to be fair and impartial behaviour. When the citizens are led to believe that the Town's own bylaws are selectively (as opposed to broadly and impartially) applied, their sense of commitment to doing what is right is imperilled and their belief in their elected representatives as citizens upholding the public order is jeopardized.

3.3.1 Council Orientation

Council orientation included three parts: a one day session put on by the Town (October 25th 2013); a two day session provided by AUMA (Alberta Urban Municipalities Association) in Calgary (November 21-22nd 2013); and a one day session put on by MMSA (Mackenzie Municipal Services Agency)(December 4th 2013). Depending on who we spoke with, all three sessions had some degree of merit. All Councillors with the exception of one attended all three sessions. The one day session put on by Town included an introduction to Departments by their respective Directors as well as a half day facility tour.

We reviewed both the 2010 and 2013 "Council Orientation Binders". Both orientations were completed in one day. The 2013 agenda covered a fairly broad set of issues including: Governance Roles and Responsibilities (including the "Now that You've Been Elected Handbook" by Alberta Municipal Affairs): roles of Council, CAO, Administration; role of the MGA; Council Procedures (Council Procedural Bylaw #1919, and #1841); FOIPP (Bylaw #1676); Department Overviews: Community Services; Corporate Services (including an overview of how to read a Financial Statement by AMA); Engineering & Infrastructure; Protective Services. Each of the department overviews was limited to about 25 minutes with a facility tour held after the lunch. This very brief overview (which was deemed to be suitable by management) also resulted in each Councillor receiving a briefing binder which included: a financial overview; certain key policies (5); the communications plan; the sustainability plan; and an outline of training opportunities.

In general terms we found this to be satisfactory based on the responses by the members of Council. The overlay of tension (as evident during the run-up to the election) reduced the value of the local session which is understandable: it would have been preferable to spend some time addressing that issue but perhaps the timing for any useful intervention by an external facilitator would have been premature. Further, a regional session in the future on “good governance” might be useful in helping to draw together municipalities in the area.

3.3.2 Style/Model of Governance

We note that **Council’s governance processes** have changed over the past couple of years. Formerly, Council utilized a “committee of the whole” approach wherein Council members would meet the first Monday of each month and discuss what were understood to be the more significant issues. These would then be moved forward to the regular Council meeting and a decision made.

We note that there are two extremes in civic governance: a number of standing committees with narrow mandates; 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 e.g. parks/recreation; tourism, 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, their focus by the weight of necessity has shifted from policy issues to day-to-day management.

The other end of the pendulum is that of a single standing committee, referred to as a “committee of the whole”, which may have 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 only certain matters such as budget which take pre-eminence during one season of the year. In this model when taken to its extreme, the vast bulk of the business can still flow 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 "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.

The last Committee of the Whole meeting was held on March 4, 2013. The bylaw was amended on March 11th, 2013 to change the Committee of the Whole meeting which was held on the 1st Monday of each month to a regular meeting. The bylaw was amended further on November 5th 2013 to change the starting time for Council meetings from 5:30 to 5:00 p.m.

The Council of the day felt that the process was repetitive in that the same issues went forward to Council and at times Council could have the same discussion. Because of the flawed understanding of the purpose of "committee of the whole" the decision to change the model was predictable though unfortunately the opportunity for discussion prior to a decision was lost. While this may not have made much difference to the tone of the former Council's meetings, it may have given all members pause on the controversial topics. We address this matter in greater detail in Section Four.

3.3.3 Strategic Plan

It is our understanding that all members of the current (2013-17) Council participated in a one day process of an independently-led strategic planning exercise and subsequently worked jointly in preparing the draft **Strategic Plan**. The initial discussion was led by an independent facilitator who also prepared his version of a draft plan. This was not considered acceptable to Council who referred the matter to the Mayor who subsequently re-crafted the Plan to reflect more of Council's intended direction.

It was, as we understand, initially developed without any input from management. This was a reflection of Council's lack of trust in the administration but also, and more positively, a desire by Council to get their own messages stamped on the organization and this important

process. Council has subsequently met with senior management to get their input on their plan including comments and suggested timelines on the specific objectives/deliverables. While the Plan appears to be quite optimistic in its scope, it will be useful in shepherding this Council through its initial 12-18 months. And although the message being sent by Council to management is obviously one of “we are in charge here”, Council understands that it will require the assistance of management to ensure that Council’s plans are turned into sustainable actions.

3.3.4 The Budget

It is our understanding that no budget guidelines/guidance were provided by Council in advance of current year budget preparation. Also, Council has not established a budget by-law or policy which would guide the budget process and which would help to clarify the important roles of Council and management. The **budget** was approved (March 2014) well after the start of the current fiscal year. The current Council was not prepared for its role in overseeing the preparation of the budget since the election was in October and the orientation which they experienced did not provide them with adequate briefing on their governance role in approving a budget or setting budget guidelines. Significant concerns were expressed with the financial transactions associated with the Town’s support of the Ski Hill and with concern to the large infrastructure deficit facing the Town (i.e. the 10 Year Capital Plan).

For 2014 the budget was prepared by management and then presented to Council for review and approval. The budget went through a number of iterations before finalization and approval (March 2014). It should be noted that the budget process and timeline document for the last few years had the process ending in April of the year to which the budget applies. Such a process and timeline should have been viewed by management and the former Council as unacceptable. The budget process should have been initiated in late summer (at the latest) and concluded by late November-early December.

We have seen a growing number of other municipalities' complete the budget process prior to the commencement of the fiscal year rather than after the first quarter of the year. To ensure that spending is properly authorized Council passes an interim budget. It is clearly possible to finalize a budget prior of the start of the year. It simply takes discipline and commitment and a clear statement of expectation by Council. In addition to the benefit of having a budget in place for the full year, completing it before the year starts moves the budget process out of the period when the annual financial statements are being prepared.

The 2014 Operating budget starts with a summary of revenue and expenses by categories that differ from the organizational units set out in the Organization Chart dated in April 2014. Revenue and expenses include columns for 2013 and 2014 budget amounts for each category. There is no information for the 2013 actual revenue and expenses (such as 12 month forecast). As a result of the absence of such information, Council's ability to understand the proposed budget is reduced. Following the summary page, each category of revenue and expense is subdivided by type of revenue or expense. In addition to the column for 2013 or 2014 budget a column for % change is included.

The material we were provided did not include any discussion of the reason for budget changes or information on staffing levels for business units. It should also be noted that while the column headings reference expenses for a unit these amounts are not complete since amortization of tangible capital assets are not included by line item, but rather as a lump sum at the end of the summary page and at the end of the line item details that follow the summary.

The total expenditure for the year 2014 is proposed to be \$17,589,547. The annual amortization is budgeted at \$2,999,287 (as shown below the breakdown of expenses). We attempted to compare the 2013 budget in the biannual operating budget to the budget number included in the 2013 financial statements. The categories in the financial statements did not match those in the budget. Also, the expenses in the financial statements included amortization by category.

The budget documents the 2014 capital budget and a long term capital plan. The plan included columns from 2012/13. The budget and long term plan listed projects within business units. For each project the costs are provided. The 2014 budget is for \$31,451,381. The proposed spending in the long term capital plan for 2014 totaled \$43,071,837. This suggests that the long term plan is not modified to take into account changes in the plan. Again the material we were provided did not include any discussion or explanation.

The advice we have provided relative to a Council committee of the whole model would enable Council to utilize a portion of their Governance & Priorities Committee agenda to sit as an ad hoc “budget committee” and provide guidance to the budget philosophy, timeline and progress to date and to ask questions of its CAO/CFO.

3.3.5 Council Communication

There does not appear to be a concerted effort to ensure that the **message of Council** is getting out. Council seems to be trying to communicate more with the public but this has been largely “hit and miss” to date. This may be due to the fact that no one appears to be accountable for making this happen. Council does have minutes of each Council meeting published on the Town website as well as podcasts. Council is considering hiring a communications person who would report directly to Council. This seems to us to reflect the lack of trust which Council feels to date vis-à-vis its administration. We deal with this matter later in the Report and while we support the intent of Council, the placement of an advisor or staff person as a direct report to Council will almost certainly result in their separation (and likely alienation) from the rest of the administration. This will ultimately thwart the good intentions of Council.

3.3.6 Policies

We believe that this Council is beginning to see the value of having policies in place which direct how the administration is to guide the business of the Town. We note that the following policies have been presented to Council over the past 12 months. This marks a step in the right direction. We also note that there have been issues at the Council table which

could have been guided by clear policies and if this had been the case, the Council (former and current) could be in a much better place of directing the system towards what it saw as best practice.

The administration uses what it refers to as “directives”. They advise that

“Directives are more of a procedural document and are typically brought forward by senior administration if they determine there is some confusion in administering Council policies. They are vetted at our weekly Directors meetings and appropriate actions are taken from them. We are not undertaking a complete review of all policies but we continuously review the relevance of policies and directives as issues emerge. Recent examples of documents under review include our Personnel Policy, Vehicle Use Policy and Expenditure Limits Directive.”

- **Presented Policies**

We are advised that there have been very few policies discussed to date with the “new” Council. Those which have been include the following:

- Workers Compensation Board Partners in Injury Reduction Refund ... with regard to utilizing the WCB refund each year to reward staff for their commitment to working safely
- Councillor Remuneration: changes were made which resulted in an increase to the honoraria paid to the Mayor, Deputy Mayor and Councillors to bring Council up-to-date with the Provincial average.
- We are advised that there are other policies under review.

- **Needed Policies**

Council needs to take a firm policy approach to its governance if it wishes to be assured that its administration will actually be in step with Council’s thinking. The issues which ought to be driven by policy will be identified by both Council and administration (and sometimes jointly) and should where so identified be referred to the CAO for drafting. If Council so desires it could establish a Policy Review Committee either on an ad hoc basis or as a sub-committee to the recommended Governance & Priorities Committee (GPC).

Some of the Governance Policies which should be established include the following:

- A statement of the Council's vision and values
- The Strategic Plan and/or Corporate Business Plan
- Council/Town budget process
- New Council orientation
- Council's performance assessment
- Recruitment process and selection of the CAO
- Contract, agreement and bylaw of appointment for the CAO
- Manner, mechanism and timing of a performance review of the CAO
- Compensation authorized for the CAO
- Approval of the organization structure (and any changes thereto)
- Funding to community groups

There have been other policy issues which have arisen over the past year or so which should be referred to a policy review committee to oversee. These have included:

- **Budget planning**

In February 2013 a motion to bring in external expertise to explain budget planning was defeated. The missing policy piece may be an annual budget process, timelines and activities that support and are linked to Council's 4 year strategic plan.

- **Local Improvement Levy**

In February 2013, a local improvement levy was utilized to complete several local street pavement overlay projects. While this financing method is still a municipal option, this Council (2013 - 2017) has chosen a new model called Neighborhood Renewal Program. As part of the 2014 budget debate, Council chose to increase the mill rate to both residential and commercial properties to fund this program. The missing policy piece should describe the eligible projects under this program, priority setting and communicate program goals to the public.

A Report on the Inspection of The Town of Peace River

- **Council Committee Reports**

In February, 2013 Community Services Board minutes for the months of April, May, June, September, October and November 2012 were presented to Council. The lateness of such reporting makes it unreasonable for Council to propose any, if needed, remedial actions. The missing policy piece is timelier reporting so that Council has an opportunity to respond.

- **Reports**

In March 4, 2013 (again in May 2013) MMSA (Mackenzie Municipal Services Agency) prepared a report for Council called Brownfield Redevelopment Report. While the report was completed and presented to Council it did not include any practical actions, costs or recommendations from administration. The missing policy piece is external reports (Misery Mountain Urban Park, 12 Foot Davies Events Park) need to provide implementation time lines and cost recommendations for Council's debate.

- **Not-for-Profit**

In March 2012, the Town supported the Peace River Curling Club (\$20k). The Town supports (either \$1.00 lease deals or cash) many other not-for-groups (Ski Hill, Sagitawa Friendship Centre, Daycare). There appear to be no requirement for these groups to report their financial status. The missing policy piece is the requirement for all not-for-profit, Town supported organizations to report.

- **Lease Agreements - Airport**

In March 2013 Council signed an agreement with a lease holder (681886 Alberta Ltd.) subject to numerous conditions. No report was ever presented to Council regarding the status of this agreement and in particular if lease conditions were met. The missing policy piece is more accurate and timely reports of lease agreements and their conditions back to Council.

- **Property Tax Exceptions**

In March 2013, Council was presented with a list of organizations seeking tax relief. While there may be a policy/approach to guide administration in assembling the list there is a concern that the Town's approach may not pick up on changing conditions affecting the applicants. Council's policy has to consider the criteria for making contributions through tax

relief or direct funding to such groups. This should necessitate a revised policy to be presented to Council for its consideration.

- **Peace River Fire Department**

In April 2013, in another 4/3 vote, Council supported the Peace River Fire department capital budget (tied the Town and Northern Sunrise County to future capital expenses). In October 2013 (by a 4/3 vote) Council supported expenditures to construct a \$9 million west hill fire hall. Council's current strategic plan pushes the proposed date for such construction to 2020. More work needs to be completed to better understand costs, levels of service, co-response arrangements with Alberta Health Services and fire service arrangements with neighboring municipalities. The missing policy piece is a fresh fire service strategic plan to guide future plans.

3.3.7 Protocols

Each Council should have a clear sense of how it intersects with the organization and with each other. While these matters might appear to be minor at the time, they can become significant if left to each Council member to interpret on their own. Protocols should be developed to deal with the following issues:

- Who is a member of Council to contact when he/she receives an inquiry at home or on the street?
- Are Council members to refer every issue to the CAO or can the appropriate department head be contacted?
- Can a member of Council write letters to the media or respond to comments made on social media?
- If a member of Council is contacted by a developer who wants to discuss a pending project should the Councillor meet for coffee or refuse to meet separately from the rest of Council?
- Who speaks for Council?

- Can a Council member write letters to the editor or broadcast on social media their concerns relative to a Council policy or proposed action?
- Does the Council's Code of Conduct apply to all members of Council equally?
- Can a request for action be directed to a department head or should all such requests be referred to the CAO?

These and other matters should be dealt with by a series of Council protocols. Protocols are in effect statements about how a Council will handle generally internal/operational issues which relate to how it will function as a governance body. If these are clearly spelled out then the room for major deviation is marginal. By having all of Council embrace these statements, there is far less likelihood of major problems relative to how a Council handles such issues which have caused problems for other Councils.

This Council has not to date made use of this strategy of establishing protocols but should given the potential for misunderstandings with the CAO and department heads and potentially with each other.

In saying this, it should be clear to the reader that this Council needs to be careful not to become managers of the system. Council's principal role lies in setting the direction: both from a strategic leadership perspective but also from a policy standpoint.

3.4 Administrative Processes

3.4.1 Structure

The **administrative structure** reflects four Directors (Corporate Services, Community Services, Engineering & Infrastructure, and Protective Services). This appears to be appropriate based on the size of the community and the number of employees. The structure generally is followed, however it was noted that many individual managers also report directly to the CAO. Currently the Director of Engineering & Infrastructure's Administrative Assistant (also Airport Manager's) reports directly to CAO as she is in charge of SMS implementation at the Airport. By-law Enforcement as well as the Superintendent of

Public Works also regularly report directly to the CAO. We believe that the increased number of direct reports to the CAO may be a response to the CAO's desire to flatten the structure and thus reduce the need for increased staffing. It might also be the result of what was described to us as a "control mentality" and to a lesser extent the lack of trust in some of the senior level employees. This approach needs to be carefully considered given the negative impact on the confidence level of senior management by the CAO reaching in to the organization and "managing" certain aspects out of a desire to make sure everyone gets the right message.

The structure was reviewed in April 2014 in anticipation of this Inspection. Some minor adjustments were made at that time. We understand that at least two other adjustments were being considered: the addition of HR as a direct report to the CAO (which ironically we concur with given the broad strategic impact that HR has across the organization); and the consideration by Council to retain a communications advisor as a direct report to Council. We disagree with the latter move as this resource should be within the administrative structure while spending part of his/her time assisting the Mayor and Councillors in getting their message out.

3.4.2 Administrative Practices

The administrative practices of an organization typically do not change much over time unless and until some problem is noted by one or more of the senior managers or unless there is a change made in the person holding the senior position. Most felt that the CAO is viewed by the public as knowledgeable about the Town and its challenges. Others have expressed concern that the CAO has much more interest in the details (i.e. a project manager mindset) and far less enthusiasm for the broader picture. As we note in other sections of the Report, there have also been concerns voiced relative to the CAO as a local developer and his impact in that role on other local businesses. (This latter issue should be dealt with by Council as a policy issue in the event that this discussion comes up in the future).

The morale of employees is definitely mixed (based on the comments provided to us) but has reportedly improved over the past assessment period. There have been exit surveys conducted but these are not consistent as at times HR receives notice of an employee's departure after they have already left. In terms of employee-department head integration the staff members report that prior to the arrival of the current CAO the administration appeared to be disjointed and without any unified focus. Even so, the state of communication and trust between members of the senior management team has not been as open as one might expect or desire. This has been due we were advised, to the low level of trust between the team members. While this may increase with time, it is certainly an issue which bears monitoring by the CAO.

Administrative policies and "directives" have been subject to review but are in some instances not current. In general, the Town's policies need to be reviewed and updated. Policies currently under review include the Personnel Policy, Cell Phone Use Policy, Purchasing Policy and Vehicle Use Policy. The purpose of the Personnel Policy review is to bring it in line with the legislation. The Cell Phone Use Policy has been instigated by the Director of Protective Services so staff can have an allowance instead of a "company" cell phone. The Vehicle Use Policy is under review, and has been for some time, in an effort to outline what is an acceptable use of Town-owned vehicles. It should be noted that this Policy is an area of heavy debate and some contention. (This is a matter for review and an opinion by the Town's legal counsel). The fact that the Town has not been brought into compliance on vehicle use before now is disturbing.

Departmental plans and planning is not consistent and in some cases not current. We have been provided with plans for some functions (i.e. Community Services, Corporate Services) and not others (i.e. Protective Services). The most comprehensive plans were the two provided for Community Services and included vision, mission, Department overview subdivided by branch, successes from the past year, departmental plans, financial plan summary & highlights. The section on departmental plans includes 2012-13 goals, 2013

departmental priorities, connection to Town strategic plans (Municipal Development Plan, Parks and Trails Development Plan, Municipal Sustainability Plan, etc.)

The 2013 plans for the business units in Engineering & Infrastructure include: services provided, level of services & marketability, benefits of services, resource base (list of staff), financial justification, competition evaluation, 5 year projection, problems/solutions, and financial projection. The airport plan has a similar structure as the other Engineering & Infrastructure plans. It also has additional sections included for description of services, origin & history, contribution to organization and community, level of services or program development that has been achieved, hard evidence of marketability & level of citizen acceptance and quantity & quality of terms of benefits to users.

Divisional/Departmental plans are to be driven by the overall organization plans such as Town strategic plan or 3 year business plan. A useful plan sets out the specific steps that will be followed to implement the current year's strategies or initiatives. It links these steps to the budget and to responsible staff. As well as, performance targets are shown such as completion dates or specific performance measures. These plans can inform staff and those overseeing certain functions/units on the upcoming year's activities. Plans should facilitate monitoring performance and holding individuals/units accountable. Staff should be able to look to plans in developing they own performance plan for a year.

None of the plans provided would serve any of these uses in any meaningful way. They read as more of a description of the business or a public relations document. We note that recently we have been advised that management is working on departmental plans (in June/July 2014).

It was noted that certain Directors felt it was an exercise in futility, as there was no Strategic Plan to model after and that no one looked at it. If management is not concerned about the need for sound business planning (regardless of whether that has been endorsed by members of Council) then all decisions will be made in a planning vacuum. This is not the

thesis of good modern management and contributes to a sense that one person will make all the significant decisions and will not need to be accountable for any results.

The current **staff appraisal process** was introduced by management and features a software based approach. This has been viewed internally as somewhat confusing largely due to the marked departure from the “hard copy” past. The HR department feels that with time the bugs will be worked out and the process will serve their needs. The appraisal forms are being reviewed with the intent to take advantage of unused features in the software. The compensation and benefits package is viewed as generally appropriate. We comment further on these aspects in our more detailed approach to each department.

Senior management usually meets the morning after Council meetings (Tuesday); the meeting is chaired by the CAO and the agenda generally consists of a Council meeting debrief as well as “Action Items” which are distributed to each Director; the next Council meeting is also briefly discussed at this meeting; minutes are taken very sporadically but there has been discussion of starting to regularly record the minutes of these meetings. There is a Managers’ meeting weekly on Tuesdays as well. Public Works, Airport and Facilities Maintenance Supervisor meet together because they use each other’s help during the week. Directors each have their own meetings with direct reports. This generally happens weekly (or monthly) as a group. However Directors did note they meet on day-to-day basis with their staff.

3.5 Departmental and Functional Observations

As noted we were not required to conduct a thorough analysis of each department similar to an in-depth analysis utilized if a Corporate Review was being undertaken. However, having said that we do have some observations to share relative to departmental functioning.

3.5.1 The CAO

Any local government when examined from an administrative lens begins with the role and impact of the Chief Administrative Officer. This individual casts a major shadow across the

organization and in many ways provides its sense of security and well-being. The person holding the role will be viewed as experienced or a neophyte; as empowering or controlling; as open and friendly or secretive and distant; as affable and respectful with members of Council or as closed and disrespectful. In each instance and through each style, the world of the CAO impacts many other people.

We have written extensively with regard to the impact that those at the top of any organization have on how the rest of the organization function. This “tone at the top” is expressed in many ways including: style of management meetings, degree of camaraderie in the office; personal regard for each other; degree of respect in communication with the CAO; degree of informality in contacts with the CAO; flow of information; and ethical considerations.

The style of the CAO impacts the openness that staff members feel in providing feedback and input in terms of how the organization is functioning and in terms of what they see as the strengths and weaknesses of the present administration. While most employees are normally reticent to express any criticisms regarding their boss, the degree to which they do will inevitably be impacted by the openness (and security) they feel within the organization. The relationship of the CAO to the Council also impacts the “tone at the top”. Where there is a healthy regard for each other that enables the rest of the organization to sense a certain freedom in their contacts with Councillors on an informal basis. If the relationship is strained, there is a sense of distance that is hard to pinpoint and equally difficult to travel. The style of the CAO also impacts the perception by Council relative to the speed with which their issues and decisions are implemented. If the administration is perceived as distant from Council, then there is likely to be some suspicion that administrative issues will take precedence over those raised by Council. Where there is a healthy degree of respect being shown to the political process and the concerns expressed by Council, the latter will be far more likely to sense that their administration is quick to respond on Council’s requests and to give such issues an elevated status. The CAO is responsible for providing prompt responses

to the requests of Council. This is not framed in terms of “when I get to it” but rather, “this will be attended to immediately”. To do otherwise is disrespectful and would obviously contribute to an unhealthy relationship between the two. Decisions of Council should be tracked; a report to Council on their status should be issued by the CAO. If the reason for not following up quickly on requests from members of Council is one of a lack of time or administrative resources, then the CAO ought to be advising Council as to which needed resources have yet to be hired and what impact that will have on the budget for this year and next.

The CAO is ultimately responsible for ensuring that Council is appropriately briefed on the Town’s fiscal condition. This necessitates developing reports which are readily discernible by members of Council who may have no understanding of such matters or any financial acumen. Council members need to be aware of what is happening in terms of the Town’s financial stability and position and its capacity to do the things which both Council and management have prioritized.

The “best case scenario” in terms of the impact of the CAO on the organization lies in having a CAO who has considerable confidence in his personal abilities; who has sufficient experience as a manager to know what works and what does not; who recognizes that one needs to trust their senior managers (or there will be much greater likelihood that other staff will be asked to report directly to the CAO); who has the trust of his Council such that reports are looked at on their merits rather than from the perspective of a “doubting Thomas” where each “jot and tittle” will be checked to see what management is hiding.

At the same time, the CAO needs to have sufficient understanding of his Mayor to know what the Mayor is thinking of requesting before the Mayor does. This does not happen overnight but can evolve over time after hearing the concerns voiced by the Mayor.

The personal style of a CAO can also influence how business is conducted. The CAO will either be of the view that “I trust you till you prove otherwise” or “I don’t trust anyone until I have seen them function for some time in circumstances wherein trust could be easily

broken or frayed”. The former leads to an empowering philosophy while the latter begets paranoia and over-control. Obviously, the administration functions much more easily and freely under the former style and tends to take on a higher sense of personal accountability for their own choices.

The CAO has been with the Town of Peace River for slightly over a decade, having first been appointed in March 1999. He began his role as a part of a “shared services model” with the then MD of East Peace. After the shared services model collapsed, the CAO was appointed as the Town’s manager in May 2000 and held that position until his resignation was accepted in May 2007. He actually stayed on in service to the Town until February 2008; he returned as CAO in February 2013.

Our description of the role and impact of the CAO in various sections of this Report underlines the importance with which we view this position. It also underscores some of the angst which we found in our interviews and assessment. On the one hand, there does not seem to be any question of the capability of the CAO in performing the various and very significant tasks associated with the role. There also does not appear to be much doubt about the CAO’s understanding of the local situation and of what makes Peace River a community. Further, and just as importantly, the CAO is quite keen to do what he can to manage the Town as a professional.

This is not to suggest that we do not find issues with his managerial style and his approach to issues. The CAO has shown a fierce loyalty to those he has hired in the face of circumstances that might have caused him to question his support. He has also become involved in the community as a developer knowing that this would likely not be held up as fitting the normal expectations of the role. Further, his close personal relationship with the former Mayor (albeit not without struggles) has been a central part of the lack of confidence expressed in him by some members of the former and current Council. The expected collegial, professional relationship was seen as supplanted by a much closer personal relationship that has clouded some of the issues under review.

The issues surrounding the position pertain far more to his relationships with his employer than to any assessment of whether or not the CAO could do the job. Given that the current Mayor and one other member of the former Council were estranged from the CAO during the previous term, and given that they were the only two returning members this term along with others who were also impacted by the debates surrounding the CAO contract terms, has not proven easy to overcome. As we previously noted, the degree of suspicion and mistrust that envelopes the Council-CAO relationship has been a core issue in this Inspection process. This could, we believe, gradually ease over time depending on the degree of goodwill and show of support on the part of all parties. The suspicion which lies at the core, however, may be just as pronounced at the conclusion as at the beginning of this four year term (2013-17).

3.5.2 Management Team

One of the issues impacting the functioning of the organization is the impact of the management team on the organization. This team believes that it has been negatively impacted as a result of the “revolving door” of Chief Administrative Officers. In no small part, this negative impact was due to the various personal styles of the CAOs and the fact that each had different expectations of the organization. This has, in our view, hindered the development of the senior management team as a cohesive group. Members of senior management attached themselves to members of Council during the former term and relied on their political affiliations to avoid any discipline internally. In some instances a certain arrogance festered and the expectation of collegiality diminished.

Some of the sentiment in favour of the incumbent CAO is based on the perception that he brings stability to the organization. For most the sense of sameness is preferable to the lack of surety in how issues ought to be handled. There is a sense that the incumbent is also a useful buffer between the department heads and Council.

What seems to be lacking however, is the notion of the senior management team acting as colleagues and supporters of one another. Whereas this anticipated collegiality should be a

strength in the organization, it is not. The reasons for this are less clear but we believe that some of this has to do with grievances which have been of a long-standing origin as well as the belief that “as long as the CAO is kept happy; the concerns of my colleagues do not matter”. The irritation expressed between senior staff needs to be discussed in the open and resolved. Thoughtful mentoring is required. The fact that some department heads can be barely tolerant of one another should never be acceptable. The organization suffers. The CAO is responsible for monitoring the relationships within his management team and ensuring that positive steps are being taken to address any ongoing grievances between these members and to resolve any petty differences. Where the issues are substantive, the CAO is the only person who has the necessary clout to force a resolution or to bring in professional mediation to attempt some form of externally-applied resolution.

In addition to acting as a mechanism for sincere mutual support, management team meetings ought to be considered as forums for the distillation of thoughts and plans expected to be presented at the next meeting of Council. Instead, these meetings are held more regularly after a Council meeting than before, wherein the group is expected to discuss the necessary follow-up actions to Council’s motions as opposed to planning and preparing for Council’s next meeting(s). While brief meetings after a Council meeting can be useful, the real value lies in meeting before so as to discuss what questions might be expected from Council and whether or not the reports to be presented answer those questions.

The **senior management team** meets on a regular basis. The CAO holds weekly executive team meetings and monthly management team meetings. The management team meetings have become more and more focused over the last little while but its members express being reluctant to speak out. The CAO needs to encourage dialogue amongst the department heads so that the current mistrust and lack of collegiality become a thing of the past.

These issues would best be addressed by a Code of Conduct that clearly points to what are acceptable norms for a senior management team. Such a Code should deal with matters

relating to openness, trust and transparency as well as what is and is not acceptable behaviour by a senior manager for the Town. As a result, the issue of whether or not an employee of the Town should be able to act as a developer in Town would be addressed and excluded from what would be viewed as appropriate activity.

3.5.3 Business Planning

Business planning is one of the techniques that a Town generally utilizes to ensure that it maintains an ongoing awareness of what issues are being considered and in what order of priority. This term is generally defined as “a comprehensive approach to connecting the organization’s vision, mandate and values to its current priorities and defining needed resources, responsibilities and targets”.

Council demonstrated an initial commitment to strategic planning with the development of its current plan. They reiterated this commitment during interviews. Staff expressed a belief in planning but many were initially unaware of the issues discussed by Council and the strategies chosen as their priorities. Management did note that Council’s priorities were distributed to the public, in draft form, prior to them having any opportunity to comment or contribute to it. What is clear is that the process of planning and budgeting is loosely defined. It is not driven by a policy or common understanding of process and product between management and Council.

The strategic planning process started in late 2013 with a facilitated day-long session which included only Councillors. After this session the facilitator drafted a strategic plan, however Councillors did not find it as useful as Council desired. As a result, the Mayor worked on the report language and re-drafted a plan for Council to consider. Council seems supportive of this plan. Next steps included presentation of the draft document to management in order to seek a commitment from them. Department heads were be asked to comment on the plan and to provide information on how the strategies will be accomplished. The plan was to be modified and then made available to citizens for comment. It will then be finalized. The intention is to use the plan to inform/guide the 2015 budget-setting process.

With respect to business plans or departmental planning processes that would underpin a Strategic Plan, we learned that these do not exist or are not in a consistent form. There has simply not been a concerted thrust in this area in part due to the challenges in dealing with other pressing matters. This is not surprising given the absence of a strategic plan for a number of years. We note that a motion was made by a current member of Council during the previous term (November 26th 2012) to have “a Municipal Finance and Budget Training Workshop as soon as such a workshop can be arranged”. This motion was defeated. A similar motion was made early in the following year and was carried. That issue ought to be revisited by this Council. There has been no progress on this matter to date although Finance staff saw considerable advantages in the budget process they heard presented at a GFOA conference.

Budgets are prepared by a municipality to authorize management to spend funds to deliver services, to determine the annual taxes and to start the accountability process. The priorities in the budget are expected to respond to the strategic or business plan of the organization. Given the basis for the budget, one would expect to see a clear budget link to actual spending in the annual financial statements, the organization chart and the strategic or business plan. We do not see any of these with the information provided to us by management.

It is one thing to draft a plan and another to implement it. Implementation requires more focused planning at the administration level, a solid link to the budget, and clear accountabilities within the administration.

Council understands that now that it has met to discuss its priorities that the administration has to be brought into the picture. There is a need to get substantive buy-in from management, since the implementation of the plan falls largely to them. Typically, business units such as divisions and/or departments demonstrate how they will implement the strategies applicable to them by preparing business unit plans. These plans link steps they

will take and relate budgets to strategies set out in the Town's plan. Staff members are assigned and these staff will identify their contribution in their performance plans.

We have been provided with various business unit plans. Some are quite elaborate, perhaps too elaborate, and other are relatively simple and do not meet the text of a plan. The administration has some distance to go in developing a planning model that connects the contents of the Strategic Plan to the work plans of staff. Then management will need to employ these plans to monitor progress and to hold staff accountable. This necessitates periodic reporting to the executive level. Accountability means reporting, thus an effective and informative reporting process must be established which provides feedback through administration to Council on its progress in achieving the Plan. Stand-alone processes which are not integrated with management activities have little value and may result in plans which do not make a difference.

3.5.4 Human Resource Systems

A strong effective human resources system is fundamental to the success of any organization (including a municipal government such as the Town of Peace River). Elements of effective HR management include:

- a comprehensive HR plan that addresses organizational needs over the short and longer term (this plan should be tied to and support the approved business plan)
- relevant comprehensive HR policies which are properly maintained
- an HR department led by a competent professional who is placed at a senior level in the organization
- sufficient resources which are assigned to HR to facilitate working economically and efficiently and which are supported by appropriate systems
- employees who are aware that they can readily access HR staff for advice

- position descriptions that are updated regularly (or as needed by organizational changes) and are designed with one common template
- recruitment policies which are designed to objectively identify the most appropriate candidates
- compensation plans that are consistent with sector practice, local economic circumstances and are sufficient to attract and retain staff.

The HR function is led by a qualified and seemingly committed Human Resource Coordinator who has reported to the Director of Corporate Services. (We note that the CAO would like to move this employee into a direct reporting relationship to him). There is also a payroll clerk who reports through the Manager of Finance to the Director of Corporate Services.

The Town uses two software packages to support human resources (HR). The first is a payroll module which is part of the Great Plains accounting package called Microsoft Dynamics. The second is an HR management package obtained from enCompassing Visions. This software supports the appraisal process, position management and the job evaluation process. It will also support the record-keeping of training, position descriptions, performance reviews, pay equity, and competency analysis.

HR Policies

HR management is underpinned by a series of policies and directives. These are:

- Personnel policy (adopted May 11, 2009) which includes:
 - Code of ethics
 - Employment status and records
 - Employee benefits
 - Compensation and work conditions
 - Leaves of absence
 - Employee conduct & disciplinary actions
 - General matters
- Vacation policy Directive (November 13, 2009)
- Active Living benefits Policy (June 24, 2013)

A Report on the Inspection of The Town of Peace River

- Payroll Administration Directive (July 24, 2013)
- Earned day off (EDO) pilot program directive (August 27, 2013)
- LAPP membership policy Directive (January 1, 2011)
- Acting pay directive (June 26, 2009)
- Cell phone policy directive (November 17, 2008)
- Vehicle & Equipment Maintenance and Operation Directive (November 13, 2007)
- Authority to Hire Employees Directive (September 27, 2004)
- Re-imbursement of costs to prospective employees (September 27, 2004)
- Department manager emergency overtime Directive (April 22, 1996)
- Vehicle Use Policy (March 17, 2009)
- Workers Compensation Board Partners in Injury reduction refund policy (July 16, 2013).

We understand that the Town management has been reviewing policies including the HR policies over the last few months. The list of policies and directives is extensive, though there is some concern with the details and some may be missing. We noted that the main personnel policy is several years old. While a number of directives are dated since 2011, others go back several years with one as far as 1996. These need to be updated and or revised.

Some of the **HR issues/challenges** for consideration include:

- Employment of Immediate Relatives - this section of the Personnel Policy applies to individuals defined in the policy under the heading of “Immediate Relatives”. This definition does not include a spouse. Thus, an employee could hire their spouse or have their spouse report to them. It is interesting to note, the definition section of the HR policy also includes a definition for immediate family, and this one includes the spouse. This latter definition as used in the Conflict of Interest section of the Code of Ethics prohibits an employee from being involved in decision-making by the municipality that involves an employee’s immediate family. Two issues arise: one being that a spouse is not an immediate relative; and the second is an apparent conflict between these two sections.

- The Information Technology Usage Policy within the Personnel Policy is relatively comprehensive and refers to security standards required by the Town. However, when asked staff had limited knowledge of these. For example, they were unaware of any standard around changing passwords, encrypting data files or memory sticks. We were advised that the Town plans to update server hardware during the current year and plans to implement tighter security at that time.
- The Vehicle & Equipment Maintenance and Operation Directive does not expressly deal with the personal use of vehicles by staff of the municipality. This is done under the Vehicle Usage Policy. It states that in section E paragraph 11 that “No employee may use a municipal vehicle for personal reasons”. During our interviews we heard that staff has used vehicles for vacation travel. As noted earlier, this matter, which bears on federal tax law, needs to be reviewed immediately (preferably by the Town’s auditor and legal counsel) and brought into line with CRA guidelines.

The policies and directives apply to all positions other than the CAO. The CAO is governed by the Services Agreement between the contracting corporation and Council.

We are encouraged by the Town’s apparent willingness and action to review and update its policies as they impact the behaviour and work of management. The Personnel Policy which has an omnibus nature was approved five years ago. It should be addressed now and re-drafted in a form which would separate out the critical sections which are in effect separate policies. When issues are encountered by Town management for which there does not seem to be an applicable policy to guide the actions of management, such a policy should be drafted by the HR Officer for review with the Senior Management Team (SMT) and for the approval of the CAO. Where such policies are subject to the approval of Council, that should be noted and submitted to Council for review and approval.

Appraisal Process

As with most public sector bodies, the Town of Peace River places a lot of emphasis on its employees as they rely on them to provide services to their citizens. In order to retain quality people, the Town has to ensure that it has modern mechanisms in place to motivate

and monitor their performance and their compensation. The Town has 74.8 full time equivalencies (not including the volunteer firefighter positions). We note that the Personnel policies include a Performance Appraisal Policy. As noted, the appraisal process is implemented through the enCompassing Visions software package. This package was intended to allow management to assess each position based on the expected competencies and the respective weights assigned to those. We learned that to date management has not fully exploited enCompassing Visions software. For example, the appraisal form is relatively generic, therefore is not viewed as being relevant by staff and management. (This is in the process of being corrected).

The staff reported that they do not develop either performance plans or training plans. Also, since there are no overall organization plans there is no opportunity to reflect these at a staff level. The deficiencies in the appraisal process are being addressed at a high level now and more detailed changes should be rolled out with training later in the year. It should be noted, that the proposed changes must result in buy in by staff of the enCompassing Visions software or it will likely be dropped.

The appraisal process is an annual process. We heard from a number of employees that while they had difficulty relating to the form used they felt that feedback from supervisors was fair.

In our opinion, the appraisal process could be improved by ensuring that each includes a performance plan for the upcoming year as well a training and development plan.

Position Management

We were advised that there is no explicit policy, directive or procedure covering position establishment or reclassification. As noted, the enCompassing Visions software also supports the definition of a job and its link to the pay plan. The following elements are in place:

- Each position has a job description
- Each position has an enCompassing Visions job questionnaire completed for it
- Collective Agreement
- Pay plan represented by salary grid and wages table in Collective Agreement.

The establishment of positions starts with the Director developing a job description. This is presented to the CAO for approval. No new position can be established without CAO approval. Any new position must also be included in the budget and thus also needs to receive Council approval.

The Town established a Job Evaluation Committee. A role description is in place for this Committee. It works with the relevant Director to complete a JPS Job Questionnaire Report. This report is part of the enCompassing Visions system. It is used to describe the competency required by a job. This report is 44 pages long and includes 28 categories, a number of which are divided into several subcategories. These categories are used to assess the level of each of the competencies needed by the job. The form was characterized as generic and very extensive. Also, it does not include any “task specific” information. The JPS Job Questionnaire Report is used to merge the job with the pay grid to establish the position in the software. All positions were rated by the Committee when the software was implemented several years ago.

During interviews we learned that the committee did not meet for a considerable period of time due to a perceived lack of support and thus a backlog of the jobs has built up. Instead of employing the established process of pricing a job, management has done this on an ad hoc basis. We also were advised that it is under review. All job descriptions must be signed by the relevant Director and employee.

Recruiting Process

The Personnel Policy outlines the recruitment process. Town personnel are also guided by the “Authority to Hire Employees Directive”. There is no policy in place which is specific to recruiting to the CAO position (an oversight which needs to be addressed). The Personnel Policy states that the recruitment philosophy of the Town is:

“The Town of Peace River will, by process of competition and advertisement, seek to find the candidate(s) most qualified for a vacant position. The Town will encourage current employees to compete for vacant positions along with external candidates.

Preference will be given to candidates living in Peace River, provided that all other qualifications are equal”.

The “Authority to Hire Employees Directive” states that hiring all employees must be authorized in writing by the CAO. The policy briefing describes the recruitment process as follows:

“Resumes and applications will be reviewed by the Human Resources Coordinator and the Director of the department with the vacancy. Candidates will be short listed based upon education, training, experience and personal fit in the organization.

Short listed candidates will be interviewed by a committee consisting of the Human Resources Coordinator, Director of the department, the Chief Administrative Officer (where schedules permit) and/or other department personnel as required.

The Town recognizes that it may occasionally be necessary to rely on the services of outside management consultants for recruitment and selection.”

The Policy also includes specific reference to employment of immediate relatives. It is as follows:

“Every person applying for a position with the Town shall disclose on his/her resume the names of immediate relatives employed by the Town or elected to Council. The employment of an immediate relative of an existing staff member may be permitted on the following basis:

- No person shall be employed by the Town if the employment results in that person being supervised by an immediate relative;
- Immediate relatives of Directors/Managers cannot be employed within that Director’s department;
- No employment of an immediate relative of an existing employee shall be permitted, if, in the opinion of the CAO, such employment would be detrimental to the efficient operation of the Town”.

As we have previously mentioned, the definition of an immediate relative provided in the policy does not include the employee's spouse or equivalent. In our experience, this is unique.

Compensation

The compensation plan, which includes salary and benefits, is covered by the Collective Agreement (CA), Policies and Directive. The employee's base salary is set out in the Compensation Plan and Salary Grid (and Appendix "A" Wages for union staff members attached to the Collective Agreement). The benefits provided by the Town are described in the Personnel Policy, Collective Agreement, Benefits Handbook and Active Living Policy.

We have also been provided with a document "Compensation Rules for 2009 salary adjustment". The Compensation Rules document covers a wide range of compensation related situations. For example, considered in this document are: salary placement for recruitment; promotion; adjustment after probationary period; how to deal with over range or under range salaries; and how to deal with long term employees. The version we were provided does not seem to have any formal approval.

The Town carried out an extensive salary and benefits review in 2008 by an external consultant. The Town also receives the annual wage and compensation report prepared by Alberta Municipal Service Corporation Report (including the one for 2013). This report includes information from 160 organizations. There is also an AMSC customized report for Peace River which compares Peace River data to 10 other municipalities of similar size or in the same area. The copy of this latter report provided to us was for 2012. In Section 9 - General of the Town's Personnel Policy it states that "*The Town of Peace River will conduct a compensation review every three years.*" As noted, the last review conducted by the Town was 2008 so obviously the well-intentioned and "good practice" policy was not followed. Based on the policy, one should have been conducted 2011. A further review should also be conducted in 2014. We are not aware of either being done.

The periodic adjustment of an employee's salary follows the typical compensation model that is based on a salary grid. Periodically, the grid is moved in accordance with the

approved Cost of Living Adjustment (COLA). Then, based on the annual appraisal an employee will be moved along the grid. Infrequently, an employee may receive a bonus, though there is no policy dealing with bonuses. All pay adjustments are to be approved by the CAO.

The benefits package seems relatively typical of Alberta municipalities. During our interviews, staff members reported that they thought the compensation (including benefits) provided by the Town was reasonable.

New Staff Orientation

The Personnel Policy includes a section on staff orientation which states:

“The orientation program in the Town will vary in some aspects depending on the various departments’ requirements. The Town will ensure that each new employee is fully aware of all aspects of the Town’ operations. The Director will be responsible to ensure this orientation is conducted within a reasonable period from the employment commencement date”.

The responsibility for any orientation of new staff falls to the Department Director or a member of senior staff. This process is formalized in that there are steps to be followed in the orientation process. According to HR these steps include: meeting with the successful candidate prior to their first day on the job; review of Code of Ethics, IT Usage Policy, Personnel policy or collective agreement, benefits; complete enrolment forms; completion of the Health and Safety Policy and watch a training video; review of job hazards (as applicable); response to any questions. Employees are provided contact information if further information is needed. This is generally followed by an orientation by the Department into which the new employee is being hired.

Personnel Changes

We inquired as to the number of personnel changes which have occurred over the past four year period. This time frame (October 2010 till present) enables us to see if there are any significant issues relative to employee turnover which is generally a factor of either dissatisfaction with the current employer and/or the attractiveness of working elsewhere.

Based on the data provided by the Town, there were 78 employees who resigned over this time period while another 11 employees were terminated (i.e. did not leave voluntarily). To be fair, we were advised that a number of the terminated staff were in temporary or casual positions. There were also 34 changes in those designated as “management personnel” over a ten year period (2004-14).

This degree of turnover ought to be a concern to both Council and management. While some turnover can be expected in any organization, these numbers (particularly that of general employees over a four year period) reflect that more than simply normal departures are in this picture.

We note as well that the Town would be wise to see what it could do to improve the number of “exit interviews” as they would likely help management in clarifying from an employee’s perspective what the issues were and if they entailed more than the fact that the employee had found a job elsewhere that paid better. In some instances, the employees leave before HR has the opportunity to conduct such an interview.

We were also advised that there has not been a morale study completed in the last 5 years.

HR Issues to Address

We were impressed by the obvious enthusiasm in HR to continue to improve how it serves the system as a whole. While there is still much to be done, progress is obviously being made. From our perspective, the following HR issues need to be addressed:

- update HR policies and then train staff on HR policies and procedures
- ensure that staff follow the policies
- update position descriptions
- update compensation information
- develop a technique for conducting a morale study.

3.5.5 Management Information Systems

When examining the management of information systems and technology, we considered such factors as security and risk management, IT business planning, governance, project

delivery, fiduciary and resource management, service delivery, performance, and the overall sustainability of the operation.

We would expect an effective, well-managed, corporate Information Technology practice to have:

- appropriate safeguards and mitigations to protect the Town data and technology asset;
- IT planning processes that are integrated with corporate business planning;
- stable delivery of IT services aligned with organisational requirements; and
- ongoing continuous improvement of services in compliance with regulatory requirements.

The Town has contracted with a private sector services provider for IT support. The contractor reports to the Director of Corporate Services. The Personnel Policy includes a policy statement on Information Technology Usage which states:

“The Town of Peace River promotes the use of information technology to enhance the operations of the Town. All hardware, software and any supporting equipment are for the business use of the Town and are made available to employees to assist them in the completion of their duties. All employees using the Town computer system are required to comply with security requirements as established by the Town and must supply any and all passwords to all systems to the system administrator. Any employee who compromises the security of the computer system shall be held accountable for their actions and may be subject to disciplinary action up to and including dismissal or cancellation of contract. All contents stored on the Town computer system are the exclusive property of the Town. Use of the computer system is a requirement within many positions however usage over and above basic job requirements is a privilege and the usage may be revoked or restricted at the discretion of the CAO. Upon the termination of any employee their user rights shall immediately be revoked and access to the system shall be denied”.

The Policy statement refers to “security requirements as established by the Town”. We have not been provided with any documents that set out requirements and staff interviewed displayed a limited appreciation of what might be included in typical requirements. We were also told that some computers use Windows XP as the operating system. This software is no longer supported by Microsoft and should be replaced as early as possible.

We were advised that the approved budget included approval to upgrade the Town’s servers. We understand that at the same time a number of other issues are to be addressed including the upgrading of Information security practices. In our opinion this additional work is needed.

The Town has been using the software since the early 2000’s and although the current staff can adequately perform their roles, upgrades and enhancements may not be fully understood. Adequate funding for proper training is needed. The software provider offers a service to review the Town’s procedures and to assist in identifying areas and practices that would increase productivity and bring about efficiencies. In our opinion, and based on the information with which we were provided, the Town faces a critical need to update policies governing computers and computer systems, including security policy. As noted, it was inferred that this will take place this year.

3.5.6 Financial Management and Reporting

The main responsibility for the Town’s financial management and reporting processes lies with three individuals: the Chief Administrative Officer who holds ultimate accountability; the Director of Corporate Services under whose mandate the Finance portfolio resides; and the Manager of Finance whose day-to-day responsibilities focus on finance.

The **Corporate Services Department** is physically located in the back portion of the Town Office. The Director of Corporate Services is the head. She has five direct reports: Manager of Finance, Development Officer, Human Resources Coordinator, Records Management Coordinator and Communications Coordinator. There are three additional positions in the Department which report through the Manager of Finance. Thus there are ten (10) positions

in the Department. Of these, seven (7) positions have some responsibility for financial management.

The various tasks of financial management are housed in the Finance branch of the Corporate Services Department. This unit is headed by the Manager of Finance who has four (4) staff reporting to him. They are: Utility Clerk, Cashier, Accounting Clerk, and Payroll & Taxation Clerk. The Town employs Great Plains Dynamic (Diamond Municipal Software) as its primary accounting package. It includes general ledger, revenue, accounts receivable, accounts payable and payroll modules.

The team meets regularly twice a month. One meeting is a general team meeting and the other focuses on health and safety. The regular team meetings have an agenda and notes are produced from it. These meetings are characterized as open and useful. A roundtable portion was pointed out as informative. People feel free to discuss matters relevant to the branch. The Health and Safety meeting focuses on health and safety issues and policies. In addition to these two meetings, we were advised that ad hoc meetings can be held on an “as needed” basis.

All Department staff members reportedly have considerable years of experience. The fewest term was two years, though this person had experience in the area of their duties with other organizations, and the longest tenure on staff was twenty-three years.

A point of concern which we heard voiced to us was the sense that this department is overwhelmed by its requirements and the expectations of management and Council. This has placed a considerable burden on the leadership and is resulting in a sense of burn-out. Before this becomes a major problem for the Town and its capacity to manage from a fiscal requirements perspective, a deeper examination should be undertaken vis-à-vis this department (corporate services and finance).

One second point of interest is that the Finance branch does not have anyone with a formal accounting designation. This is, in our view, an area that needs to be considered as a priority by the Town in any subsequent hiring. The head of this section reports a desire to

upgrade his general local government accreditation but has simply not had the time over the past couple of years to pursue any course.

Chart of Accounts

Of concern here is the fact that the chart of accounts has become almost unmanageable. Many of the accounts are no longer in use but have not been removed from the Town's system. There does not appear to be any standardized departmental coding or allocated numbering which leads to confusion and interferes with the expectation of efficient reporting. We note that there is no policy in this regard which leaves those involved to try to manage their way through with limited direction. Given the limited resources in Finance the resolution of these issues is unlikely to happen without external assistance.

Financial Policies and Directives

The Town has established a number of policies (Council By-laws) and Directives (issued by the CAO) to guide financial management: Based on the information provided, the following are the policies and directives (excluding any that are included in the HR section):

➤ Policies:

- P-11 2009-05 Council Remuneration, Travel and Expense Policy (last reviewed 2013-10-07)
- P-12 1989-01 Tendering Policies (dated 1989-08-28)
- P-12 2009-02 Tangible Capital Assets Management (dated 2009-06-22)
- P-12 2009-03 Investment policy (dated 2009-07-27)
- P-12 2009-04 Contingency & Emergency Operating Expenditures (dated 2009-07-27)
- P-12 2010-01 Reserve Policy (dated 2010-02-28)
- P-12 2010-02 Grants, Donations & Funding policy (dated 2010-06-01)
- P-12 2010-03 Donations and Taxable Donation Receipts for Income Tax Purposes (dated 2010-06-01)
- P-12 2010-04 Collection Policy for Outstanding Accounts Receivable (dated 2010.06.01)

➤ Directives

- D-12 1995-03 Purchase Orders (dated 1995-12-11)

A Report on the Inspection of The Town of Peace River

- D-12 2004-01 Processing payments for Related Parties (dated 2004-09-10)
- D-12 2010-11 Cash Handling (dated 2010-07-07)
- D-12 2011-02 Corporate Credit Car Use (2011-08-31)
- D-12 2014-01 Signing Authorities (dated 2014-04-15)
- D-51 2011-04 DCSS Grants to Groups Directive (dated 2011-08-25)

As can be seen from the above list, policies and directives are dated from 1989 to 2014. The age of these ought to be viewed as a matter of concern by the Town. Each should be reviewed on a regular, proactive basis rather than waiting for something to go off the rails.

Directive D-12 1995-03 sets out the standards for and processes for use of purchase orders. List of staff “designated” as authorized to make a purchase is attached to the policy. This list contains 29 names of which all but 6 have been manually crossed out. No names seem to have been added. This suggests that the policy as presented to us is out of date. Purchase documents are forwarded to the Accounting Clerk for processing after approval by Director. Purchases Orders are required to make a payment. Documents are reviewed for appropriateness and entered in to the software.

Directive D-12-2011-02 authorises designated staff to use a corporate credit card to pay for purchases “when other purchases methods are impractical or not permitted by supplier or vendor”. The Directive restricts use of cards to purchases on behalf of the Town. Cards can be used for a wide range of purchases including goods and travel expenses. However, the total purchase limit allowed under the corporate credit card is set by Bylaw 1846 (passed October 19, 2009) and subsequent amendments. This bylaw is not included on the list of policies enacted by Council bylaws.

The authority to approve a payment is vested in Council. Through the CAO Bylaw (no.1934) authority to approve payments was delegated to the CAO for a range of items. Also, authority is given to the CAO to sign cheques. With Directive D-12 2014-01 the CAO (approved February 13, 2014) delegated signing authority to managers as follows:

- Directors - \$20,000
- Managers - \$ 5,000

➤ Supervisory - \$ 2,500

Authority is limited to purchases approved in the budget. Under Bylaw P-12 2009-04, Council delegated authority for “Contingency & Emergency Purchases” to the CAO. This policy sets out procedures for dealing with expenditures which were not anticipated at the time the budget was set or expenditures related to a present or imminent event which needs prompt action. The annual budget is to include an estimate for use on contingencies and emergencies. It should also be noted that Contingency reserves have also been established. By illustration the 2014 budget contains a Contingencies amount of \$50,000.

✚ Revenue

Primary sources of revenue are taxes, user fees and sale of goods, a proportionate share of PRWMC (Peace Regional Waste Management Company) revenue and government transfers. The Accounting Clerk is responsible for managing account receivables from sources other than taxes and utilities. Generally, collections of outstanding receivables are not an issue. Taxes and receivables are managed by the Payroll & Taxation Clerk. Utilities receivables are managed by the Utilities Clerk.

Tax revenue and receivables are administered in accordance to a well-established process. KCL Consulting of St. Albert has been retained to provide the tax assessment services including maintaining the assessment roles. It was noted that the receivable for water and electricity from the Ski Hill has not been collected. We are not aware of anything being done about this. A new agreement is supposedly in the works but that is not clear to all members of management.

The Town charges for water usage and garbage. The administration of this revenue and related receivables has been assigned to the Utilities Clerk. She coordinates with Public Works in carrying out this task. The processes associated with this process are well established. It starts with the request by a citizen to receive services. The garbage fee is a flat rate for each month. Water is billed based on usage. This data must be collected periodically (monthly) with respect to the amount of water used in a period. There are a number of approaches from direct reading to using electronic data collection. The Clerk

maintains a master file of subscribers, which is updated with current information and used to produce a general monthly invoice. The outstanding tax and utility receivable collections process follows a well-established and regulated approach. Policy P-12 2010-04 Collection Policy for Outstanding Accounts Receivable covers utilities, property taxes, business licenses and sundry receivables. This policy sets out the process to following in collecting late receivables and old receivables write off authorities and process.

✚ Expenditures

In the December 31, 2013 financial statements schedule 5 sets out expenses by object as follows:

Salaries, wages and benefits	6,083,061
Contracted and general services	5,939,575
Purchases from other governments	
Materials, goods, supplies and utilities	3,147,184
Provision for allowances	254,064
Provision for reclamation	382,013
Transfers to individuals and organizations	161,026
Bank charges and short term interest	3,815
Interest on capital long-term debt	228,792
Amortization of tangible capital assets	4,672,003
Loss on disposal of tangible capital assets	
Other expenses	692,580
	21,564,113

✚ Salaries, wages and benefits

The largest cost is for manpower. We discussed a number of factors around this in the Human Resource Management section. Payroll is paid through direct deposit which is done bi-weekly. The Personnel Policy states that:

“Such work (overtime) will be authorized by the Director/Manager or designate, prior to hours being worked. Time not previously authorized will not be compensated as overtime.

Hourly Employees

Commencing January 1, 2009 the Town of Peace River will adopt a bi-weekly pay schedule. Hourly employee's managers shall submit their signed time cards (for time worked including overtime) to the Payroll Department every Monday by 10:00 a.m.

Salary Employees

Commencing January 1, 2009 the Town of Peace River will adopt a bi-weekly pay schedule. Salaried employees shall submit to the Payroll Department by the 5th of each month their monthly time record for the previous month, signed by their Director or their designate."

All pay adjustments are approved by the CAO. The Manager of Accounting signs off on the payroll.

✚ Expense Accounts

Council and town staff members incur expenses in the conduct of Town business. Under policies these are reimbursed to the individuals involved. The Personnel Policy includes the form to be used by staff to claim for expenses. The policy includes the following statement:

"Town of Peace River employees will be reimbursed for expenses as per amounts on the Town of Peace River Claim for Reimbursement form (Appendix (1)) which will be amended to reflect the current provincial government travel rates and allowances as per Council Motion 05-10-31."

The Mayor and Councillors' fees and expenses are governed by Policies P-11 2009-05 Council Remuneration, Travel and Expense Policy. This Policy was amended October 7th 2013 and approved by resolution 13-12-249. The policy authorizes the payment to the Council of an honorarium remuneration using a monthly salary model. The monthly payments, subject to annual COLA adjustment are: Mayor at \$1,600, Deputy Mayor at \$1,200 and Councillors at \$1,000. The honorarium is to compensate time for a wide range of tasks, but surprisingly does not include attending meetings including Council meetings. The Policy authorizes that Councillors are paid a "per diem" amount of \$33 per hour to a maximum of \$264 for a day for attending a range of meetings.

This policy change was discussed by the former Council and occurred at the end of the prior term. The monthly honorarium in our view appears to be low in relation to other similar municipalities when one compares Peace River with comparable municipalities (which was included within the CAO's memo of October 7th 2013). Council of that day approved the current policy which increased the honoraria for Mayor and Councillors by what was described as a significant amount.

We are however puzzled by the "hourly" rate as though a Councillor should act as an employee and keep ongoing hour by hour calculations of time spent at meetings. This simply encourages longer meetings or bad record-keeping or both. The honoraria should be intended to cover a Council member's normal requirements (i.e. attending regular and special Council meetings and any non-independently paid committee meetings). The per diem should be used when a Council member is in attendance at special external meetings (e.g. a meeting with regional partners; at the AUMA or FCM conferences; or other Council-related and pre-approved conferences). The fees paid in this regard should be at a set rate per half day and day meeting (i.e. 4 hours or more). Travel time is to be paid at the per diem rate but not to exceed one day. The notion of clawing back honoraria is also curious and appears to be set in a mindset of Council members being expected to withhold services for a period of time. The only "clawback" that should be applied would be in effect if a Council member missed attending regular, special or committee meetings of Council without requesting the prior approval of Council.

In addition, authority to pay expenses incurred by Councillors is provided and relevant rates are set.

We understand that the Mayor and Councillors expense accounts are reviewed by the head of Corporate Services and signed off for approval by the CAO. It should be noted that the Mayor (or designate) also signs all cheques. The Mayor approves the CAO's expense claims. Directors review and approve expense accounts for staff in their department. All expense

accounts are forwarded to the Accounting Clerk for entry into the accounting software which generates the cheque.

The invoices of a member of Council for honoraria, per diems or expenses should be approved by one other member of Council after review for compliance with policy by the Director of Corporate Services. The Town's audit firm should be asked to provide its advice on the necessity of the Mayor or a member of Council signing any cheques and at what amount is such a signature required.

The Town has a comprehensive 10 year Capital Plan and Tangible Capital Asset List. As the policy states, the CAO is to review the reserves annually, and make any appropriate recommendations to Council through the budgetary process. The reserves are discussed during the capital budget process as this is the area that requires additional funding as grants do not always cover the costs. Councils, in the past, received a listing of reserve balances and have seen the reserve policy. The current Council did establish a levy of 1 mill for residential assessment and 0.5 mill for non-residential assessment to establish an infrastructure renewal reserve. \$823,903 has been budgeted to go into this reserve in 2014.

P-12 2010-01 Reserve Policy (dated 2010-02-28) speaks to the control of the Town's reserves. The Council should deal with its reserves by policy that controls these accounts and ensures that these (as necessary) are replenished on an annual basis. This could be done if the withdrawals from the reserves are treated as a loan and a repayment schedule is set each time funds are taken from the reserves. The budget each year should reflect these repayments. This would ensure that the reserves are funded and sustainable.

P-12 2010-02 Grants, Donations & Funding policy establishes rules and procedures for the issuing of grants. Grant management and the tracking grants status has recently been re-assigned to the Manager of Finance. This was in response to the inability to obtain necessary information on grants by senior management. The requests for grants comes into the Manager of Finance who will then review it and assemble necessary information for

approval. This is attached to a Request for Decision (RFD). The RFD is presented to Council by the Manager of Finance. If approved, he will initiate the process to issue a cheque.

Council through **Policy P-12 2009-03 established an investment policy**. The policy sets the underlying investment philosophy as being based on a prudent approach. It also describes the type of instruments that can be acquired. The CAO is designated as being responsible for managing investments.

We were advised that the Town will be reviewing the purchasing policies with a view to updating them.

Financial Reporting

Management provides a monthly financial report to the Council which is made up of two parts:

- 1 Actual to budget variance analysis
- 2 Schedule of cheques issued/to be issued in the month.

The report is presented to Council by the Manager of Finance. At the year end, Council receives the audited financial statements. These are presented by the auditor.

In our experience, reporting of financial matters to a Council on a monthly basis focuses on critical issues and supplements a more fulsome quarterly report. The Town is in the midst of implementing a budget module which is to improve financial reporting and assist in development of the budget. This is expected to be completed in the next few months. The Manager of Finance is conducting the implementation. As part of the implementation, the Town's code of accounts is also being revised by the Manager of Finance.

At the year end, Council receives the audited financial statements. This is presented by the auditor.

Annual Audits

Every municipality is required by law to appoint an auditor to audit the books of the municipality (Section 280(1)). The Town has engaged MNP(Myers Norris Penny) LLP to conduct the annual financial audit. They have held the engagement (under various business names) for 55 years. The cost of the audit is in the range of \$43,000. The Town's policy with

respect to reviewing audit proposals is to follow the guidelines for tenders as set forth in the Tendering Policies (Policy Number: P-12-1989-01).

The audit engagement consists of the following phases/aspects:

- Planning
- Control review
- Collection and examination of evidence
- Concluding and reporting

We heard that the auditor discussed the plan at the CAO level and not with the Council. The report is presented to the Council. Staff characterized the auditors as thorough and professional.

As part of the audit, the auditor issues a management letter which identifies areas for improvement. We reviewed the management letter of the audit of fiscal years 2008, 2009, 2011 and 2012. We note audit comments on the following:

- 2008
 - misclassified capital spending - these were adjusted
 - investment in EPRLA (East Peace Regional Landfill Authority) not properly reported - this was fixed in 2012
 - absence of detail land investment list to compare to F/S- one found in 2009 but shows assessed value rather than cost
 - bank reconciliations not completed for period - dealt with in 2009
 - balance were left in clearing accounts - most were cleared by year end
- 2009
 - LAPP and payroll deductions not remitted for 2 months - system changes to prevent this from occurring
 - investment in EPRLA not properly reported - this was fixed in 2012
 - bank reconciliations not completed for period - caught up at end of 2009 to be moved to computer system in 2010
 - balance were left in clearing accounts - remaining balances are a small value

A Report on the Inspection of The Town of Peace River

- 2011
 - Allowance for doubtful accounts is incorrect - to be investigated in 2012
 - investment in EPRLA not properly reported - this was fixed in 2012
 - absence of detail land investment list to compare to F/S- on Director of Finance project list
 - balance were left in clearing accounts - remaining balances are a small value views as time consuming and considered a work in progress
- 2012
 - Allowance for doubtful accounts is incorrect - to be correct by end of 2012
 - Inappropriate approval of credit card purchases - situation will followed up in the future; department head should not approve own expense; it is not a common occurrence
 - absence of detailed land investment list to compare to F/S- on Director of Finance project list
 - balances were left in clearing accounts - remaining balances are a small value views as time consuming and considered a work in progress.

We noted that a number of items identified by the auditor have been outstanding for a number of years. The timely resolution of these kinds of items is good practice and evidence of a substantive commitment to sound internal controls. The existence of long term outstanding issues is therefore suggestive of a lesser commitment to sound internal controls. In the material provided was also included the closing letter for the year ended December 31st 2011 from the auditor. Apart from the items in the management letter, this letter specifically noted that the Town was not properly handling corporate owned vehicles provided to staff under the tax law. In our interviews this spring we heard that there is now some movement to address this issue. This delay should have been questioned by Council. We are concerned that the Town does not follow best practice with respect to the relationship with the Auditor. Given that the auditor is working for Council and not

management, the practice of Council, as an ad hoc Audit Committee, meeting with the auditor to discuss the plan and report is important. In addition, the practice of an Audit Committee meeting in-camera with the auditor should be instituted. Following such practice will allow the auditor to bring to light unresolved issues with Council.

The auditor's task is to express an opinion on the whether the financial statements conform to appropriate accounting principles. The goal of the audit is to gather sufficient appropriate evidence to conclude on the financial statements. The results of an audit are set out in the Auditor's Report. Also, an audit typically will include the issuance of a management letter which identifies areas that need improvement including internal control systems.

Council meets with the Auditor at the end of the audit. The Auditor presents Town's financial statements and the auditor's report. The Council does not hold an in camera session with the auditor i.e. without management present.

✚ Policy Management:

We discussed the specific a number of policies in the relevant section. However, from a broader perspective good policy management practice includes the periodic review and renewal of policies and directives. For example, policies and directives should be scheduled for review on say a 3 or 5 year cycle. There should also be a standing practice to review any policies/directives when a related issue arises. The information provided stated that there are 35 policies approved by Council and 59 Directives. Of these 15 policies and 25 Directives were dated prior to 2009 while some date as far back as 1970's and 1980's.

We also note that some new Councils will record their understanding that they are now the owners of existing policies through a motion early in the term. We consider this a good practice.

✚ Observations and conclusions:

The policies and practice vis-à-vis the administration of the Town of Peace River are in many respects typical of a Town of its size. However, we believe a number of issues need to be addressed including:

- timely review of policies and directives

- update those that are out of date
- develop new policies and directives in areas where a void exist, e.g. information technology, and budget and planning process
- commit to addressing all issues raised by audit within the next year unless not possible due to need to implement new systems which will take more than a year
- improve periodic reporting of financial information to Council.

Through interviews we learned while there is a possible concern with staff not complying with purchasing rules, expense accounts are proper and no other issues exist.

3.6 The Town's Planning Processes

The Town's planning services unit is placed within the Public Services umbrella and is headed by the Manager of Planning and Development. In addition to the Manager, the branch is made up of five (5) other full time positions: these are Planner, Planning Intern, Development Officer, Subdivision Officer and Administrative Assistant. The branch's budget is a relatively small component of the Town budget, though it is of a similar size to comparable municipalities.

The branch has a range of responsibilities which includes:

- Respond to inquiries from the public
- Long term planning services
- Short range planning services
- Development services
- Safety codes services
- Business licenses
- Other services.

The Town of Peace River primarily relies on their ongoing agreement with the Mackenzie Municipal Services Agency (MMSA) for its planning functions. The MMSA started as the Peace River Regional Planning Commission in 1981 and remained under the Province until 1995 when Regional Planning Commissions were rescinded as a result of changes in legislation. At

that time, the Peace River Regional Planning Commission split into the Mackenzie Municipal Services Agency and the South Peace River Municipal Services Agency.

The Town of Peace River has a 5-year service contract with the MMSA which expires at the end of 2014. The Town pays an annual fee based on population and an equalized assessment (as set by the Province). The CAO acts as the point person for the Town and as such negotiates the contract with MMSA (which would then be recommended to Council for approval). The CAO also works with MMSA to develop a work program and planning priorities. The Town of Peace River currently has a “Full Service Agreement” with MMSA that includes plans such as:

- statutory plans
- core mapping
- subdivision appeals
- structure plans
- parks and recreation plans
- urban design plans
- and cultural plans.

Currently MMSA has a planner in the Town office two days a week assisting the Development Officer with planning projects as well as GIS staff in Town office one day a week. MMSA appears to work quite closely with Engineering and Infrastructure. In the past MMSA has also worked closely with Communications as they handle the majority of public consultation.

Current programs include:

- Updating the offsite levy bylaw
- Transportation project
- Inter-Municipal Development Plan
- Area Structure Plan
- Downtown Revitalization.

Recently completed projects include:

- 12' Davies Park Design
- Ski Hill Design.

3.7 Community Services

The Town has a comprehensive set of “Community Services” programs and services which it delivers to its residents and the regional municipalities (the stats which we reviewed indicate about a 70:30 split between Town and region). The department is led by an experienced professional who has a degree in recreation administration. She has had previous experience as head of the FCSS (Family and Community Support Services) program. A Community Services Board has been established with members committed to overseeing a “broad range of recreational, cultural and social services and activities for the benefit of the citizens of Peace River”. The department has three divisions: FCSS: Museum, Archives and Mackenzie Centre: and Sport and Recreation. The latter division has the bulk of the employees due in large measure to its mandate of maintaining all town-owned indoor and outdoor facilities.

The Business Plan (unique to this department) cites its Vision as

“To enhance and support a healthy and vibrant community through quality recreation, culture and social programming”

and its Mission as

“We facilitate the delivery of high quality programs and services that meet the social, cultural and recreational needs and enhance the health and welfare of the citizens and visitors of the Peace Region, in a responsible, proactive and contemporary manner.”

The Business Plan is an excellent source of planning for the future but needs the guidance/support of both Council and the CAO.

Family and Community Support Services (FCSS) is an 80/20 funding partnership between the Government of Alberta and municipalities. Provincially, the FCSS Program receives its

mandate from the Family and Community Support Services Act and Regulation. The mandate of FCSS is “prevention”; under FCSS, communities design and deliver social programs that are preventive in nature to promote and enhance well-being among individuals, families, and communities.

The Culture and Heritage division has a cultural centre (Athabasca Hall), a Visitor Information Centre (the NAR) and the Museum/Archives/Mackenzie Centre.

In terms of key challenges the Department cites its need to update facilities and sports fields with Athabasca Hall one which will require significant funding to be brought up to code. The department is concerned that it focuses energy relative to the public’s awareness of all that is available. This requires a coordinated Town thrust and not simply the function of the Community Services Department. Based on the feedback we received, a comprehensive examination of facility requirements and the timing of any improvements is needed now.

This department holds monthly meetings together with regular meetings at the swimming pool during the summer season. The office staff members also meet on Monday mornings in an informal session.

3.8 Engineering & Infrastructure

The Engineering and Infrastructure Department has three divisions: Water Treatment/Wastewater Treatment; Public Works/Field Services; and Airport. The majority of the staff resides within the Public Works/Field Services branch. This department provides the following services to the Town:

- Oversight of any capital works planning and project management
- Management of capital works
- GIS mapping
- Water treatment plant & reservoir
- Wastewater treatment plant
- Water lines

A Report on the Inspection of The Town of Peace River

- Utilities operations/maintenance
- Airport passenger service
- Cargo services
- Terminal building operations
- Airport maintenance including runway rehabilitation, fencing
- Garbage pick-up
- Landfill site management
- Road maintenance/snow removal
- Events set-up/clean-up.

The department was formerly led by a civil engineer and with his departure is now led by an Acting Director with a technical services background. She is learning each of the areas of responsibility at least to the point of becoming familiar with their functions. The Acting Director has responsibility for providing managerial leadership; providing support to her senior staff; leading the departmental budget and business planning processes; overseeing any contractual services.

The department is reliant upon external engineering services and may be under-resourced due to the lack of engineering skills at the top. We were impressed however with the desire of the Acting Director to learn the department and provide leadership. The regular management meetings will also be of help in terms of learning what it takes to manage in a multi-disciplinary environment.

3.9 Protective Services

The Protective Services Department has approximately 33 personnel and is headed up by a Director who has been in the fire services since 1989. He has a “blended” department including four paid staff and the rest volunteers. The Department also includes the Bylaw Enforcement function which has one person. The departmental functions include:

- Fire protection
- Fire prevention

A Report on the Inspection of The Town of Peace River

- Fire inspections
- By-law enforcement
- Safety codes enforcement
- Bylaw permits/licensing
- Dangerous goods response
- Emergency medical care
- Equipment management
- Recruitment and Training
- Public relations
- Inter-jurisdictional cooperation.

The Director's position is a shared one with Northern Lights County by agreement (signed in 2011). This agreement calls for a combined fire committee composed of two County elected officials and two from the Town. Unfortunately, this degree of cooperation does not seem to be in evidence with the other departments in the region who profess to feel uneasy in their relationship to Peace River. There is for example no emergency measures regional approach which would be natural to assume. On the positive side of the ledger, the Fire Department does act as host for much of the regional training and other personnel from other departments often participate. Application has been made for a regional funding grant for the purposes of fire staff training in northern Alberta.

The challenges facing this Department include recruitment of new people due to the transient nature of so many of the young people likely to be attracted to the fire services.

The Department has also experienced some difficulty in connecting with this Council given what it sees as the impact of past history. That is, the relationships which were seemingly positive with a majority of the past Council have been the reverse with the current Council. The level of trust (at least as perceived by the Department) has made the task of convincing Council to act on recommendations that much more difficult. This needs to be addressed.

The Department (together with senior management, the County and past Council members) has also identified the need for a new fire hall on the west hill. Funding for a region-

supported study (Alberta Municipal Affairs' Regional Collaboration Program grant) has been approved (February 2014) and the recommendation has been proposed to Council to start a regional Firehall plan.

As we shared with the Director, the challenges facing the Department could be rendered more manageable with a serious effort in developing improved relationships between the leaders of the regional departments.

3.10 Regional Cooperation

The Town of Peace River has had a somewhat tumultuous and at times acrimonious relationship with its neighbours over the past decade. That relationship, which cuts both ways, has ebbed and flowed over the years and has been largely positive with some of its regional neighbours and predominantly cool with others. We are advised that some of the stresses and strains have had a lot to do with personalities on both sides of the table; others are embedded in the far distant past with origins largely unfamiliar to most players.

In some instances, we are advised, the regional rural municipalities have felt that Peace River simply saw them as a bank and nothing more. Some of the dialogue between the parties was not felt to be between equals and individual personalities became the issue. For some time virtually no face-to-face meetings took place which again heightened the sense of separation. The angst as portrayed to us was centred on Council-to-Council relationships and was not negatively affected by the involvement of the CAOs (or at least to a lesser extent than the Council relationships). There have been problems in the relationships between fire services and this needs to be addressed. Again, the issue here appears to be more centred on personal relations than anything else and could be resolved by the application of appropriate managerial direction, guidance and face-to-face feedback. Even so, the extent of neighbourliness has been useful we believe to all parties and could be more so in certain areas/functions if maturity exceeded memories.

A Report on the Inspection of The Town of Peace River

We enquired as to the discussions and initiatives engaged by this 2010-14 Council (some a continuation from the past Council(s) and were advised that:

- Airport
 - Letters to Grimshaw, MD of Peace, County of Northern Lights, Northern Sunrise County to arrange a meeting to establish a Regional Model
 - A meeting was held with CNL (County of Northern Lights), NSC (Northern Sunrise County) and the MD (Municipal District) of Peace, however due to funding restrictions in place under the Airport Capital Assistance Program it was recommended by TPR, and agreed by all, that a Regional Airport Authority would have negative funding consequences if pursued at this time. All agreed to continue to support the airport and will look at the Regional Model at some time in the future.
- Recreation
 - Letters to NSC, CNL, MD of Peace, Grimshaw, Nampa, Berwyn to undertake a Regional Recreational Needs Study for the purposes of entering into an agreement.
 - This was initiated by NSC and they have taken the lead role. A Regional Collaboration Grant application has been supported by a number of municipalities (including TPR) and NSC is awaiting the review/approval of the grant in order to proceed with the study.
- Fire
 - Letter to MD of Peace and CNL requesting to attend a Regional Fire Services Committee meeting
 - Regional Fire Meeting was held April 23; future meeting planned for this fall
 - Letter to MD of Peace asking them to consider a standby arrangement for fire services
 - MD is not prepared to consider at this time; want to retain the Fee for Service Agreement that is in place until 2016.
- Medical Clinic
 - NSC, CNL, MD of Peace, Grimshaw to attend a meeting to discuss medical needs, physician recruitment etc.
 - On-going meetings on this topic; plan for a new clinic is still moving forward.
- Pool

A Report on the Inspection of The Town of Peace River

- CNL, NSC, MD to explain pool requirements and request funding participation
- All municipalities have agreed to support a Regional Collaboration Grant request (as well as some other regional urbans). MD has agreed to fund \$50k next year. CNL has agreed to fund up to 200k next year, depending on grant funding. NSC has indicated they would approve the front end shortfall coming from the Joint Capital Account but have not finalized the actual amount of their contribution. Total Project cost is approx. \$1 million.
- Water Servicing
 - MD of Peace to enter into discussions regarding extension of water on Shaftesbury Trail
 - TPR has advised the MD that we would support additional users on this portion of the water co-op system (water comes for TPR water treatment plant and is used by MD residents on a water co-op). The MD has no involvement with the water co-op but indicated that the co-op may have additional members who want to sign on.
 - MD Peace, CNL to discuss future water extensions into the MD and County
 - Discussions continue but road block is lack of Water for Life funding.
- Regional Economic Development
 - Contact Lac Cardinal Regional Economic Development (LACRED) to accept invitation to discuss regional economic development
 - TPR has joined LACRED on a 6 month trial basis (July 1- Dec 31/14). First meeting was held last week.

The extent of this regional cooperation will become clear as time progresses during this term of office. There seems to be a considerable degree of goodwill and progress at the moment. Council appears genuine in its commitment to build (or re-build) a healthy relationship with its neighbours and should be encouraged for that expression of goodwill.

3.11 Communications Practices

In addition to a healthy dialogue with each other, it is imperative Council and administration communicates with the public regularly. Even when all is going well, public perceptions can be negatively impacted by poor communications practices. How effectively municipalities

engage with and communicate with their citizens directly impacts Council's ability to increase public confidence in its decision-making.

With easier access to elected officials and municipal staff, the responsibility to provide up-to-date, accurate and timely information becomes essential to maintaining a healthy relationship. With today's more informed (if not more engaged) citizens who are more sensitive to where their tax dollars are being spent, there is a demand for more timely and accessible information on Council policies and decisions as well as municipal services and programs.

A municipality should be the wellspring of all public information communicated to ALL of its citizens. Town news should be heard from the municipality first, not second-hand. Being proactive reduces the likelihood that information is misinterpreted, misconstrued or not shared at all.

Most importantly, citizens expect their Council to be transparent. When information is received from other sources it can often lead to suspicion, which ultimately breeds mistrust. Withholding information or being selective when choosing what information to release is often seen by the public as being deceptive and manipulative. Citizens have a right to know what their Council is planning, and how they are making decisions. Being reactive rather than proactive does not instill confidence nor supports a healthy municipal/public relationship.

Open communications channels such as committees, task forces, open houses, website polls and surveys all allow the public to feel their voices are heard and the opportunity to provide input in the decisions made by their local government.

Although administration can be limited in terms of what they can communicate to the public without the approval of Council, it is essential that they also remain involved in all communications activities. Even though Council members have the right to communicate with their electorate, all information communicated by the municipality should be consistent and heard as "one voice" (i.e. this is the will of Council as a whole). The

administration should therefore be viewed as carrying out Council's directives in the best interests of the entire community. Having Council communicate without the input of senior staff can lead to multiple messages being communicated, audiences being missed, and could lead to promises being made that administration does not have the resources to fulfill.

A Communications Plan lays out the strategies and tactics that a municipality will use to improve and increase communication with the public. It is the guiding document that influences all municipal communications activities and without it communications is left to the whims of individual members of Council and staff. It must be updated regularly as performance is reviewed and new channels and communications mechanisms become available via technological advances.

3.11.1 History and Current State

The Town of Peace River currently does not have a Communications Officer/Coordinator. This role has been vacant since December 2013. There are currently no plans to staff this position however it was noted during the course of our interviews that Council was considering hiring a designated officer (who would report directly to Council) to communicate on their behalf. We note that this is a very unusual approach and may have considerable negative impacts such as:

- No alignment of communications with administration
- The professional expertise, knowledge, specific training of the administration is ignored
- It signals that there are trust issues within the Council/administration relationship
- It does not adhere to the organizational structure and presents potential conflict for management and staff
- It would result in overstaffing as an officer to handle internal and external communications for administration would still be required
- It requires additional policy and procedures for the sharing of information.

3.11.2 Problem Areas

There are a number of areas that are affected when a communications position is left vacant.

1. Relationship with local media

Developing a relationship with the media does not happen overnight. A healthy relationship includes some give and take; an appropriate balance of pushing news stories out to the media, as well as being responsive to media inquiries when they arise. Without an individual specifically assigned to building relationships with the local media, the Town of Peace River is missing opportunities to communicate key messages, share positive information and build and manage their brand.

2. Publications and “touchpoints”

The communications role is essential in ensuring all messages and publications (brochures, annual reports, web content, newsletters advertising, etc.) remain consistent and are reflective of the Town’s brand. It is their responsibility to review all external communications to ensure they have the same voice, tone, look and feel. When a centralized body/point person does not exist, opportunities for the town to share information or combine resources can be missed.

3. Community relations

A role of communications is to look for opportunities within the community to highlight the Town and position it in a positive way. This could include sponsorship of local events, attendance at municipal functions, speaking engagements, or any other opportunities to increase the visibility and “touch” of the organization. Communications should play an integral role in “listening” and acting as a conduit of information back to Council and administration.

4. Stakeholder relations

The communications position is vital to maintaining relationships with surrounding municipalities, community groups, local associations, agencies and not-for-profits. Without a centralized point of contact, tracking the right person within Town Hall

down can be difficult. It also creates the perception that communicating is not a high priority.

5. Internal relations.

It is very beneficial to have an experienced individual within the Town to provide professional communications expertise to Council and staff. Without a full-time staffed position, Town departments are spontaneous and often more responsive than proactive.

A key role of communications is to communicate messages internally as well as externally. This includes keeping staff abreast of what is happening inside Council chambers, Town Hall, and around the town and surrounding region. In order to ensure the correct messages are going out, they need to be communicated effectively internally first.

Besides not having a full-time communications professional on staff, there is also no formalized process in place for who communicates on behalf of the Town. Currently there are multiple staff members responsible for various communications activities (i.e. updating the website, communicating Council's key items, responding to media requests). We have also reviewed a number of the Town's communications materials and generally find a lack of style and language consistency. The Town does have a recent Graphic Standards Guideline (February 2012) however many pieces we have reviewed are not compliant. In the absence of a Communications Officer, this guide becomes even more important, as does the need for an individual to review all materials before publishing online or going to print.

The Town of Peace River currently has a draft social media policy (February 2011). The purpose of the policy is "to give direction and set requirements which must be adhered to as the Town of Peace River participates in the realm of social media." Although this policy is very thorough and a great guide for staff, it has never been adopted by Council. The Town should consider creating a separate social media policy for Council members.

3.11.3 Communications Plan

The last Communications Plan was developed internally in 2010. It was adopted on March 8th 2010 but following the 2010 election it was never carried forward. Therefore many of the communications processes were never implemented. We were advised that several attempts were made to re-visit this plan by administration with the previous Council but to no avail. The following includes the Communications Processes included in the 2010 Plan and their current status.

Communication Process #1: Council Communications

Strategies:

- Develop Council Highlights Report that can be distributed to the public and staff to keep them informed of Council's activities. These can be published after each Council Meeting.
- An annual Year in Review will inform the public of the "bigger picture."
- A bi-annual newsletter covering Council, Town and Community activities.
- Annually review Regional Cooperation Agreements.

Status

The Council Highlights Report has taken on a new form as Key Communications Items. During each Council meeting Council reflects and communicates to administration which items they would like to highlight. These items are then recorded in the minutes, reviewed by CAO and Corporate Services Director and distributed to local media. Staff also update the "Recent News" section of the town's website and communicate the information via social media platforms.

The Year in Review was distributed annually in January/February with utility bills and via electronic newsletter and social media channels. The newsletter contained a message from the Mayor, as well as highlights of municipal projects, Council initiatives, activities and stories from the previous year. The bi-annual newsletter was similar to Year in Review however released quarterly via utility bills, electronic newsletter and social media. Neither of these are published at this time.

Communication Process #2: Local Media

Strategies:

- Sponsor a town page including notices, scheduling, programs, events and Town website access information.
- Develop a “What’s Happening” notice for advertisement in the newspaper on a monthly basis which directs readers to the Town website (see strategies for “Town Website”). The focus of this tool will be to inform the public on Council activities and decisions.
- Issue Press Releases for major Town decisions to local media sources, as well as to any other appropriate media sources, on a timely basis.
- Develop internal protocols for media interviews (who, how, when, etc.).
- Provide Council highlights to the media after Council meetings.
- Continue to use the newspaper as a source of advertising for employment opportunities (additional media sources may be utilized where appropriate).
- Meet on a regular, scheduled basis with owners/operators of both media outlets to discuss advertising, media coverage, dissemination of information and other relevant and related issues.
- Set-up bi-weekly radio spots to promote important issues; will run alternate weeks to the Community Services spot.
- Mayor’s Corner (radio and newspaper)

Status

The Town’s history with the local media we note has been a bit rocky. We were made aware of allegations that the previous Council threatened to pull advertising from the local paper for publishing articles that did not present Council in a favourable light. In the past the Town had a large section in the paper but currently its presence is very minimal. Releases are still sent to local media as required but there is currently no staff actively pursuing the other tactics as outlined in the Communications Plan. The

Mayor's Corner that once existed as "Mayor's Musings" was also discontinued after the 2013 election. The Town does advertise what is mandatory by legislation, although some arguments could be made to the extent and attention spent to make sure the public see it. There has been some media training offered for the Public Information Officer role under the Town's Emergency Plan, however no additional media training has been provided to staff. The use of radio has declined since the vacancy of the Town communications role. Community Services has a regular spot under contract, however the other Town departments only use radio advertising as required.

Communication Process #3: Town Website

Strategies:

- Continue posting of documents including press releases, career opportunities, minutes, agendas, budget, and quarterly newsletters
- Posting scans of all critical documents of the Town (minutes, bylaws, policies)
- Undertake complete overhaul of Town website
- Review and update data on the site on a regular basis
- Track site usage to identify usage trends and use this feedback to improve the site
- Link the website to key partners (e.g.: Community Futures, Northern Lakes College)
- Post Council highlights online
- Incorporate short surveys and opinion polls on Town matters on a periodic basis
- Continued posting of electronic, internet based Council agenda packages
- Develop a guide for submitting and posting information to the website
- Utilize complementary technologies such as electronic mailouts, RSS feeds, and social media networks

Status

Historically, the Communications Coordinator was ultimately responsible for the Town's website, as well as coordinating IT services. Since the absence of this position, the website is regularly updated by various members of administration. The CAO's Executive Assistant is charged with updating Council's Key Communications Items, posting Council meeting agendas, minutes and podcasts. Other website updates such as media releases, events, tender opportunities, public meetings and community services related items are updated by Community Services and Corporate Services personnel. Social media is largely managed by Community Services.

Communication Process #4: Public Engagement Process

Strategies:

- Review previous public engagement practices and other municipalities' practices to develop a "best practice" for public engagement opportunities.
- Develop a strategy for providing a scheduled and organized approach to carrying out public engagement opportunities (e.g.: public input meetings).
- Develop and proceed with a customer satisfaction survey of stakeholders
- Review Town equipment needs for conducting successful public engagement opportunities (e.g.: trade show equipment, electronic equipment).
- Identify and arrange training opportunities for key municipal employees for carrying out successful public engagement opportunities.
- Develop processes for capturing and synthesizing feedback obtained in these processes.
- Review Regional Cooperation Agreements annually with participating municipalities.

Status

There has been no formal community consultation process developed. There also is no Public Consultation Policy. A feedback mechanism does exist on the website for the

public to submit feedback and the information collected is forwarded to the appropriate department. Over the past 4 years, the regional cooperation agreement reviews have been completed; however, agreement on priorities has not been reached. We note that we have heard the most recent discussions have been more productive.

Communication Process #5: Bi-Annual Newsletter

Strategies:

- Monitor and review newsletter reader feedback.
- Review technologies involved and production arrangements to identify possible improvements or efficiencies; in-house printing, external printing, e-newsletters.
- Review, consider and report on the frequency of the newsletter.
- Develop a guide for staff in preparing items for the newsletter.

Status

As previously mentioned, there is currently no regular newsletter or annual newsletter published by the Town at this time. Community Services does publish their own newsletter which goes out to every mailbox in Peace River six times a year. This includes information regarding community programs, events, sports facilities, the Peace Regional Pool, Museum Archives and Mackenzie Centre, etc. Protective Services also puts out bulletins regarding public safety, i.e. holiday safety, ice safety.

Communication Process #6: Staff Newsletter/Intranet

Strategies:

- Establish an intranet system for use by municipal employees as a means of providing another tool for relaying announcements, resource information, etc. This is to be used in conjunction with staff newsletters and memos to staff;
- Issue staff newsletters on a regular basis to keep staff apprised of Council and departmental activities.

Status

There is currently no internal staff newsletter. Internal communications is usually completed at staff meetings or via email. There are no policies or restrictions on who can send out information to staff but this is primarily completed by senior management (CAO and Directors).

Within Council's draft strategic plan: "A Path for Success" one of their goals is indicated as "to be responsible, open, accountable government". Council's vision is outlined within the plan as being: "We believe that key strong, vibrant, healthy communities is open, democratic governance."

New Communications Processes include:

- Podcast/Webcast Council Meetings
- Public Participation Opportunities at Council Meetings
- Establish a tracking mechanism for complaints to closure
- Make Town reports and studies web-accessible
- Archive Council Agenda Packages
- Provide Public Web Access to FOIPP'd information
- Open the budgeting process to public
- Mayor Participation Monthly on Local Radio "Call-On"
- Active Reporting to the Public of Town Growth/Activities
- Ministerial Review of Town Practices and Procedures.

At the time of this Report, Council is currently reviewing their draft Strategic Plan with administration.

Additional Observations

The following are some additional observations on the current state and effectiveness of the Town of Peace River's communications efforts and practices:

External Communication

- Council is aware of the need to keep up its communication efforts and to see those expanded.
- Those responsible for communicating on behalf of the Town are not, and should be, at the decision-making table.
- The Town has no Crisis Communications Plan. That being said, the April 2014 flood was reported to be handled very well. However, we advise a formal process should be in place for future use.
- It was expressed to us that Community Services seemed better able to communicate with the public than other Town departments.
- There is currently no single person accountable for website updates and approval which eventually will lead to content and style inconsistency.
- The Town has no official Strategic Plan (or approved plan) for a Communications Officer to use to guide the development of a Communications Strategy, Tactical/Implementation Plan and to effectively budget for communications.
- The Town does not have a clearly defined Public Consultation Policy and does not actively engage with citizens of Peace River as best they could.
- The Town as a whole needs to begin complying with their Graphics Standard Guide (i.e. typography, logo usage)
- Town staff could use additional training on available and emerging web tools and systems (i.e. third party newsletter systems, tracking software, social media etc.)

Internal Communication

- Leaving communications to Directors can create barriers to information when certain staff may be left out of the loop. Management needs to maintain an open dialogue with all staff and continue to keep them informed, as well as involved in Town projects and initiatives.

3.12 Economic Development and Tourism

3.12.1 History and Current State

There is currently no Economic Development Officer employed by the Town of Peace River. The most recent officer assumed the role of CAO in January 2012 and since then the position has been vacant. Prior to that, the Town hired an officer using funding received from the Government of Alberta's Rural Community Adaptation Grant Program (RCAP). In the past, some economic development functions have been performed by the Town's planner/development officer as well as the CAO. The Town's Community Economic Development Board has not met since 2010. The Town of Peace River is also a member of the Peace Region Economic Development Alliance (PREDA).

Economic Development is still listed as a department on the Town of Peace River website and reference is made to the Town of Peace River's economic development initiatives, specifically six business cases including:

- Downtown Revitalization Business Case
- Forestry By-Products Business Case
- Northern Hub Business Case
- Oil and Gas Services Business Case
- Support for Mega Projects Business Case
- Advancing Economic Development - Five Business Cases, Final Summary

These documents were presented on February 14, 2011 to Council and were accepted as information. The motion also included authorizing administration to proceed with the development of the marketing cases for implementation. Due to the revolving door in CAO's, and the quick promotion of the economic development officer to CAO, next steps were never provided and there has been no follow-up since.

A Visitor Friendly Assessment undertaken in partnership with Alberta Tourism, Parks and Recreation was completed in May 2011. Since then the town has been working on the implementation plan including (downtown beautification, wayfinding signage, entrance signs

etc.) but this also has been a slow process because of unstable leadership and staff shortages.

In regards to tourism, the Chamber of Commerce is under contract to operate the Tourist Information Centre (Visitor Centre) and manage tourism promotions for the Town. The centre is operated year-round with additional hours and staff hired in the summer months. The Chamber provides employees training on Peace River's history and points of interest and as well, skills development opportunities are provided in partnership with the Peace River Museum and Travel Alberta. Chamber staff also maintain a small tourism section on the Chamber website. In addition, the Chamber also offers travellers computer access as well as runs a souvenir shop featuring magnets, travel mugs, twelve Foot Davis statues etc. As part of the ongoing agreement, the Chamber submits an annual report and budget to Council. We note that this relationship does well to serve travellers but reportedly does little to attract visitors to the Town of Peace River.

The Town of Peace River also is a member of the Mighty Peace Tourist Association which consists of 12 neighbouring communities. The Association provides training and advertising opportunities, offers social media services, as well as develops an annual Vacation Planner and Visitors Guide. The group meets every three months to which the Town usually sends a Council representative. In the absence of a Communications Officer the only staff employee that attends the meetings is the Museum Cultural Coordinator. When employed with the Town, the Communications Officer submitted information into a few Tourism publications such as the Business and Tourism Directory and Vacation guide published by the Mighty Peace Tourism Alliance. We note that membership in this Association by no means fills the Town of Peace River's tourism requirements.

An Economic Development Officer is a significant role to be filled within a municipality the size of Peace River. The Town is busy, thriving from the activity brought to and through town from a booming Alberta economy. It is quite likely that more could be done to attract new businesses, residents and visitors to the Town.

More often than not in rural areas Communications Officers or Economic Development Officers are leaned on to fill multiple roles (i.e. Communications & Economic Development, or Communications & IT). It is important that these positions are not stretched too thin. These roles are very distinct and there is considerable training and expertise required for each position.

Within Council's draft strategic plan one of its strategic initiatives (under the goal of strengthening inter-municipal relations) is to pursue joint economic development areas with surrounding municipalities. It would be advisable to have a full-time staff member to focus on developing these relationships. Although Council does have a role to play in marketing the Town, there still needs to be someone available to be responsive and proactive with respect to Tourism and Economic Development. This includes developing and implementing economic development plans, tourism strategies and executing campaigns.

Council may choose to create a standing advisory committee for Economic Development and Tourism. No such committee exists at the present time. This committee could be helpful in gaining insight from the community. Council may choose to appoint a member(s) and staff to this committee or leave a public/industry task force providing strategic input to Council and administration on policies and procedures, strategic initiatives and other opportunities to promote the Town.

3.13 Agencies, Boards and Committees

The Town has a number of agencies, boards and committees which have been established to add a particular voice to the governance of the Town. Some of these are requirements by legislation; others are historical (i.e. they have been added over time); some are internal to Council; some are inter-municipal.

The following ABCs (agencies, boards and committees) are those which the Town has as per the requirements or provisions of legislation:

- Peace River Municipal Library Board

A Report on the Inspection of The Town of Peace River

- Municipal Planning Commission
- Subdivision Development Appeal Board
- Regional Assessment Review Board.

The following have been established over time by the Council in response to certain factors in play at that time:

- River Museum, Archives & Mackenzie Centre Board
- Community Services Board
- Off-Highway Vehicle Committee
- Community Economic Development Board
- Education Joint Use Committee
- Emergency Management Committee
- Heritage Places Committee.

The following ABCs are inter-municipal:

- Aboriginal Interagency Committee
- County of Northern Lights Fire Services Advisory Committee
- Inter-municipal Cooperation Committee (M.D. of Peace No. 135)
- Inter-municipal Development Plan Committee
- Joint Advisory Committee (Northern Sunrise County)
- MacKenzie Municipal Services Agency
- Mighty Peace Tourism Agency
- North Peace Housing Foundation
- Northwest Corridor Development Corporation
- Peace Regional RCMP Community Advisory Committee
- Peace River Economic Development Alliance
- Peace Regional Waste Management Company
- Regional Assessment Review Board
- Airport Review Committee.

3.13.1 Legislative Authority

Council is authorized to consider a bylaw establishing Councils and committees by the MGA, RSA 2000, c.M-26. Section 145 of the Act states that:

A council may pass bylaws in relation to the following:

- a) The establishment and functions of council committees and other bodies;*
- b) The procedure and conduct of council, council committees and other bodies established by the council, the conduct of councillors and the conduct of members of council committees and other bodies established by council.*

Section 146 of the Act states that:

A council committee may consist

- a) entirely of Councillors,*
- b) of a combination of councillors and other persons, or*
- c) subject to section 154(2), entirely of persons who are not councillors.*

Section 152 (2) of the Act states that:

The chief elected official is a member of all council committees and all bodies to which council has the right to appoint members under this Act, unless the council provides otherwise.

3.13.2 Overview of Council ABCs

The following is a brief summary of the Town of Peace River's legislated and Council ABCs. Town management provided us with a more comprehensive summary.

Regional Assessment Review Board

This regional body is established under Section 456 of the MGA which provides for two or more Councils to establish assessment review boards under certain terms and conditions. This body was established by bylaw #1868 on April 26th 2010. The Board's purpose is to hear assessment complaints as the nature of the complaint may permit or require in respect of assessment complaints made by an assessed person of a Regional Partner Municipality. The Board may be assigned jurisdiction to exercise the functions of a Local Assessment Review Board (LARB) and the functions of a Composite Assessment Review Board (CARB) under the provisions

of the *Municipal Government Act* and regulations with regard to assessment complaints made by taxpayers of a Regional Partner Municipality. The Board last met in October 2013. The Assessment Review Board does not provide minutes to Council.

Peace Library System

The Peace Library System is a partnership of 38 municipalities in the Peace Region providing library services through cooperation and sharing. Board meetings occur four times a year; one Councillor is appointed and an alternate or a member of the public who agrees to attend meetings and carry information between Council and the Peace Library System Board.

Peace River Municipal Library Board

This Board was established under Bylaw #1255 under the Libraries Act on May 13th 1985. It established a municipal board of seven members. This was subsequently amended November 10th 1986 by bylaw #1300 changing the number of members to nine and providing for the appointment of two members of Council. This too was amended by bylaw #1679 November 8th 1999 which saw the number of members increased to ten with one member of Council to be appointed as a member. Bylaw #1870 was approved on May 10th 2010 repealing Bylaw #1679. The purpose of the Board is general management, regulation and control of the Peace River Municipal Library. The Board's last meeting was on June 12, 2014. Council does receives verbal updates from the Library Board however minutes are not provided to Council.

Municipal Planning Commission

The Municipal Planning Commission (as provided for by the MGA) was established under bylaw #1718 on March 26, 2002. It was amended by bylaw #1817 on January 14, 2008. The amendments included an additional clause with respect to non-resident members as well as additional clauses regarding quorum. The purpose of the Commission it to advise and assist Council and various departments and agencies of Peace River with regard to orderly planning, development and land use within Peace River. The last meeting was held July 10,

2014. All approved minutes are provided to Council for information. A maximum of three Councillors are appointed to sit on the Commission. Members of the Subdivision and Development Appeal Board cannot serve on the Municipal Planning Commission.

Subdivision Development Appeal Board

The Subdivision Development Appeal Board (as provided for by the MGA) was established under bylaw #1599 on November 27TH 1995. It was amended by bylaw #1636 on November 10TH 1997. The most current bylaw, bylaw #1816 was passed on March 14TH 2008. The Subdivision Development Appeal Board's purpose is to hear appeals with respect to decisions of the development and subdivision authority and render decisions based on the evidence presented. The last meeting was held in July 2012. Board minutes are not provided to Town of Peace River Council. Three Councillors are appointed to the Board.

Community Services Board

On June 2, 2014 Council gave final reading to bylaw #1912 (the Community Services Board Bylaw) which repealed bylaw #1206 (passed on June 13, 1983). The Community Services Board advises Council on recreational, cultural, and social services and activities for the benefit of the citizens of Peace River. The last meeting was held on June 25, 2014. Approved Board minutes are provided to Council for information. One member of Council is appointed to the Board.

Peace River Museum, Archives and Mackenzie Centre Board

This Board was established under bylaw #1806 on January 22, 2007. Board members collectively provide a vital community link to the Museum and to Town Council in the preservation and celebration of Peace River's heritage and in supporting the museum in its role as a place of community engagement. The last Board meeting was on June 18, 2014. Approved Board minutes are provided to Council for information. One member of Council is appointed to the Board.

Off-Highway Vehicle Committee

This Board was established under bylaw #1806 on January 22, 2007. The purpose was to review the use of off-highway vehicles within the town's corporate limits and surrounding rural areas. The committee was to also explore options and alternatives to preserve public safety, reduce noise and mitigate any impact upon the environment. On May 5, 2014, Council passed bylaw 1831 regarding the operation of Off-Highway Vehicles within municipal limits. The bylaw lays out all restrictions, violations and penalties and will come into force on October 1, 2014.

Community Economic Development Board

The Community Economic Development Board has not met since 2010. This Board was established to provide guidance and recommendations on Peace River economic development initiatives. The Board's mandate was also to explore short and long term development strategies to gain broad community involvement and support. As well, the Board was to work towards the development of existing resources including community infrastructure, capital assets of the community and human resources within the community related to economic development for and within Peace River. One member of Council is to be appointed to the Board.

Education and Joint Use Committee

The last meeting of the Education and Joint Use Committee was in January 2012. The purpose of the Committee is to coordinate efforts for the use of town, school, and open facilities including separate and public systems in Peace River. Committee minutes are not provided to Council. One member of Council is to be appointed to the Committee.

Emergency Services Committee

On June 22, 2009 Council passed bylaw #1837 establishing a Municipal Emergency Management Agency pursuant to the Emergency Management Act. Section 11 of the Act states the Town of Peace River must appoint an Emergency Management Committee consisting of a member or members of Council to advise on the development of emergency plans programs and establish and maintain an Agency to act as the agent of the town to

carry out the town's statutory powers and obligations. The last Agency meeting was March 25, 2014. The last Committee meeting was March 26, 2014 held to discuss the revised Emergency Plan. Committee minutes are not provided to Council. One member of Council is appointed to the Committee.

Aboriginal Interagency Committee (AIC)

The Committee works towards common goals intended to strengthen the situation of aboriginal children, families, and communities. The last committee meeting was June 17, 2014. Committee minutes are not provided to Council. One member of Council is to be appointed to the Board.

Peace River Waste Management Company

The purpose of the Peace River Waste Management Company is to oversee the management and operation of the regional landfill located within Northern Sunrise County. Its last meeting was June 19, 2014. Council receives verbal updates however minutes are not provided to Council. According to the Articles of Association of the Peace Regional Waste Management Company, three (3) Council members are required to serve as Directors.

Inter-municipal Cooperation Committee (M.D. of Peace No. 135)

This Committee was established to foster effective communication and provide a forum to address both issues and opportunities. We were advised there is an upcoming meeting scheduled for August 12, 2014. This will be the first committee meeting of the current term. Two Councillors are appointed to the Committee.

Joint Advisory Committee (Northern Sunrise County)

On October 23, 2009, the Town of Peace River and Northern Sunrise County signed two (2) Inter-municipal Cooperation Agreements in an effort to better provide quality of life to and serve their residents through the sharing of operating and capital costs of regional assets, programs and services that have a mutual benefit. The terms of these agreements are six (6) years. Since the 2013 election the Mayor and Deputy Mayor have attended two (2) committee meetings. At this time administration has not been asked to attend.

Inter-municipal Development Plan Committee

This Committee was established to decide on land uses, development and planning within the joint area of Peace River, Northern Sunrise County, County of Northern Lights and M.D. of Peace No. 135. We were advised that it has been more than 10 years since the bylaw was passed and since the committee has met. The bylaw was amended in 2007 with respect to annexation areas. We were advised that the Town of Peace River is currently attempting to schedule a meeting.

The Mighty Peace Tourist Association

The purpose of the Association is to promote tourism in the Peace Region. The Association consists of one (1) member from: Berwyn, Clear Hills County, County of Northern Lights, Fairview, Fort Vermilion, Grimshaw, Hines Creek, La Crete, Mackenzie County, Manning, M.D. of Fairview, M.D. of Peace No. 135, M.D. of Spirit River, Nampa, Northern Sunrise County, Peace River, Rycroft, Saddle Hills County, and Spirit River. The last meeting was held on June 19, 2014. Council receives verbal updates however minutes are not provided to Council.

Peace River RCMP Community Advisory Committee

The purpose of the Committee is to act in an advisory capacity to Council and the Senior Officer in charge of the local RCMP. Meetings are held once a month and membership consists of fifteen (15) members including one (1) representative each from: Town of Peace River, Northern Sunrise County and Town of Grimshaw; one (1) teacher member from Glenmary School, one (1) youth member from Peace High School; one (1) member from Seniors Group; two (2) members from aboriginal community; three (3) RCMP members and four (4) members from the public at large. The last meeting was held on June 18, 2014. Council receives verbal updates however minutes are not provided to Council.

North Peace Housing Foundation

The North Peace Housing Foundation is a management body established by Ministerial Order under the Alberta Housing Act to provide adequate suitable housing for low and moderate

income families, senior citizens, the physically and mentally handicapped individuals who are unable to obtain housing in the private market. Meetings occur once a month and membership consists of one elected representative from each: Clear Hills County, County of Northern Lights, M.D. of Fairview No. 136, Northern Sunrise County, M.D. of Peace No. 135, Town of Fairview, Town of Grimshaw, Town of Manning, Village of Berwyn, Village of Hines Creek, Village of Nampa, and Town of Peace River. The last meeting was held on June 4, 2014. Council receives verbal updates however minutes are not provided to Council.

Northwest Corridor Development Corporation (NCDC)

The Northwest Corridor Development Corporation is a public/private partnership connecting Canada with global trading partners through the Northwest Corridor. Meetings occur quarterly and consist of seventeen (17) board members and sixty (60) public/private members. There is also an annual conference. The Town of Peace River appoints one (1) member of Council. There has not been a meeting held for a number of years.

Peace Region Economic Development Alliance (PREDA)

The Peace Region Economic Development Alliance is one of thirteen similar alliances in Alberta addressing economic growth and long-term economic viability in the Peace Region. Membership consists of twenty-five (25) towns, counties, municipal districts and four (4) other members. One member of Council is appointed to attend quarterly Board meetings.

Mackenzie Municipal Services Agency (MMSA)

The Mackenzie Municipal Services Agency provides a full range of land use planning services to its members including: Clear Hills County, County of Northern Lights, M.D. of Fairview No. 136, Northern Sunrise County, M.D. of Peace No. 135, Town of Fairview, Town of Grimshaw, Town of Manning, Village of Berwyn, Village of Hines Creek, Village of Nampa, Town of Peace River, and Town of Rainbow Lake. Council appoints one member to the Board. The last meeting was held on May 2, 2014. Minutes are not provided to Council however a detailed work plan is provided to Council for approval.

County of Northern Lights Fires Services Advisory Committee

This committee was established to share information between fire service providers. Membership includes six (6) appointed members: County of Northern Lights Regional Fire Chief, Town of Manning Fire Chief, County of Northern Lights Chief Administrative Officer, and one (1) Councillor from each of the County of Northern Lights, Town of Manning and Town of Peace River. The last meeting was held on April 23, 2014. Council receives verbal updates however minutes are not provided to Council.

Peace River Heritage Places Committee

The Heritage Places Committee recommends built heritage planning initiatives to Council. One Councillor is appointed and meetings occur six times a year as needed. The last regular meeting was held on March 4, 2014. Meeting minutes are provided to the Peace River Museum, Archives and Mackenzie Centre Advisory Board as the Committee works under its authority.

Salary Negotiation Committee (DISCONTINUED)

Airport Review Committee

The Airport Review Committee promotes the viability and regionalization potential of the Airport via business plan development, marketing and governance recommendations. The Committee meets once per month and consists of twelve (12) including one (1) Councillor each from the Town of Peace River, Town of Grimshaw, County of Northern Lights, Northern Sunrise County, and MD of Peace No. 135,

Community and Regional Committees

After passing provincially legislated training a minimum of two (2) Councillors or members at large can be appointed to the Community and Regional Committees Board.

Peace River and District Health Foundation Committee

At the request of Peace River and District Health Foundation the Town of Peace River appoints one Councillor to sit as a representative on the Foundation Board.

3.13.3 Some Comments on ABCs

It is our understanding that several of the ABCs have either ceased to function or have seen their mandate completed and thus there is no longer any reason for continuing to exist (e.g. Community Economic Development Alliance, Airport Review Committee, Off-Highway Vehicle Committee). In addition, we understand that the Town has had occasion to establish ad hoc committees and task forces from time to time and this approach has been considered useful. Some of these may also have ceased to exist and yet Council members continue to be appointed. Those which actually do meet report good attendance and believe that they add some value to Council.

As is always the case with ABCs, the question is whether they add more value to Council or Administration. In reviewing the ABCs we noted that many of them do not provide minutes or regular reports to Council. The onus thus relies on the appointed members of Council to brief Council as a whole. For those Boards and Committees that do provide verbal reports to Council, reporting on an annual basis will not provide Council current information and advice needed to make the best possible decisions for the Town of Peace River.

Without wishing to be overly dismissive of the value added by these ABCs, it would be beneficial (and our recommendation) for Council to review their current ABCs as well as their Terms of References to ensure their decision making model is providing value to Council.

In our view, what the Town is missing is a real sense of connection to its community. Whereas other towns and cities are often thought to have more ABCs than needed, Peace River has quite a number but many do not appear to be functioning. While every committee requires some degree of attention by Council and by the administration, the perceived value in connecting to the community can far out-weigh any sense that these are an obligation as opposed to a blessing.

ABCs in this instance might be quite useful in balancing the overwhelming role of Council and management by injecting some needed community input from members of the public.

We have outlined some basic principles below in terms of what Council ought to base its judgment on relative to answering the question: do we keep these; which ones; which could be jettisoned; which might be “grandfathered into a larger committee; which are ones which the administration could serve as members; which truly add value?

3.13.4 Recommended Principles

We would argue that there are certain key principles which should apply to those committees created by Council. These principles include:

❖ Membership

- The membership on advisory committees should consist largely of laypersons from the community and/or those who have a background which indicates some relevance to the topics and terms of reference under consideration
- Members, unless identified otherwise, are not expected to be experts in the topic matters
- The key consideration is someone who is interested in serving their neighbours

❖ Orientation

- Once appointed by Council, each new member of a committee should be afforded training on how to be an effective member (this type of training should at least be offered after every municipal election) and to any new members who join a committee “mid-stream”
- An orientation might be offered by the Town to all committee members at one time and/or may be supplemented by training offered by a staff member affiliated with the core elements of the committee’s terms of reference
- The key is to provide the members with sufficient insight into the role of the Committee to enhance their effectiveness.

❖ Appointments

- Once a committee has been established and has been in operation, any new members should be appointed by Council after having sought the advice of the committee; Council may also wish to seek advice from its own senior administration
- ❖ **Tenure**
 - Public members should be appointed for a term of say two-four years with a possible extension of one term (i.e. one-four years); appointments should be staggered to minimize turnover in any one year
- ❖ **Dismissal of Members**
 - Council may dismiss members of any committee created by Council; such reasons do not have to be made public
- ❖ **Re-Appointments**
 - Public members should be eligible for re-appointment after a minimum of a one year absence from that committee
- ❖ **Council Representation on External/Public Committees**
 - For those committees which are comprised in the main of members of the public, the role of a Council member is that of liaison only
 - Such a Council member will not be a full member of such a “Council-public member” committee (i.e. will not vote; will not hold an executive position)
 - Other non-appointed members of Council may attend from time to time as observers only
 - Members of Council are not allowed to serve on any sub-committee or task force appointed by the committee; other members of Council may attend as observers from time to time
 - Councillors are not expected to act as an advocate for any committee, but, rather, to hear the concerns and advice of the committee and then to vote in Council as they perceive the public will is best served

- Council members will never be appointed to serve as a member of any committee which has on it representation from Town management or staff; such are administrative or technical committees whose reports and minutes will be brought to Council
- ❖ **Council Members as Chairs**
 - Unless expressly so appointed by Council, Council members will not serve as chairs of Council committees
 - Those committees having a membership solely of Council members will be exempted from this provision
- ❖ **Authority of Committees**
 - Unless specifically granted the power to do so, no committee has the power to pledge the credit of the municipality or commit the municipality to any particular action
- ❖ **Administration**
 - The CAO will designate which senior staff member is to be the primary linkage to which committee and shall describe in writing to the committee what the roles and responsibilities of the staff member are to be
 - The CAO will ensure the designation of a recording secretary (as necessary) for each committee; meetings shall be recorded in sufficient detail (including a listing of alternatives considered and costs for any action item) to enable all Council members to be reasonably conversant with the action required whenever a report appears before Council
 - No member of the public shall give specific direction to any staff member at any committee meeting; the responsibility for giving specific direction to staff shall reside with the CAO (unless as delegated to a subordinate position)
 - All management reports going to a committee will be sent first to the office of the CAO by the respective department head

❖ **Action Items**

- All action items which arise from a meeting of a committee shall be referred to the CAO for review prior to final consideration by Council

❖ **Reporting to Council**

- All committees of Council will be expected to file their reports with the Governance and Priorities Committee of Council
- All members of Council will receive the full report or minutes of the committee

❖ **Performance Assessment**

- All committees should be issued an annual performance metrics chart which will enable them to conduct a self-assessment and then report back to Council on their findings
- An external review would be useful say every 3-5 years.

We believe that the effective implementation of these principles would ensure that the Town has committees which are indeed adding value to the decision-making of the Council.

Section Four: Key Issues at the Heart of the Inspection

4.0 The Inspection Request

The Inspection requires us to investigate as to whether or not the Town is (or was) functioning within the guidelines established by the MGA and other relevant Provincial legislation. In particular, the purpose of an Inspection is to determine whether or not the Town has been acting in such a manner as to contravene the guidelines of “irregular, improper or improvident conduct by Council, individual Councillors or by municipal staff”. As we noted earlier in our Report, Black’s Law Dictionary provides the following definitions:

“Irregular:

Not regular; not according to established law, method, or usage; not conformable to nature, to rules or moral rectitude, or to established principles; not normal, disorderly.

Improper:

Not suitable; unfit; not suited to the character, time and place.

Improvident:

As used in a statute excluding one found incompetent to execute the duties of administrator by reason of improvidence, means that want of care and foresight in the management of property which would be likely to render the estate and effects of the intestate unsafe, and liable to be lost or diminished in value, in case the administration should be committed to the improvident person.”

In effect, we interpret the request as one of determining whether or not the actions, words and deeds of the Council are fitting to the office and do not betray the requirements of Council to act in an honourable manner as they serve the interests of their citizens.

The task of providing such judgment is difficult given the absence of specified criteria. However, we rely on the legislation which sets in place the roles and responsibilities of a Council and on certain “generally accepted governance/leadership principles” that one can

utilize and which those serving in elected roles in municipalities would support as reasonable and expected.

4.1 What Does the Legislation Say?

“Section 3 states that “The purposes of a municipality are:

- (a) to provide good government,
- (b) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and
- (c) to develop and maintain safe and viable communities.”

Section 201(1) states that “a council is responsible for:

- (a) developing and evaluating the policies and programs of the municipality;
- (b) making sure that the powers, duties and functions of the municipality are appropriately carried out;
- (c) carrying out the powers, duties and functions expressly given to it under this or any other enactment.”

Section 153 states that “Councillors have the following duties:

- (a) to consider the welfare and interests of the municipality as a whole and to bring to Council’s attention anything that would promote the welfare or interests of the municipality;
- (b) to participate generally in developing and evaluating the policies and programs of the municipality;
- (c) to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by council;
- (d) to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer

(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 perform any other duty or function imposed on councillors by this or any other enactment or by the council.”

Section 154 (1) states that a Mayor has the following responsibilities:

“A chief elected official, in addition to performing the duties of a councillor, must

(i) preside when in attendance at a council meeting unless a bylaw provides that another councillor or other person is to preside, and

(j) perform any other duty imposed on a chief elected official by this or any other enactment or bylaw”.

4.2 The Principles

Based on what we understand relative to good government at the local level, there are certain principles which Councils would be expected to reflect if they were acting in an appropriate manner and consistent with the foregoing sections of legislation.

These principles (as we understand them) follow:

- **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 Town’s ability to provide needed and preferred services in a manner deemed acceptable by the residents?
- **Policy Leadership:** Councils are expected to make decisions on a wide variety of issues which span the Municipal Government Act as well as day to day matters. Policies establish what the Council believes to be the right and just way to do certain things. Town administrators are then expected to make decisions which respect those policies. Does the Council set such policies; are these being proposed by the CAO and once approved, are these being implemented?

- **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 or developers 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? Is the information which is received by all members concurrent (i.e. delivered at the same time)?
- **Respect for the Administration:** Does Council show respect for its administration? Does it deal with and through the CAO when accessing the administration? Or, does it deliberately bypass the CAO in seeking to confirm information or in order to get the upper hand on other members of Council? 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 (and/or pecuniary) involvements in the Town which may inhibit one’s impartial judgment made known to the full Council before discussing a matter? Are any members of former Councils or any former administrative personnel given any added consideration or access to confidential discussions or a prior briefing on issues which may impact their business?
- **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 Town’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?

4.3 Are These Principles Being Applied in Peace River?

Our response to this question is likely less clear than we would like in part because the answer must be divided by terms of the Council (i.e. 2010-13; 2013-17). We will refer to the “former” and “current” term. Based on the request for the Inspection and the Minister’s commitment to review these matters and how the Town has responded, we have outlined below a brief summary of what has transpired in each instance and our comments relative to either what should have happened (in our view) or whether or not the Minister should issue directives to prevent such events from happening in the future.

Good Government

While we believe that there were decisions made by the former Council with which we as outside observers would take issue (more on those later), we were not there to understand all of the dynamics at play nor were we familiar with all of the key players. In the main it could be argued that the former Council attempted to reflect what it felt was the best interests of the citizens in their actions and decisions. We further believe that the current Council is likewise committed to what it sees as “good government” and serving best interests. Those serving on a Council are community-minded people who want what they think is best for their community. Were all of the former Council’s decisions in the best interests of the residents of Peace River?

We take exception to the approach and process of retaining the incumbent CAO and to the Services Agreement entered into between the Council and the incumbent. This assessment is

based on our understanding of what other communities of a similar size (and geographical location) have and are doing relative to their CAO. We have also confirmed our assessment by checking this with surrounding municipalities and with two experts in the field of executive recruitment. Our finding is that the approach was irregular.

✚ Policy Leadership

In terms of the policy envelope that the Council of Peace River might be expected to be functioning within, it is clear that this is quite sparse and inadequate. There does not seem to be much reference to policies in terms of Council resolutions and some of those that should exist do not. We note that there currently appears to be progress in developing policy statements.

✚ Adherence to decision-making protocols

Both this and the former Council have generally followed a reasonable approach in terms of how it renders decisions. That is, information on issues is provided to Council; a discussion within Council ensues; a motion is presented; and a decision is rendered. The former Council did not consistently adhere to that approach with decisions being made without everyone on Council in the loop or advised at the same time (i.e. concurrently) as other members of Council. For example, we believe that the information shows that individual members of Council had access to the CAO Services Agreement before other members of Council and that information pertaining to the discussions involving what the Council would do with regard to the purchase of equipment on behalf of the Ski Club was not shared with all members of Council on a concurrent basis. We also believe that a more rigorous discussion and assessment would have occurred had Council utilized a sound committee system to explore the advantages/disadvantages of both processes and decisions. We find this approach to decision-making by the former Council to have been irregular.

✚ Primacy of the Table

It is our assessment to date that the current Council both understands and respects the concept described as “primacy of the Table” (i.e. the notion that **all** Council decisions are made with **all** members properly advised of meetings and in attendance). It is evident from

the actions of the former Council that the decision to develop a Services Agreement with the CAO was made in advance of all of Council being made aware of these deliberations (i.e. this began in August 2012). While the negotiations could have been handled quietly and privately, that should have been as a result of the Council directing the Mayor to have such discussions with a law firm properly authorized by Council. There was no such resolution until December 2012. The matter was handled in an irregular fashion.

+ Open Meetings

Meetings of Council for both the former Council and current Council are appropriately advertised. Citizens are encouraged to attend. Information dealing with most of the Council items is made available to the public unless restricted by Council moving a matter to an in camera session.

+ Regular and transparent reporting:

It is our understanding that the minutes are recorded and posted as provided for in the MGA. These minutes are recorded by the meeting clerk (Executive Assistant) and then reviewed by the CAO given the EA's inexperience in such settings. The minutes are then publicly posted and made available to the Council members and administration.

+ Apolitical administration:

Reports as we have reviewed them appear to be reasonably well written and express the views of the CAO and his administration. The reports to Council, however, have not been consistent in expressing clear managerial advice (i.e. we recommend that Council take thus and so action). We were advised that there were attempts, in some instances relatively subtle, to politicize the senior management such that they would be considered "on-side" with the majority members of the former Council. We find this to be irregular and improper.

+ Interests of the whole:

Again, for the most part it could be argued that both the former and current Councils have attempted to place the interests of the whole community ahead of anything else in the

decision-making process. We question whether or not that was done relative to the CAO contract and to a lesser extent the Ski Club equipment purchase. It would be very difficult to suggest that the “interests of the whole” lay at the core of the CAO contract.

✚ Oversight:

The Councils have provided oversight to the CAO and his management team in terms of the decisions being made. Questions are asked at Council meetings; reports are provided and read. Council has met with the auditor albeit not in private as it should.

✚ Participation

In the main, it was and is clearly understood that all members of Council are to be involved in the decision-making process. There was no motion in August 2012 authorizing the Mayor to begin discussions with legal counsel relative to a Services Agreement. Further, and with respect to the former Council, key decisions were made while three members were absent. These three members should have been there throughout each Council meeting and should have expressed their displeasure at the CAO recruitment process through their vote and voices. Leaving the meeting was not the appropriate choice.

✚ Respect for the Administration:

We believe that both the former and current Councils have generally shown respect for their appointed officials. While we have pointed out that the current Council is still struggling with their relationship to the incumbent CAO, it is our understanding that it has for the most part been respectful. The former Council dealt with a series of CAOs and were responsible for hiring or placing all but one of those people (i.e. the one which the 2010-13 Council did not recruit, that Council inherited and then separated from very shortly after taking office in 2010). Either the process of recruitment was at fault for the turnover of external CAOs during the 2010-13 time period; or Council misread the adequacy of the candidates they chose; or the former Council pursued a flawed process.

✚ The Mayor as Spokesman for Council

The former Mayor and current Mayor are both strong personalities with a devotion to the community. Both have quite separate and distinct backgrounds. Both were aware of their responsibility to act as the spokesman for all of Council. Both were and are aware of their responsibility to place the interests of the Town as a whole above any other personal consideration.

✚ Ethical Government:

There is a difference in our view between what we view as decidedly unethical practices and those with which, while we may strongly disagree, are not a matter of personal pecuniary interest or conflict of interest. We advocate a process which is open to all and which ensures that all salient matters and information are understood and on the table before a decision is made. We do not think it ethical to pre-empt a decision of Council by giving assurances that Council will make a decision benefiting one group in the community. The timing of correspondence vs the minutes of Council meetings convinces us that such assurances were provided to the Ski Club by a member of the former Council without the express authorization of Council by Council motion. This action was in our opinion improvident.

Major decisions or ones which might be deemed controversial produced a divided Council. While division on Council on any issue is not a bad thing, it is when the division is consistent with the same Council members in their respective camps. This division led to the suspicion that efforts were made to keep some members of Council out of the information loop.

The division also played out in the recruitment of the incumbent CAO. That process, which we comment on in other sections of this Report, resulted (either intentionally or not) in only certain members of Council being made aware that an offer of the position had been made to the CAO and contractual information exchanged. The information central to the offer (i.e. the Services Agreement) was not in the hands of all members of Council concurrently to be carefully assessed but rather, in the first instance, was read aloud to Councillors. The handling of the appointment of the CAO was conducted in an improper manner.

✚ Good neighbours:

Both the former and current Council have taken their role seriously as neighbours to the surrounding jurisdictions. Agreements are sought and entered into with the neighbours. Residents are not discriminated against regardless of residence. This has not meant that serious disagreements do not occur. We were advised that the potential for significant enhancements in these municipality-to-municipality relationships has been thwarted by conflict between individuals which may go back years.

✚ Self-Regulating:

Both the former and current Councils have established rules of Council proceedings and/or have followed them. On the same hand, neither one has placed sufficient attention on the matter of governance policies. Both have sought the counsel of their legal advisor(s) as deemed necessary. Not heeding the advice of the Town's legal counsel in the recruitment/appointment of the CAO reflects in our opinion poor judgment and is considered irregular.

✚ Accountability

Both the former and current Councils recognize that it is Council which is accountable for its decisions.

4.4 The CAO Contract

One of the issues which prompted the call for this Inspection is with respect to the recruitment, compensation and Services Agreement of the CAO. We begin this discussion by noting that a majority of those interviewed shared their respect for the incumbent as someone who has solid administrative skills, as good an understanding of the Town as anybody and a level of commitment to the Town that seemed unassailable. We do not challenge any of those comments.

The questions that we were asked to assess are in essence the following:

1. Was the process utilized by the 2010-13 Council in recruiting/hiring the CAO appropriate?

2. Was the length of the Services Agreement signed between the Town and the CAO appropriate? Does it reflect the best interests of the Town?
3. Was the Services Agreement amount per annum appropriate for a Town of the size and location of Peace River?
4. Do the Services Agreement contract provisions particularly that of the severance arrangements reflect the best interests of the Town?

4.4.1 CAO Timeline Summary

Since 2008, the Town of Peace River has had four CAO's (1 twice), two (2) interim CAO's (1 appointed 3 times) and one (1) CAO hired on contract. In total, the CAO position has turned over ten (10) times in the 2008-14 timeframe. From 2000-08 Kelly Bunn was the Town of Peace River's CAO. Mr. Bunn resigned in May 2007 (Motion 07-05-59) but agreed to stay on as Acting CAO which he did until the end of February 2008.

When Iris Callioux was elected Mayor she brought forward Mr. Bunn's letter of resignation and Council accepted his resignation. Ron McCullough was then hired on contract as an interim CAO in March 2008 (Motion 08-03-27). Meanwhile the Town used the recruitment firm of DaviesPark to recruit to the vacant CAO position.

Ms. Norma MacQuarrie was subsequently appointed effective August 18, 2008 (Motion 08-07-20). The Director of Corporate Services Renate Bensch served as Acting CAO until Ms. MacQuarrie assumed her position. Ms. MacQuarrie was CAO from August 2008 to December 2010 when she resigned (after a meeting with **three** members of the incoming Council) and her CAO designation was subsequently revoked by Council (Motion 10-12-35). Mrs. Renate Bensch was again appointed at a special meeting on the 29th of November (Motion 08-07-21) and was acting CAO from November 2010 to May 2011. During this time no recruitment firm was hired. The CAO position was posted on the Municipal World job board and email newsletter, AUMA website, and AAMDC website.

In May 2011 Hendrik Slegtenhorst was hired. He was officially appointed on May 1st, 2011 (Motion11-03-56). He occupied the CAO position until October 2011 when a special meeting

was held on October 28th 2011 and his appointment was revoked (Motion 11-10-66) and terminated (Motion 11-10-67). Renate Bensch was once again appointed Acting CAO (Motion 11-10-68). She held this position until March 2012. During this time the CAO position was posted through Municipal World, AUMA, AAMDC, Canada Municipal Jobs (albertamunicipaljobs.ca).

Greg Varrichio was hired in March 2012 without a formal contract. He was officially appointed at a regular Council meeting on March 26th, 2012 (Motion 12-03-62). At that same meeting Council moved to negotiate a contract of employment for presentation to Council and furthermore that if the contract was not accepted, the designation be revoked (Motion 12-03-63). On May 7th, 2012 a special meeting was held and Mr. Varrichio's resignation was accepted (Motion 12-05-04).

The then Director of Engineering Paresh Dharyia was appointed as Acting CAO (Motion 12-05-06). In May 2012 Human Resources re-posted the CAO position for two weeks on albertamunicipaljobs.com. At this time ads were posted through AUMA, AAMDC and Municipal World. The posting was also placed on the Town website. For the regular Council meeting of December 10th 2012, administration had assembled as requested information on recruitment firms including overviews of Davies Park and LVP Staffing and Recruiting. At this same meeting Mr. Bunn was re-introduced to Council as a candidate for the CAO position by Mayor Mann. Councillors Tarpey, Milligan and Needham left the meeting at 9:47pm. The meeting then went in camera (Motion 12-12-39) until 11:22pm. Council then moved to draft a contract for the CAO candidate, pursuant to the terms discussed, as to provision of CAO services by contract to the Town of Peace River (Motion 12-12-42).

At the regular meeting of Council on January 14, 2013, a motion was made to amend the previous meeting minutes to include Councillor Tarpey's motion to adjourn the meeting at 9:47pm and to have that as the last item recorded in the minutes; it was defeated (Motion 13-01-06). During that same meeting of Council a motion was made that the contract between Avant-Garde Inc., and the Town of Peace River for the term of Feb 4, 2013 to April

30, 2022 be approved and that the Mayor execute the contract on behalf of the Town (Motion 13-01-36). A motion was made to have Motion 13-01-36 tabled until Council could seek another legal opinion on the obligations placed on future Councils pertaining to the cost and structure of the agreement; this motion was defeated (Motion 13-01-37). Motion 13-01-36 was brought back to the floor and carried.

Avant-Garde Inc. contractor (Kelly Bunn) was appointed as the Town's CAO effective February 4th 2013 subject to the execution of the contract (Motion 13-01-37). Mr. Paresh Dhariya's appointment as Acting CAO was rescinded effective February 4th 2013 subject to execution of the contract (Motion 13-01-38). Mr. Kelly Bunn has been CAO since February 4th 2013.

4.4.2 Comments

We have interviewed each of the CAOs who were in the position since January 2010. It is evident that these individuals accepted the role with the full intent of performing the work competently. It is equally apparent that not all (of the external appointments) were eventually deemed to be the best fit for the Town for various reasons and thus the revolving door. We hasten to add that the internal appointments deserve credit for taking on this difficult role as an interim assignment. From all accounts, they performed well.

The approach to the recruitment of a CAO leaves considerable doubt as to the degree of consideration given to how challenging the task would be to find credible candidates and why having a professional to assist would have been money well spent. We note that since the election of 2010 a professional recruitment firm was not retained in any of these instances to handle the complete search process. Prior to the most recent appointment, two professional firms were being considered by Council to conduct this important search (according to Council's agenda) but that process was interrupted (at the meeting wherein the consideration of these firms was on the agenda) by the appointment of the incumbent. The only time which we are aware of when a professional assistance was sought was for the successful recruitment of Ms. MacQuarrie in August 2008. She served until that appointment

was revoked by the 2010 Council shortly after it was elected. In other words, her employer (the 2007-10 Council) was replaced and the new 2010-13 Council decided to move in another direction.

Did the Town's own efforts produce a list of well-qualified candidates who were subsequently interviewed by Council and for whatever reason(s) found wanting? Our understanding is that the Town's recruitment efforts produced a total of 75 candidates (some of these are counted twice as they had applied more than once) and that over the three rounds of advertising (about two years), eight interviews were conducted.

We note that the results of round one (December 2010) which produced 30 candidates resulted in the former Council hiring an individual who was subsequently terminated six months later. The second round (March 2012) produced 23 applicants with Council in its wisdom hiring their contracted Economic Development Officer (March 27th 2012) who resigned 41 days later (Council Motion 12-05-04)(May 7th 2012). The third round of advertising (May/June 2012) resulted in 11 applicants. Council was not able to agree on a date for the interviews so the advertisement was extended into August and an additional 11 candidates expressed interest. Of the combined 22, Council chose to interview 3 candidates. No offer of employment was made.

Based on their lack of agreement on candidates, Council asked for and was provided with information on available recruitment firms. **At the same time**, the Mayor and interim CAO were involved in discussions relative to an un-named candidate and the drafting of a contract (Services Agreement) which was forwarded to the Town's legal counsel in late August 2012, **six months before** the Council met the 11th hour candidate or subsequently voted on the contract. As per the approved agenda for the December 10th 2012 meeting, the requested information regarding which recruitment firms the Town might utilize to find quality candidates was to be discussed. That information was secured by the administration and presumably presented in an honest effort to comply with the request of the Council. That item (i.e. recruitment firms) was not addressed at that meeting. Instead, the Council

was advised that a former CAO of long-standing was literally at the door and would be available to be interviewed by Council. Before the meeting of December 10th 2012 was concluded, an offer had been made and negotiations were set to begin.

It is interesting to note that the Mayor and the interim CAO requested that the Town's legal counsel provide them with her advice as to a fee for service contract which would allow the Town to hire a corporation which would then contract with its employee to do the work of a CAO for the Town. This request was made to the legal counsel in August 2012 and was responded to beginning in late August 2012. The legal counsel's response indicated reservations relative to the appointment of a corporation and recommended that the Town enter into an employment agreement with the employee which the legal counsel felt to be more in keeping with the intent and tone of the MGA. Legal counsel pointed out a number of concerns relative to the proposed contract provided by the Mayor and interim CAO. We note that counsel (i.e. the Town's lawyer) indicated that the compensation was high and the termination provisions likely unenforceable. In September 2012 legal counsel also questioned the Mayor as to whether or not the rest of Council was to be given a copy of a re-drafted agreement/contract and was advised that the Mayor and interim CAO would handle that if the potential candidate was still interested after hearing what the lawyer had to say vis-à-vis the contract conditions.

The Town's legal counsel subsequently provided a template contract (Services Agreement) (October 2012) in accordance with the instructions received from representatives of the Town (i.e. the interim CAO and the Mayor). This draft contract had indicated that the salary to be paid the contractor was to be \$250,000 per annum.

It is worthy to note that the Town's legal counsel provided the interim CAO with the template motions to make for the appointment of a new CAO. This information was sent to the interim CAO on December 10th 2012 before Council was advised that a candidate was at the door. Council voted 4-3 on January 14th 2013 to approve the contract between Avant-Garde Inc. and the Town of Peace River (Motion 13-01-36) for the term of February 4th 2013

to April 30th 2022 and similarly to appoint the contractor's employee as the Chief Administrative Officer.

Was the process fair to the Council as a whole? Given that the agenda did not contemplate interviewing/discussing with a candidate whose name and resume was not made available before the meeting started, we would argue that the process for a decision of such magnitude was neither fair to all members of Council nor transparent. Given that the Mayor had been in correspondence with the Town's legal counsel on a preferred candidate/corporation for the **past six months** without Council's awareness of or endorsement of his efforts we would suggest that the recruitment process was irregular and decidedly flawed. It was not until December 10th 2012 that the Council actually passed a motion authorizing that a contract be drafted (at least five months after the Mayor began discussing a draft contract/services agreement with the Town's legal counsel). Whether or not the candidate was a viable choice was not the issue: was everyone on Council given advance notice of what was really planned to transpire that evening? Was everyone, regardless of any perceived and potential reactions, in the loop? Based on the evidence to which we were given access, we would argue "no".

Is it legislated that a Council must utilize an outside professional recruitment firm with experience in local government recruitment engagements at a senior level? No. Would that be considered "best practice"? Absolutely. Does it cost substantial fees? Yes. Is there a cost to failed recruitments using own forces and/or members of Council? Yes. Regardless of the skill set on Council and their current employment, Council members are not hired to manage the community but rather elected to govern. Mixing the two does not result in all members being similarly informed and engaged in the process.

4.4.3 Contract Length

The author of this Report has been involved with local governments across Canada since 1979 with experience in all Provinces and Territories. This includes at least a decade of working in the recruitment world within the local government field. Much of our collective

experience has been in Alberta and much of that has been with municipalities of a similar size or nature to Peace River. **Of that collective experience, we are not aware of one other contract which spans almost a decade (Feb. 4 2013 to April 30, 2022).** Most would be in the 3-5 year range with others open-ended (i.e. at the pleasure of Council) recognizing that there is a general belief that if a Mayor and Council lose faith in the CAO, or if they are unable or unwilling to develop a workable, trusting rapport then the relationship will not last. CAOs as a professional group understand that concept and recognize that if the relationship between Council and its CAO is not healthy, it is not in the best interests of either party to continue.

This contract (Services Agreement) (which has been described as both a fee for service and an employment contract) is very beneficial to the CAO. Its length (9 years) was purposeful. It was predicated on the time remaining before the incumbent would reach “retirement age” and thus would remove the possibility that he would need to find a replacement position should the relationship with the employer go sour.

We queried former Council members as to the length of the Services Agreement. We were advised by those members that this would ensure that they could recruit their preferred candidate and that after so many changes in the role of CAO, this would ensure continuity and stability. The same Council who had swung the door on three CAOs (and two interims) was ironically concerned that going forward there would be stability in the senior appointed officer position. There is merit obviously in some stability (which is what the 2007-10 Council thought it had found).

Is it legislated that a Council must strike a contract of a certain length? No. Is it an industry practice to bind successive Councils into an employment agreement/contract which would span three Councils? No. Is that fair to the new Council? No. Does that provide stability in the senior management position? Finding the right candidate and allowing that person to develop a sound relationship with each successive Council has been the normally expected pattern. Changing that dynamic to one which places the CAO in the driver’s seat of such

decision-making is, in our opinion, sure to upset the normal Council-CAO balance and thus result in a relationship which is plagued by a sense of unease for both parties right from the outset.

4.4.4 Compensation

Our comments relative to our experience in dealing with similar matters over a lifetime of consulting apply relative to the issue of compensation as well. The Services Agreement between the Town and Avant-Garde Inc. calls for compensation being paid to the contractor in the amount of \$250,000 per annum. In addition, the Contractor is entitled to a monthly vehicle allowance which is cumulatively (i.e. on an annual basis) upwards of \$11000. Further, the base rate paid to the Contractor (i.e. \$250,000) is to be adjusted annually at the same rate of increase as provided to the senior management of the Town. In addition, the Council can pay the Contractor a bonus up to 5% of the base rate for satisfactory performance.

Is the amount reasonable? While recognizing that this amount is considered (at least from a straight salary point of view) “all in”, and that benefits at this level range from 15% to 20%, the contracted amount (\$250,000 p.a.) for the period of 2012 (when the incumbent was retained) until today (June 2014) is considerably higher than anyone else employed in an Alberta municipality of a similar size. We verified this with the comparators which the Town uses in doing salary surveys (in other words those municipalities which are considered to be in the same range of characteristics as Peace River) and with the Town’s own urban and rural neighbors. We have also verified this information with an independent compensation consultant who has done survey work for various Alberta municipalities including over the past year or two. His surveys of about 40 municipalities indicate a salary range of \$140,000-185,000.

Are we suggesting that a Council could not decide to pay at the \$250,000 level? No. If the Council believes that the person and the circumstances warrant it, the salary paid (or total compensation) should be a factor of perceived worth to the community, availability of other

good candidates at a lesser amount and the perceived tolerance level of the residents of the community for a salary of that magnitude. While we are not aware of any CAO salary approaching that of the Peace River CAO, we are mindful of the fact that salaries have been increasing and that at the end of the contracted period, the compensation may be much less of an aberration that it is today.

The lack of research into this matter by the former Council (at least in terms of comparing the compensation offered in this contract to others in similar circumstances and positions) brings into question whether or not the Council was protecting the best interests of the Town's residents or ensuring the best interests of the candidate and successful employee.

4.5 The Ski Hill

A second significant issue raised in this Inspection dealt with the involvement by the Town in the Peace River Ski Club. There is no doubt that Council's purchase of the quad chair lift for Peace River Ski Club (also referred to as the Misery Mountain Ski Club) has been a very contentious issue. Although all of Council at the time appeared to agree that the purchase of the chair lift from Vista Ridge in Fort McMurray was an excellent opportunity for the Ski Club, it was the purchase process and the future decisions which were subsequently made that drew the ire of the public and some members of Council.

4.5.1 A Summary of Key Events

On January 16th 2012, the Peace River Ski Club President attended a Committee of the Whole meeting with a proposal requesting a contribution of \$70,000 towards the purchase of a chairlift from Vista Ridge in Fort McMurray. The Committee recommended the request be brought forward to the regular meeting of Council on January 23rd 2012.

During the meeting of January 23rd 2012, Councillor LaFontaine moved that Council provide the Peace River Ski Club 50% of the total projected costs of the quad chairlift up to a maximum of \$70,000 (Motion 12-01-34). (The reader will note that this was set as a maximum contribution at that time).

On February 29th 2012 a \$10,000 down payment on the lift was paid to Vista Ridge Recreational Association.

On March 29th 2012, a proposal for geotechnical services is received (before there was certainty that Council would approve the project).

On April 12th 2012 the Peace River Ski Club signed a contract with Summit Lift Company for \$926,000 to pay for the installation of the 1996 Riblet Fixed Grip Quad Chair Lift. This price included: the lift; additional components (e.g. haul rope, communication line, and operator houses); removal from Vista Ridge; trucking to Peace River; installation; additional costs (i.e. towers).

On May 9th 2012, intent to support the project is shown prior to Council meeting via an email. On May 24th 2012, the acting CAO presented an RFD to Council providing funding options should Council wish to support funding of the Misery Mountain Chair Lift Project. (The April 12th 2012 contract signing is of interest because there had been no official support of that amount by Council and yet the Club President felt sufficiently assured that the Club would be able to find those funds such in terms of signing the contract).

In June 2012 the Business Plan for the Ski Club was presented to Council by the Ski Club and its consultant at the regular meeting of Council (June 18th 2012). During this meeting a motion (12-06-49) was made that the Town of Peace River provide \$752,325 for the Misery Mountain Ski Hill and that the Town of Peace River would be responsible for this loan should the Misery Mountain Ski Club default and budget implications arise (Motion 12-06-49). This motion was withdrawn. The revised motion (two months after the Ski Club signed its contract with Summit Lift Company) stated that the Town of Peace River provide \$752,325 to support the funding of the Misery Mountain Chair Lift Project, subject to: the Misery Mountain Ski Club entering into an agreement with the Town of Peace River to transfer all of the Ski Club assets to the Town of Peace River (Motion 12-06-50).

On June 25th 2012 Council authorized (on a 4-3 vote) “an additional capital expenditure in the amount of \$752,325 by way of short term borrowing and use of the Municipal

Sustainability Initiative Funding, as recommended by the Administration”. Also, on June 25th 2012 Motion 12-06-87 terminates the lease agreement with the Peace River Ski Club after the Misery Mountain Ski Hill assets have been transferred to the Town of Peace River for the sum of one dollar (\$1.00).

The motion is made to enter into an agreement with the Peace River Ski Club for the ongoing operating and maintenance costs, and that there is an assurance of a continuance of liability insurance (Motion 12-06-88).

Motion 12-06-89 directs administration to include the above said agreement with the Peace River Ski Club name plating, grants and fundraising. This motion was defeated.

On July 16th 2012 the Capital Budget was amended by Motion 12-07-06 stating “Council go forward with the amendment to the 2012 Capital Budget by deleting the Combination HydroVac project and adding the Purchasing and Installing a Fixed Grip Quad Chairlift at the Misery Mountain Ski Area project, to be funded by way of short-term borrowing and the use of Municipality Sustainability Initiative Funding”.

The following motion (12-07-10) is then made which states that “Council direct Administration to proceed with Purchasing and Installing of a Fixed Grip Quad Chairlift at the Misery Mountain Ski Area in the absence of a signed contract between the Town of Peace River and Summit Lift Company, Vista Ridge Recreation Association and the Peace River Ski Club and that interim funding would come from the Town of Peace River’s reserves”.

Motion 12-07-11 directed “administration to proceed with forwarding the Transfer Agreement between the Peace River Ski Club 1963 and the Town of Peace River to the Peace River Ski Club 1963 for execution and to then proceed with the agreement between the Town of Peace River and the Summit Lift Company and Vista Ridge Recreation Association”.

Motions 12-07-12 and 12-07-13 gave first and second reading to Bylaw 1904- Purchasing and Installing a Fixed Grip Chairlift at the Misery Mountain Ski Area. Final reading would be on August 13th 2012.

A Report on the Inspection of The Town of Peace River

On July 23rd 2012, Peace River Ski Club, the Town of Peace River and Summit Lift Company signed the agreement. Vista Ridge Recreational Association and the Town of Peace River signed the bill of sale. On August 15th 2012 the Town of Peace River received a certificate of construction from AEDARSA.

On December 5th 2012 the Town received word from the then Minister of Municipal Affairs that the Misery Mountain Ski Area Chairlift had been approved for Municipal Sustainability Initiative funding in the amount of \$752,325.

We were advised that a total of 4 payments were paid for a total of \$32,212 during 2013. The individual amounts ranges from \$6,060 to \$11,060. We were advised that these amounts were not included in the 2013 budget. These payments may have been made under the Contingency & Emergency Purchases Policy. For these to be made a contingency amount would need to be included in the 2013 budget or sufficient funds in the contingency reserve. The CAO is authorized to make all of these payments except the one for \$11,060, which would need Council approval. (We were not able to find any record of such approval). The reserve policy states that General Contingency Reserve funds can be used to offset any unforeseen expenditures not addressed in specific contingency reserves. The 2014 budget shows comparative information for 2013. This information does not include an amount budgeted for contingencies.

By motion of June 24th 2013 the Town extended the agreement with the Ski Club to September 13th 2013. The Club was expected to report on its fiscal and operating capabilities by that time. We are not aware of any such report being filed. There was no presentation made before the 2013 election and none has been made to date. On November 25th 2013 an ad hoc committee was struck of three members of Council to work with the Ski Club in developing an operations and maintenance agreement. This committee has met with the Club on several occasions but no such agreement was forthcoming. The Town agreed to extend the agreement to cover the 2013-14 operating season. We are not aware of any further progress on this matter.

We are advised that the operating agreement is now with the Club and the Town is awaiting signed copies from it for the Town's finalizing. The agreement was developed in conjunction with the Town's legal advisor. The agreement was approved for presentation to the Ski Club at the regular meeting of Council on July 7th 2014. The budget for the 2014-15 season is expected to come out of discussions with Council during budget requests.

Shortly following their election Council formed a committee made up of three Council members with administrative support. This committee has met regularly with the ski club and worked through the process to the point where an Operations, Maintenance and Lease Agreement is awaiting final signature from the ski club. The Councillors on this committee provided on-going and direct verbal reports to Council.

Key concerns included the following:

- **Transparency to Council:** Any project which the Town is being asked to become vested in needs to have the attention of all members of Council on a concurrent basis. This requires Council as a whole to be briefed by its administration as to what steps are required, what proposed transactions are needed; etc. Based on our reading of meetings being held by individual members of Council and e-mails exchanged it is evident that not all of Council was similarly apprised of what was going on.
- **Not properly budgeted:** The chair lift alone was perceived by Council as a good deal, however there were no plans for transportation, installation or consideration of future costs which added up quickly. This ultimately resulted in changes to the approved 2012 Capital Budget and removal of other budgeted items (i.e. HydroVac Truck).
- **Representative of the best interests of Town:** There was very limited public consultation on whether the Town residents as a whole supported a project of this magnitude. Council proceeded based on its assessment that the community would benefit from a more functional ski hill operation. The purchase of the lift had to be done quickly to capitalize on what was described as "a good deal". However, Council could have then reached out to citizens for their feedback and sold or parked the lift if necessary. Not

only was the community not formally consulted prior to the purchase, communication and consultation after the purchase was also very poor.

- **Allocation of funding:** Some of the funds that were used to purchase and install the lift came from Provincially-provided MSI funding which could have been used for other Town infrastructure upgrades.
- **Primacy of the table:** There appeared to be a purchase agreement made by the Club and intent to support the project given by an individual member of Council prior to the request for funding being approved by Council as a whole. This also led to agreements being made by 3rd parties without the go ahead given by Council.
- **Regional cooperation:** The chairlift and development of Misery Mountain was positioned as a regional initiative. There was discussion of seeking funding from surrounding municipalities however this has never come to fruition. We are unaware of any attempt to garner the support of regional municipalities.
- **Access to legal advice:** The Town has legal counsel available to it. This counsel was engaged in this discussion in early July and expressed concerns relative to the process and the lack of legal documentation.
- **Access to Senior Management Advice:** This issue transpired while the Town was without the services of an experienced CAO. Whether or not that would have made a difference in terms of how Council proceeded is a moot point. Having someone experienced as a CAO at that time would likely have resulted in a more cautious and logical step-by-step approach and likely would have resulted in legal counsel being sought at an earlier juncture.
- **Proper agreements not in place:** We were advised that the Town did not have an operating agreement in place which would address the rights, obligations and commitments of the Town and the Ski Club vis-à-vis the operation of the ski hill. An agreement should have been developed which would ensure proper insurance coverage,

legal rights and responsibilities, title to the assets of the Club, contractual obligations with regard to the purchase of the new equipment and so on.

- **Impact on the future of the Ski Club:** This major investment by the Town will either be a significant blessing or a curse depending on how the future unfolds. The Peace River Ski Club (a not-for-profit organization) operated successfully for many years on its own and now as a town-owned asset it has (according to Town administration) operational issues and operates at a loss. There may be less incentive for volunteers to help the Club if it is perceived as having the assistance of the Town and therefore does not need the help of volunteers.
- **Reporting by the Club:** in order to maintain proper control and accountability to the citizens of the Town, the Club needs to keep the Town up-to-date with what it is doing in terms of encouraging usage and in terms of maintaining proper controls (e.g. risk management, financial reporting, etc.).

4.6 Related Policy Issues

4.6.1 Politicization of the Administration

Based on our interviews we sensed that the Town has developed a culture that expects the CAO (and possibly all senior management) to be a supporter of the majority members of Council. While this may never be uttered aloud, this has, in our view, contributed to the revolving door of CAOs. Other department heads have also fallen prey to the notion that their task is to determine who has the power and to then try to come alongside them.

The relationship between the Council and its management which should be focused at a professional level was personalized by the Council and its division into two blocs. We believe that the relationship became overly personalized where the members of the former Council expected the CAO to be a core part of their inner group. While Council members may wish to form into blocs (which we argue against as being unhealthy to public discourse) the

apolitical role of the administration should be respected by all parties (i.e. Council and administration alike). This notion has, in our view, gone sadly off course.

We recommend that a policy on this matter be agreed upon by this Council. Such a policy could state that:

“We the Council of the Town of Peace River will respect the apolitical nature of our administration including the Chief Administrative Officer and will expect such staff members to serve the Council as a whole in a spirit of unbiased reporting and allegiance to the body of Council and not to any individual member thereof, including the Mayor. All members of Council are to be treated equally and respectfully with no preference shown to any or to any faction which form within Council.”

4.6.2 Pseudo-Party System

There is nothing in the legislation or even in past practice that would argue in favour of a Council seeing itself as two distinctive camps. While we heard the opinion that the former Council was divided into two factions, a review of the minutes of the former term of office (2010-13) suggests that the split only became pronounced towards the end of the term. While a majority of votes were not cast that way, significant decisions (such as the CAO contract, ski hill, fire hall) tended to reflect the block voting which became more pronounced as time went by. The perceived factions shifted during the past election with the current Council being more “of one mind”.

We believe that dissent can be quite healthy. Our concern with the evolution into two groups is that the rights of the minority to participate in an actual and meaningful debate are compromised. While the majority gets to see its agenda move forward, the minority is denied any real hope of influencing the Council’s debate.

We recommend that a policy on this matter be agreed upon by Council. Such a policy could state that

“Council recognizes that the citizens are asked to vote on each individual running for elected office as a Councillor or Mayor and that those elected are expected to function

as responsible individuals working together in the best interests of the Town. Each matter placed before Council for resolution is expected to be judged on its own merits and not on the basis of which Councillor may or may not be in support. Council members will vote independently and will respect the right of others on Council to do the same.”

4.6.3 CAO as a Developer

As we have indicated previously in this Report, it is critical that the population of any community have a reasonable level of confidence in those who have been elected and appointed to lead the community. It is very difficult in our opinion for a senior Town employee to maintain a separate professional identity when viewed as a developer at the same time (regardless of how professional a person in the development field or how successful his/her projects has been). In the past 35 years of consulting to municipalities, we have only once before encountered a CAO acting as a developer (and only in this instance in their own community). Even when everything is or may be conducted in a legal and procedurally correct manner, it still has the potential to undermine the confidence of the public in the municipal system. A policy should be developed on this issue on a “go forward” basis. Other levels of government have allowed for assets that create this kind of conflict to be placed into a trust, avoiding allegations of impropriety.

Such a policy could be developed by Council (with the input of senior management and the Town’s municipal legal counsel) within the framework we have provided in this Report. The core of the policy should read as follows:

“The Town Council of Peace River as a proactive leadership body is committed to being viewed by its residents as above reproach and not involved in any enterprise wherein its primary allegiance to the community and its desire to be unbiased in all matters could be challenged. For that reason, the Council will ensure that all of its members and those included in the ranks of senior staff will place in trust any non-principal residence holdings until such time as their employment with the Town or election to Council ceases.”

4.6.4 Personnel Policy

The Town has in place an accepted personnel policy which deals with the issue of recruitment. While we believe that a more specific policy should be adopted dealing directly with the position of CAO, the current policy is quite direct in its reference to finding the most qualified candidate for any vacant position through competition and advertising.

The current Personnel Policy states under: “RECRUITMENT PHILOSOPHY: The Town of Peace River will, by process of competition and advertisement, seek to find the candidate(s) most qualified for a vacant position.” The policy, approved by Council, says “will” and “by process of competition and advertisement”, which has not been consistently followed and therefore the Council was in conflict with its own policy.

We recommend that a revised policy on this matter be agreed upon by Council. Such a policy could state that

“The Council of the Town of Peace River believes in the importance of having the best qualified staff in all Town authorized and funded positions. As a result, Council which has one employee the Chief Administrative Officer, will ensure that whenever there is a vacancy in the office of CAO, Council will undertake a comprehensive and professional executive recruitment process utilizing a firm experienced in senior level municipal recruitments. All members of Council will be involved in the interviewing of any short-listed candidates and will determine who is best equipped to manage the municipality on a confidential basis as advised by the external recruiter. The results of that process will be immediately publicized through the municipality’s available media/forums. The resume of the successful candidate and the contract entered into between the candidate and Council will be posted on the municipality’s website”.

4.6.5 CAO Compensation

The Town of Peace River has a salary/compensation schedule which it has updated as a result of cost of living adjustments and salary surveys. The former (i.e. cost of living adjustments) has been generally determined through attention to the information made

available through federal and provincial sources. The latter (i.e. the salary survey) has helped to form the basis of what the Town offers its non-union personnel. The information which we have from the Town indicates that when that grid for non-union personnel was established, it reflected the CAO salary range as \$123,743 to \$155,410. Our own limited survey reflects findings not totally inconsistent with that of the earlier survey. This of course contrasts with the Peace River salary for its CAO of \$250,000 which was established in February 2013.

We recommend that a revised policy on this matter be agreed upon by Council. Such a policy could state that

“The Council of the Town of Peace River believes in properly compensating its CAO for services rendered and expected to be rendered. In order to do so fairly and to be above board in its reflection of public expectations and values, the Council will review what is being done vis-à-vis other similar municipalities through a bi-annual survey conducted by an independent third party with expertise in such matters. While the Council retains its authority to set the compensation at an amount it considers fair in its circumstances, it will be mindful of the foregoing survey and the impact that its decision may have on other municipalities as well as on its own senior administration.”

4.6.6 Strategic Plan

Council determined that it would meet on its own to discuss the issues and priorities that members had discussed and heard identified during the election. They were concerned that in the absence of a high level of confidence in the administration, that it would be important to engage all members of the new Council without the sense of being negated by members of Council whose agenda they did not really know. As a result, the Mayor contacted someone who could facilitate the discussion and assist Council in identifying its priorities. While we heard mixed reviews of the one day planning session, the Council did identify what it felt were its priorities/initiatives. In this approach Council members

established themselves as “Champions” for all of the initiatives in their Strategic Plan. Management was invited to become co-participants in this approach and act as the “hands and feet” in terms of any implementation. It would not be to the advantage of Council if it decided to act as management and take on their duties.

We view the responsibility for strategic leadership as an important Council function and thus policy responsibility and so recommend that a policy on this matter be agreed upon by Council. Such a policy could state that:

“Council understands that setting priorities for the municipality is one of its primary functions. It believes that each new Council should identify its priorities early in its term and then at subsequent intervals thereafter. The timing and location and attendance at such a session(s) will be discussed with the CAO so that the efforts of Council in this regard will be maximized and will incorporate the views of the administration in a timely fashion”.

4.6.7 Recommendations in Agendas

While we appreciate that a Council makes final decisions on policy issues and those which legally require a Council resolution, it should only do so once it has received the best administrative advice from its administration and in particular from its CAO. Some of the examples which we reviewed (as issued in the “interim management” period i.e. prior to the arrival of the current CAO) were not well-written and reflect little of the professional expertise which we would expect from a municipality like Peace River. Each Request for Decision (RFD) should be written with a clear indication of the policy alternatives and the logic supporting those. The report should also identify the rationale why the administration believes that one recommendation is preferred AND it should be written in such a way that the Council is clearly made aware of what the CAO believes is the best course of action (i.e. we recommend that the Council take thus and so action in response to thus and so...; signed by the CAO). If any report is not co-signed by the CAO it ought to automatically and without debate be referred back to the CAO. If the report is written in such a manner as to render

its advice inconsequential and indecisive, they ought to similarly be referred back to the CAO for a report which spells out the advice of management in greater clarity. Poorly worded reports and recommendations have led we believe to poorly-worded Council resolutions.

We view this as an important Council function and thus policy responsibility and so recommend that a policy on this matter be agreed upon by Council. Such a policy could state that

“Council recognizes that it must receive the best possible administrative advice possible from its administration. It expects each report from senior management to be apolitical and written clearly such that a body of laypeople can fully appreciate the issues and their possible consequences. An RFD will be drafted in each instance and signed by the applicable department head and counter-signed by the CAO.”

4.6.8 Council’s Relationship with Its Administration

The relationship between the Town’s administration and its Council is both complex and to a certain extent evolving. This Council whose members appeared to support one another as candidates during the election and who have been determined to function differently than their predecessors entered elected office with a major challenge facing them. The issue of the CAO’s contract was viewed by each as a major stumbling block to the building of trust and confidence. Because this issue centred on their chief and “only” employee, the prospect of this Council developing a healthy relationship with the administration as a body appeared slim. Further, this is a relatively small community (pop. 6700 est.), and many of those elected know a number of the staff members, obviously some more so than others. It takes time to build a solid relationship with those who may have previously had a negative relationship to Council members. This relationship-building process needs to begin at the Council-senior management interface.

We view this as an important policy issue for Council's consideration. Such a policy could state that

“Council recognizes the importance of a solid relationship with its administration. Along with the administration, Council will strive to build a healthy, trusting relationship that focuses on professional respect and regard and which does not encourage nor is based on personal friendships.”

4.6.9 Capacity to Move Forward

The Council of Peace River has been experiencing an interesting journey. This current journey began in October 2013 and will not conclude until this Council term expires in October 2017. The journey is one of many twists and turns brought about in large measure because of the significant change brought by the election of new members to Council. The results of the 2013 election produced five new members of Council and two returning members. Perhaps somewhat ironically, the two returning members were perceived (by themselves at least) as being on the outside looking in during the last term.

The start of this term as might be expected was one marked by considerable uncertainty. Not only did the seven members need to become acquainted with each other, most also had not previously worked with members of the administration, and complicating this, virtually all felt they had reason to be distrustful of their administration. Their initial days as a new Council was, not surprisingly, marked by considerable uncertainty and mistrust.

While it could be argued that the CAO is not “at fault” for his own contract, he was nonetheless the subject of much public criticism and resentment. The challenge facing this Council is built around two seminal questions: is the Council prepared to leave the challenges of the last Council and election behind; and, can this Council build sufficient trust in the incumbent CAO to enable this Council to move forward. Regardless of the fact that an election should mark a significant juncture in the life of any community, ignoring a troubling past is never easily embraced.

One could argue that the question of whether or not this Council should commit to a long-term relationship envisioned in the CAO's contract should be readily resolved. That is, does this Council accept the contract as a reality and is therefore prepared to make the relationship work. The question of trust as we alluded to earlier is really the issue that lies at the heart of this question. For example, if the contract was to be removed and a normal Council/CAO relationship existed would this Council be prepared to sustain the relationship based on its assessment to date of the CAO? Because, as we pointed out earlier in the Report, the Council-CAO relationship is central to what happens. Simply "putting up with" the next four (or nine) years does not seem to us as a logical "go forward" position.

During the course of our Inspection, we interviewed all members of the current Council. We asked each one the very pointed question: "do you trust the CAO"? The answers we received were mixed. Almost all felt that the relationship which was very much grounded in non-confidence at the outset had been gradually warming up over time. Council members who may have ignored the CAO during the early months were coming to appreciate that he was experienced, knowledgeable and willing to be of service. Although this relationship is certainly not as trusting as we might expect to find in other "normal circumstances" it has definitely progressed beyond where it was at the outset. The CAO expressed to us his desire to provide competent, professional service. We believed his comment to be sincere.

There is no question in our mind as to the loyalty of the CAO to the Town and then to the organization. What remains in doubt is the capacity of the CAO to transfer his loyalty from the last Council (and Mayor) to this one. Every CAO in our view and in our experience is faced with a similar challenge. Most are quite capable of making this transition because they have not been involved in the intense personal relationship "enjoyed" by the previous Council.

Also, of significance, is the relationship of the Mayor and CAO. It would be argued by this author that this relationship is central to the establishment of what is commonly referred to

as “tone at the top”. While we would believe and have frequently argued that such a relationship should not be based on friendship, it needs to be grounded in trust and respect. The role and functions of the chief administrative officer are to be **apolitical**. This position (and person holding the position) is so central to what happens in the organization that it must be seen as “set apart” from both Council and to a lesser extent management. As a result, it is not healthy for the CAO to be a “buddy” of the Mayor or even a confidant. The CAO is to be respectful, collegial and helpful: not a personal friend. While the closeness of the working relationship almost invites the latter, a respectful distance must be maintained. The Mayor along with the rest of Council needs to assess the performance of the CAO on an annual basis. One cannot do that if the one being assessed is a personal friend.

Can this relationship be repaired to the point of being workable for the rest of this term (and perhaps beyond)? At the moment, we express considerable doubt. While both of these people are experienced and professional in their own careers, a lot of water has gone past the bridge and to our knowledge some of the personal circumstances on which that is built persist to this day. The fact of the matter is that the Town has a contract with the corporation which has the CAO as its employee. Breaking this contract would be possible but also likely costly. The question therefore becomes: can the Mayor and CAO make this situation as functional as possible regardless of the lack of personal affinity or is that mountain insurmountable and thus the contract cost is the lesser of the two?

We believe that the CAO and the Council as a corporate body are the only players who can and should make this determination. Given that there has been some degree of improvement as noted by members of Council, we further believe that this relationship should be given until fall 2014 and a judgment made then. (An independent consultant could assist Council in this regard but the decision ought to be made by Council and not the consultant).

The capacity of the Town to move forward is dependent, we believe, on the resolution of the relationship between Council and its CAO, and in particular that of the Mayor and CAO. The Town has a number of critical issues to confront and these require the concerted effort

of the Town's entire leadership group. Strategic and policy leadership will define Peace River's future. Good policy and strategic choices will not occur without all members of the collective leadership team pulling in the same direction.

Section Five: Conclusions & Recommendations

5.0 Conclusions

5.1 Where to from Here

Based on this Inspection, we believe that this Council needs to ensure that several key changes are made to how the system in Peace River functions. These begin with Council but obviously do not end there.

Council needs to take a much more focused, policy stance in how it deals with the issues. It cannot be so mired in the day to day issues that it reduces the role of administration to that of order-takers. Similarly, the Council also cannot simply stand by and allow administration to run the place without feeling any commitment to the policies and strategic direction of this current Council.

Council's governance model also needs to be re-considered. While Council meets three times a month for regular meetings, without an appropriate approach to governance it will still be limited in its reach. That is, without thoughtfully thinking through the bigger, more important issues, Council will be left to approving administrative recommendations without sufficient time to think. We have recommended a standing committee to be called the Governance and Priorities Committee (GPC) which should meet on alternate weeks from a regular Council meeting (e.g. Council meets 2nd and 4th Mondays; GPC meets 1st and 3rd Mondays). This single standing committee of the whole should serve as the place for pondering or thinking through the bigger issues of the day. This is not a forum for making decisions (a situation which will frustrate some). This is Council's opportunity to **discuss** the more significant policy topics and community issues of the month in a more casual setting wherein the pressures to decide are not over-riding good debate and discussion of options.

Council needs professional and independent advice relative to the Ski Hill and what it should be doing on a go forward basis. This may well be a legitimate community asset but it also has consumed considerable taxpayer dollars and thus needs to be proven as a valuable community asset. The challenge is to determine what the Town's involvement should be from this point forward.

The issue central to this Inspection is that of the Services Agreement entered into by the former Council and the contractor Avant-Garde Inc. As our Report would indicate we do not believe that this was in the best interests of the citizens of Peace River. This assessment is in part due to the compensation paid (which may be far less of an issue towards the end of the contractual period) and in part due to the length of the contract (i.e. nine years). We also find that the notice period required by the contractor to terminate the agreement for any reason is set at 90 days. If, however, the municipality terminates the contract the contractor is entitled to two years settlement. Further, the Services Agreement provides that the contractor shall provide the services of its employee provided the employee remains physically and mentally capable of rendering the services. The Services Agreement also allows the contractor and its employee to be engaged in other work (gainful employment) outside the scope of the agreement and without the consent of the Town providing this does not take away from the ability of the employee to fulfill his obligations or will place the employee in a conflict of interest with the Town (without first obtaining the approval of the Council).

Overriding these factors (which are significant) is the absolute imperative of building trust between Council (and particularly the Mayor) and the CAO. It is our understanding that there has been a general “warming” in this relationship but it is still described as “a chasm that may never be filled”. To continue in that environment would be unfortunate and would result, in our opinion, in missed opportunities and unease. A performance review of the CAO should be conducted within two months of this Report being received by the Town. That should form the basis of whether or not the relationship continues.

5.2 Some Specific Protocols

If there is to be some hope of lasting change, this Council needs to amend the culture of how municipal business is done in Peace River. It must commit to certain policies and protocols which will hopefully guide this and future Councils. These include:

- **Governance**
 - Council needs to be in charge of how it does governance. Council should determine what will help it fulfill its obligations to the community and thus the need to review existing boards and committees as well as Council's own need of an internal standing committee.
- **Access to Information**
 - Council needs to ensure that it is quite clear in what information it expects at meetings of Council and what response it is requesting from the CAO (and his management).
- **Council as a Whole**
 - Council needs to act as one body and not permit individual Councillors to guide/direct individual staff in any aspect of their duties. This means that all members including the Mayor agree to only direct the administration through the CAO and only then by virtue of his position description, bylaw, contract, Council resolutions and Council policies.
- **Need for Solid, Comprehensive Advice**
 - Council needs to make clear-headed decisions based on solid advice whether from its administration or from external agents contracted to provide that advice. The matter of the ski hill is one which Council should direct as a policy issue and on which it should request and receive external advice in the form of a professional report which should be made public.
- **Agreements Signed**
 - Council needs to reinforce the policy that any agreement will be signed as per the legislation and will only be signed with the prior agreement by Council in a duly passed motion.

- **Priorities Addressed**
 - Council needs to ensure that its priorities as outlined in its Strategic Plan are dealt with in an expeditious fashion and according to specified timelines.
- **Effective HR Management**
 - Council should hold the CAO responsible for ensuring that it has the appropriate resources to effectively manage the Town; that vacant positions are filled if so approved by budget and policy; that questionable behaviour by any staff member is sanctioned and the individual placed on notice that such behaviour of continued would result in dismissal.
- **Regional Relationships**
 - Council needs to ensure adequate follow-up by the CAO in the push for improved Town-neighbour relationships and agreements. Regular meetings are needed; Mayor to Reeve relationships needs to be established in a healthy manner; CAO-CAO relationships should also be established and monitored.

We want to make clear the notion that any changes to governance need to be considered within a larger framework. That is, if we are proposing changes in one aspect, what else needs to change if Council's sense of ownership of the decisions is to be improved? In our opinion, the **changes we have recommended** include:

- An improved and proactive orientation process following each municipal election
- 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 CAO's role in functioning as Council's senior policy advisor; a willingness to follow the protocol of ensuring all administrative advice flows through the CAO; the expectation that the CAO will advise on all issues and that he will promptly carry out Council's direction as expressed through policies, bylaws and resolutions

- 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; assurance that the senior administration is viewed as active partners in this process
- A renewed commitment and approach to policy development; this should be initiated at once with the adoption of this Report and the approval of the policies outlined herein
- A reviewed and potentially revised Procedural Bylaw
- A Governance & Priorities Committee (in other words, a revamped committee of the whole)
- An Agenda Committee formed by the Mayor and two members of Council (whose role it is to guide the development of policy-oriented agendas which ensure that Council's issues and concerns are being addressed)
- An overall decision-making model & framework to help Council and management understand its role.

Summary

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 this and future Councils have the necessary tools to lead effectively. We have more fully described these elements in the Appendix to this Report.

We are encouraged by the desire by the current Council to address the issues we have identified in this Report. We wish the community and this organization well.

Section Six: Recommendations

6.0 Recommendations

6.1 Handling of Report

1. We recommend that this Report be accepted in principle by the Minister.
2. We recommend that the Report be forwarded to the Council of the Town of Peace River for comment and response prior to any public distribution.
3. We recommend that the Report be made publicly available as soon as possible, preferably within 48 hours of the comments of the Town being received by the Government.
4. We recommend that the Town post this Report on its website.

6.2 Policies

5. We recommend that the policies as identified in this Report (see Section 3.3.6) be reviewed and if deemed acceptable, approved by this Council.
6. We recommend that the specific protocols (see Section 3.3.7) be reviewed and if deemed acceptable, approved by this Council. (see below for a full listing)
7. We recommend that Council seek the advice of its legal counsel as to a Code of Conduct for members of Council and a separate Code of Conduct for its administration and that these codes once approved be monitored for compliance.
8. We recommend that the CAO refer the matter of Vehicle Use Policy to its legal counsel for a report on what would constitute an acceptable policy.
9. We recommend that the current Personnel Policy be reviewed and revised as discussed in this Report. This policy should be referred to the Town's legal counsel for an expert opinion on its legality and appropriateness.

6.3 Strategic Leadership

10. We recommend that Council continue to provide strategic leadership through a robust, comprehensive Plan which captures what Council sees as the needed priorities facing the Town.

11. We recommend that Council work jointly with the senior management in discussing strategic priorities and administrative capacity to deliver any necessary follow-up.
12. We recommend that the CAO oversee the preparation of an Administrative Business Plan which melds departmental priorities with Council's strategic direction; and that department heads be responsible for ensuring that a Department Business Plan (together with clear measurements) be developed annually.

6.4 Regional Relationships

13. We recommend that the Town (Council and CAO) commit to continually improve its relationships to its regional neighbours; to enter into and fulfill agreements which are to the mutual benefit of all parties and therefore all citizens of the region.
14. We recommend that the CAO report to Council on the relationships at present with its regional partners vis-à-vis fire services and the steps being taken to improve these important relationships.
15. We recommend that the Town of Peace River host a leadership forum in 2015 on regional cooperation and seek the experience of others in developing first rate cooperative agreements and informal relationships.

6.5 Governance Model & Practices

16. We recommend that Council review the proposed Governance Model (Governance & Priorities Committee) and adopt the model.
17. We recommend that Council institute a GPC sub-committee (Audit and Finance) which would meet as a part of the GPC meeting and which would provide specific focus to the audit relationship/roles and to the budget/business planning process.
18. We recommend that Council (with the input of the CAO) review the complete inventory of agencies, boards and committees/commissions and their terms of reference; and determine which are required; which have been and continue to be useful to the Council's governance; and those which are either not functioning or may

be considered redundant. The latter category should be provided to Council as an RFD.

19. We recommend that the committee principles (see Section 3.13.4) be adopted in principle.
20. We recommend that Council meet at least annually with its independent auditor and review their findings and management letter recommendations.
21. We recommend that Council request by policy that an orientation session be prepared for all new members of Council preferably within two weeks of an election; that the Town take a leadership role and invite other municipalities to a regional orientation seminar.

6.6 Administrative Practices & Resources

22. We recommend that Council approve the Organization Structure as a matter of policy which would include the top three levels of the organization (i.e. Council and any committees established by Council; the CAO; and any direct reports to the CAO).
23. We recommend that the Town commission an “Infrastructure/Capital Assets” Master Plan which will provide Council with a comprehensive understanding of the Town’s significant infrastructure requirements (including transportation, recreational and cultural facility needs).
24. We recommend that Council request from the CAO a manpower plan which outlines positions approved; positions currently unfilled; positions needed; and planned position changes (if any). In particular, the Town needs to look carefully at the manpower needs in communications, economic development, finance and engineering.
25. We recommend that the Town update its position requirements in terms of necessary skills/training and ensure that any future management be held to that standard.

26. We recommend that the HR Coordinator develop a training plan which incorporates inter-municipal sharing through “field visits” of TPR staff to other municipalities understood to have “best practice” in certain functional areas.
27. We recommend that Council endorse management undertaking a bi-annual survey of employee morale and that the CAO be charged with providing oversight to this initiative.
28. We recommend that HR conduct exit interviews as a regular practice and that all department heads provide HR with advance notice of any employee departures.
29. We recommend that team meetings continue to be held by senior management on a weekly basis; by individual departments on at least a bi-weekly basis.
30. We recommend that the CAO consider employing the use and advice of a team management coach to assist the Senior Management Team in developing a greater sense of cohesion and complementary vision.

6.7 Communications Plan, Policies and Resources

31. We recommend that Council direct the CAO to provide Council with his recommendations regarding updating the Town’s communication plan and policies.
32. We recommend that Council direct the CAO to provide Council with a revised position description for a Communications Advisor (staff position or contractor) and how this position might also fulfill the needs expressed by Council in terms of its perceived communications requirements.
34. We recommend that Council request the CAO to bring forward a Public Consultation Policy for discussion at a GPC meeting within the next 60 days. This policy should also include the Town’s social media policy.

6.8 Remuneration

35. We recommend that Council Remuneration, Travel and Expense Policy #P-11 2009-05 be amended as noted in our report Section 3.5.6.

6.9 Key Issues

36. We recommend that Council conduct an independently facilitated performance review of the CAO within 60 days of this Report being presented to Council.
37. We recommend that the Council request the development of an RFD on the Ski Club-Town relationship, fiscal commitments and future relationship; and that this Report once reviewed by Council, be made public.
38. We recommend that the following protocols be accepted:

- **Treatment of the CAO**

We agree to respect the apolitical nature of the office of the CAO and to receive his advice as being in the perceived best interests of the Town and/or organization. We will respectfully listen to comments in response to questions posed at Council meetings and will ensure that the CAO is accorded a respectful audience. We will not bypass the CAO in our search for information and will coordinate any questions/concerns relative to the jurisdiction of the administration through the office of the CAO.

- **Treatment of the senior administration**

We agree to respect the apolitical nature of our senior staff and will treat their advice and reports with respect. We will not knowingly or wilfully interfere with their work but will coordinate any of our concerns as a Council through the office of the CAO.

- **Access to staff information**

We will agree to access information developed and or possessed by our administration by accessing such information through a motion of Council or by direct request to the office of the CAO. We agree that we will not demand reports from individual staff nor expect that any report being sent to us is being sent to one member of Council and not to all others.

- **Use of public property**

We agree to respect the fact that property belonging to the Town is held as a common interest for the good of all citizens. As a result, we will not presume that any such property

belongs solely to members of Council or that we can as members of Council take advantage of our access to such property as a result of being on Council.

- **Role of citizens to request information**

We respect the right of all citizens to have access to public information. Wherever possible and not in violation of the law, we will make agenda information available to citizens in advance of meetings and minutes (even if still noted as “unaccepted or draft”) available as soon as practical following a meeting.

- **Right of citizens to appear before Council**

Our citizens are entitled to appear before Council on issues that are within the jurisdiction of a municipality according to the MGA and any other related statute. Any such presentations that follow must be communicated to the Town office in advance by way of a letter requesting an appearance before Council and where possible should contain at least a summary of the matter to be presented. Council will listen attentively to such presentations and may, through the chair, ask questions of the delegation. Council will not (unless in the case of a perceived emergency) provide any definitive response to the delegation until the next regular meeting of Council.

- **Treatment of ABCs**

Council is appreciative of the willingness of citizens to volunteer their time and talents to serve on various local organizations (referred to as ABCs—agencies, boards and committees). These agencies, when established by Council, are considered as a part of Council’s decision-making process and thus will have matters referred to them for their advice. The ABCs will in turn regularly and promptly advise Council of their recommendation on matters that they have considered. Council may or may not accept the advice of any ABC on matters within their terms of reference.

- **Respect for each other in Chambers**

Council members will treat each other with respect in Council Chambers. During the course of meetings, proper titles will be used such that Councillors will refer to the Mayor as “Your

Worship” or “Mr. Mayor”; and to each other as “Councillor Smith” (i.e. whatever the appropriate last name is). When another member of Council is speaking, respect will be shown by the other members of Council who will not interrupt the member speaking.

- **Obligation to inform**

Council members respect the fact that they represent the citizens as a whole and not small groups or sectors of citizens. As a result, the messages/decisions of Council will be communicated through official channels to all of the public following a Council meeting and information not publicly available will not be sent in advance to external groups/organizations/friends of Council members.

Any request to staff for information by a member of Council will be responded to according to the Town’s policies. In every instance where information is being sent to one member of Council that same information will be sent concurrently to all.

- **Request for Information (citizen contact)**

A member of Council should first attempt to contact the office of the CAO and failing that the relevant department head when he/she receives an inquiry at home or on the street. Alternately, the Council member could simply refer the person making the inquiry to the Town Office.

- **Media Contact**

A member of Council should refer any media requests to the Mayor for response. If that is not timely, the Councillor may respond on the basis of Council’s approved policy on the matter or may comment by using the preamble “Our Council has yet to discuss or pass a resolution/policy on this matter”.

- **Agreements**

Council will reinforce the policy that any agreement will be signed as per the legislation and will only be signed with the prior agreement by Council in a duly passed motion.

- **Resource Management**

Council will hold the CAO responsible for ensuring that it has the appropriate resources to effectively manage the Town; that vacant positions are filled if so approved by budget and policy; that questionable behaviour by any staff member is sanctioned and the individual placed on notice that such behaviour if continued would result in dismissal.

Our Finding

This has been a very difficult engagement in that the assessment has largely been prompted by the reaction of citizens to some of the decisions/comments by members of the former (i.e. 2010-13) Council. The time wherein this Inspection has taken place has been within the term of the 2013-17 Council. The current Council is seeking advice on how it can improve on the practices of its predecessors. It could by embedding the policies and recommendations identified in this Report and by utilizing this approach to improve its governance practices.

While we believe that the composite picture of information presented points to actions and decisions which could be described as irregular, improvident or improper, that claim is not directed to the current Council. As a result, we do not believe that the Minister needs to issue directives to the current Council. We believe and recommend that the Minister should release this Report to the Council and ask for their written response on what recommendations they are prepared to implement.

Respectfully submitted,

George B. Cuff, FCMC

President

Appendix A: Elements of an Effective Governance Model

A Governance Model

1. An Agendas Committee

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 upon the Town. Without a thoughtful approach to building an agenda the decision-making process will quickly appear mechanistic and stale. It will also be dominated by the administration that, while central to the process, should not be the only players involved in determining what is or is not on the agenda.

We believe that the agenda should be seen as your instrument in making sound decisions and for ensuring that important issues are constantly kept in the forefront of Council. Although the physical preparation of the agenda should be the responsibility of the CAO and Municipal Clerk/Executive Secretary, the agenda itself should still be seen as Council's decision-making tool and that of its principal advisor, the CAO. Rather than solely being a list of issues derived by management based on its need for certain answers, or responses to correspondence from the public and others, the agenda should also contain any issues which arise which are of concern to members of Council.

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 three members of Council including the Mayor, the Deputy Mayor and one other member of Council serving for a term of one year (this person should be rotated annually by the Mayor). Advising the Committee will be the responsibility of the CAO (or designate) and the Municipal Clerk (or designate). This committee should meet about 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.

A Report on the Inspection of The Town of Peace River

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 Municipal Clerk should be responsible for establishing a mechanism for tracking these issues and for advising the Council as to their eventual disposition.

Any staff report intended for Council should be directed through the appropriate administrative channels to the CAO and thus becomes "his" report. That is based on the logic and protocol that it is through the CAO that all members of staff report. If the reports are authored by someone other than the CAO, then that name should also be shown on the "request for decision" covering page to which we have alluded earlier together with the name and signature of the appropriate department head. (As noted earlier, the CAO is expected to sign off all reports that are tabled at a committee or Council meeting).

2. A Sound Policy Process

Policy development is also one of the key underpinnings of good governance. Policies ought to be presented to and reviewed by Council on an ongoing basis, particularly where the issue is either significant or likely to be repetitive. Policies can be invaluable to any organization and their future success.

Policies represent the ‘what we do’ of an organization. They provide certainty to the residents in terms of how an issue will be handled and assurance that other situations of the same or even similar nature will be treated with a measure of consistency. It is the role of Council to approve policies and even, at times, to suggest where a policy might be useful.

There are significant benefits to a Council in being aware of policy development as a tool.

These include:

- A reference point for future decisions
- A plumb line of consistency in terms of how to approach future decisions
- A control mechanism relative to decisions by the administration
- A thoughtful, step-by-step process of clear-headed decisions wherein all the key and relevant matters are taken into consideration
- A time-saver for issues which fall within existing policy
- For the administration, the advantages are similar
- An empowering mechanism which enables staff to make decisions in confidence
- A point of reference on which to base advice to Council
- An indication of what Council is likely to decide relative to similar issues
- A control mechanism relative to decisions being made on a day by day basis by junior staff
- A time-saver for issues which fall within existing policy

It is the role of a forward-looking, proactive administration to recommend policies on repetitive and major issues without necessarily having to be prodded into action by its

Council. It is then the mandate of the CAO and administration to enforce policies in a manner consistent with the intent of Council.

Potential Policy Issues

Part of the problem in defining the role which Council ought to play in governing the Town (without becoming embroiled in details which are not within its mandate) is the lack of any clear definition of what type of issues are clearly those which a Council ought to view as its responsibility and on which it ought to be asked to provide guidance. We see the following as matters on which Council should be expected to provide policy leadership to:

- Council's vision and values
 - a. Council, by policy, should establish when these will be identified; by who; how frequently reviewed
- Council priorities
 - b. Council, by policy, should establish when these will be set; by who; how frequently they will be reviewed; and that these will reflect the current Council's understanding of what priorities are common to the welfare of the citizens as a whole
- The development and evaluation of the policies and programs of the Town
 - c. Council, by policy, should establish its authority to set policies and approve new/revised programs of service)
- The corporate Business Plan
 - d. Council, by policy, should identify its role in establishing an annual business plan and what role that will play in guiding the Town's business
- The need for and timing of any new Council orientation
 - e. as we identified earlier in this Report, Council by policy should establish a policy on Council member orientation
- Council's own performance assessment

- f. Council, by policy, should commit to conducting an annual assessment of its own performance as a governing body
- Succession planning (The recruitment process and selection of the CAO)
 - g. Council, by policy, should clearly establish its role in succession planning as it applies to the position of the CAO
- The contract, agreement and bylaw of appointment for the CAO (chief administrative officer)
 - h. Council, by policy, should indicate that it has and retains the authority to set in place the contract, agreement and bylaw appointing the CAO and will, by policy, review same on a regular basis
 - i. Council, by policy, should also specify that all members of Council (following each and every election) are to receive copies of each of the above documents
- The manner, mechanism and timing of a performance review of the CAO (Chief Administrative Officer)
 - j. Council, by policy, should specify that it will conduct the performance review of the CAO and will be responsible for establishing and approving the mechanism by which that is done
- The compensation authorized for the CAO
 - k. Council, by policy, should specify that it will determine the annual compensation for its CAO and will determine what, if any, merit arrangements are to be included within that policy
- Approval of the organization structure and any changes thereto
 - l. Council, by policy, should specify that it will be responsible for approving and making adjustments to the senior levels of the organization structure to the level of the CAO and his direct reports
- Approval of any new recommended positions

- m. Council, by policy, should specify that it will be responsible for approving and making adjustments to the number of new positions being added to the organization on an annual basis according to an approved manpower plan
- Approval of the annual or multi-year budgets and variances to budget
 - n. Council, by policy, is responsible for approving any annual or multi-year operational and capital budgets and significant variances to approved budgets; Council will specify by policy the extent of any permitted budgetary changes
- Approval of funding to community groups
 - o. Council, by policy, is responsible for approving any funding to community groups on an annual basis subject to their submission of an annual report and business plan
- Approval of bylaws and plans as required by the Municipal Government Act
 - p. Council, by policy, is responsible for approving any bylaws and plans as required by the MGA
- Approval of any agreement to retain or release the external auditor, solicitor and banking agent
 - q. Council, by policy, is responsible for approving any contract with an external solicitor, auditor and banker and the terms of reference as to how frequently any review should occur
- Approval of any proclamations
 - r. Council, by policy, is responsible for approving any proclamations or determining not to
- Approval of any matter imposed on Council by the legislation, by bylaws or other enactments of the Town not delegated to the CAO by bylaw and/or not otherwise authorized within any current policy or bylaw.

These matters (together with those articulated in this Report) are significant. They are not intended to discourage the Council from providing oversight on other important matters but,

rather, to at least indicate to a Council that there are matters of significance which require the policy guidance of a Council.

3. A Revised Standing Committee System (Governance & Priorities Committee (GPC))

It is our view that the decision-making by Council will be improved by a stronger, more strategic approach to how it reviews issues. The main purpose of this committee will be 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.

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. The purpose of the GPC 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 key 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 issues which will likely have a broader impact on the overall Town agenda (i.e. its priorities) in a setting which leads 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 County land purchases and sales and personnel issues (or other similar matters incorporated within FOIPP legislation and/or as advised by the Town's solicitor).

Changing the current approach to this committee of Council 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 Town 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.

We believe that this proposed GPC should be expected to review and consider the policy options and consequences of a wide variety of issues which are likely to come before a Council from time to time. For example, these might include:

- Capital Projects
- Transportation Planning
- New Grant Programs
- Servicing New Subdivisions
- Regional Cost-Sharing
- Safety & Emergency Response Issues
- Economic Development & Tourism Strategy
- Public Participation in Policy Issues
- Communication Policies/Issues
- Business Planning & Budget Development
- Human Resources Policy Issues (In Camera)
- Labour Negotiations

Any other related issue referred to this committee by Council.

Terms of reference for the Governance & Priorities Committee

The following are proposed as the appropriate terms of reference for the G & PC. 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
- 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.

Final reports or recommended actions should be placed on the agenda of the regular Council meeting and be subject to the discussion and debate of the Council at that time. We view the regular Council meeting as the principal decision-making forum of any municipality. 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.

The recommended decision-making process and model, once complete, should be circulated to all full-time employees with sufficient description (in the vernacular) so as to make the process user friendly. The public should also be advised as to the new model once accepted by the Council.

- **Appointment of the Chair**

Such meetings should be chaired by the Mayor (unless the Mayor chooses otherwise). There is some logic in having someone other than the Mayor chair this Committee but also a downside in terms of the public's assumption of the leadership role of the Mayor. We prefer granting the decision-making authority in terms of this decision to the Mayor.

- **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).

- **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.

- **Terms of Reference for the Public Dialogue Session**

While these meetings are intended to function in a more informal setting and process than a regular meeting of Council so as to encourage dialogue between members of Council, the administration and the public, the chair shall be vested with the authority to keep the meetings focused on the matter at hand and shall not tolerate any personal attacks, innuendo or rude comments. Any public presentations should be limited to a maximum of 3 minutes unless otherwise authorized by the chair. These are intended as working meetings wherein the focus will be on key policy issues being presented to the GPC by the CAO, the public, or by external agencies, boards and commissions.

4. “Request for Decision Format” for all Administrative Reports

As pointed out earlier in this report, the reports flowing to Council do not always follow a consistent format. While there been ongoing improvements in this regard, there may be advantages to both Council and senior administration to have a standard County RFD (Request for Decision) format which is endorsed as the administration’s way of presenting

information to Council and its associated bodies. The major expectations of a Council would necessitate the following components to such a report:

- Topic of Report
- Background
- Governance Implications
- Impacts on Budget, Policy, Staffing
- Any Legal Considerations
- Alternative Options
- Recommended Action
- Signatures
- Report Author
- Department Head
- CAO

Each such report should be presented to Council through the office of the CAO to assure Council of his advice and recommended action. This assures Council that it is hearing the best possible advice rendered by the CAO as the principal policy advisor to Council. Further, it promotes accountability not only for the CAO but also the General Manager and department head involved.

Appendix B: Financial Analysis

Executive Summary - Financial Statements

➤ Revenues

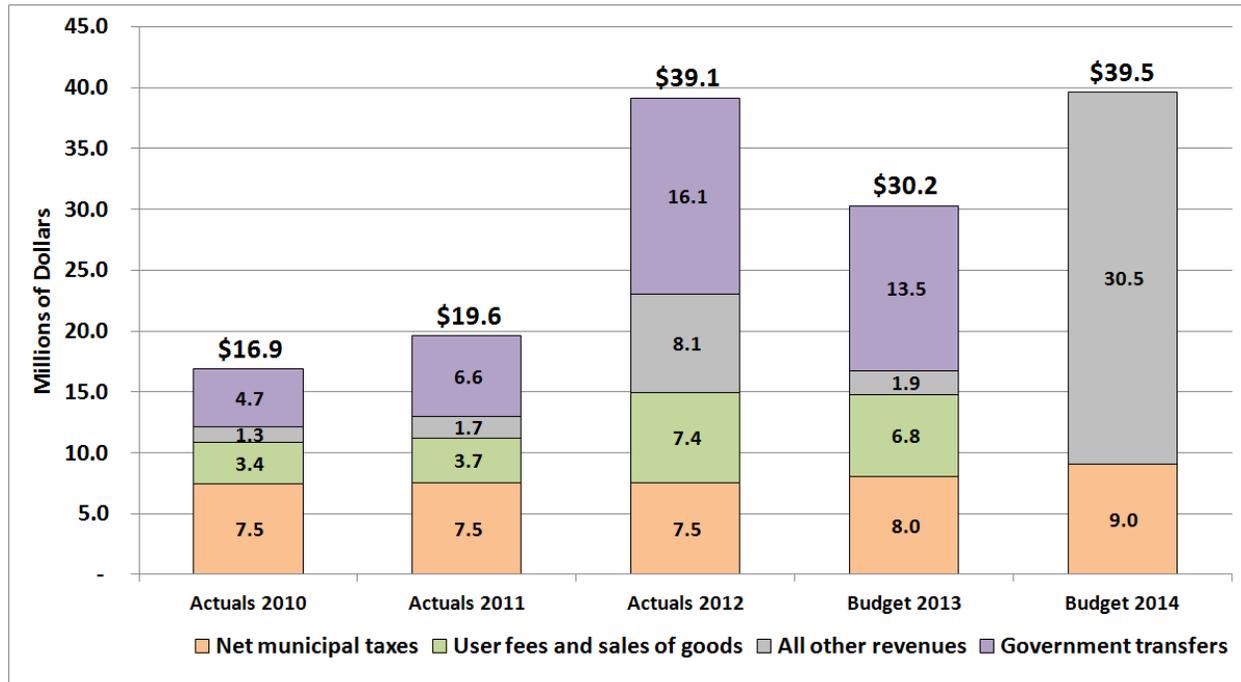
- Revenues have increased by an average of 24% since 2010.
 - ➔ Government transfers have increased the most, 42.8% per year.
 - ➔ Net taxes have increased the least 2.4% per year.
 - ➔ User fees & sales of goods have increased by 26.1%

➤ Expenses

- Expenses have increased by an average of 5% since 2009.
 - ➔ Amortization expense has increased the most, 11.8% per year.
 - ➔ Salaries & wages have increased the least, 2.3% per year.
 - ➔ Contracted & general services have increased by 7.6% per year.
- Transportation Services accounts for almost one-third of all municipal costs.

Revenues by Object

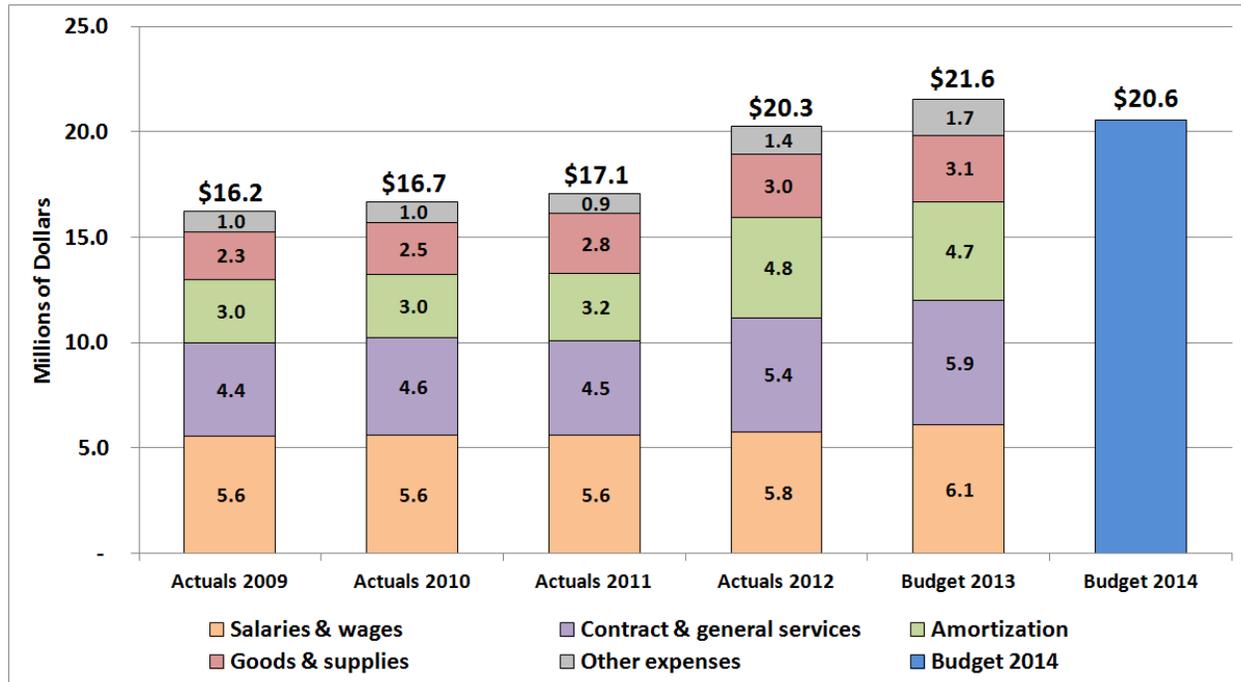
Source: 2010-2013 from Schedule 6, Audited Financial Statements, 2014 from Budget Document



- Revenues have increased by an average of \$5.7 million or 24% from 2010 to 2014.
 - Government transfers have increased the most, an average of \$2.9 million or 41.8% per year.
 - Net taxes have increased the least, an average of \$0.18 million or 2.4% per year since 2010.
 - User fees & sales of goods have increased by an average of \$1.1 million or 26.1% per year since 2010.

Expenses by Object

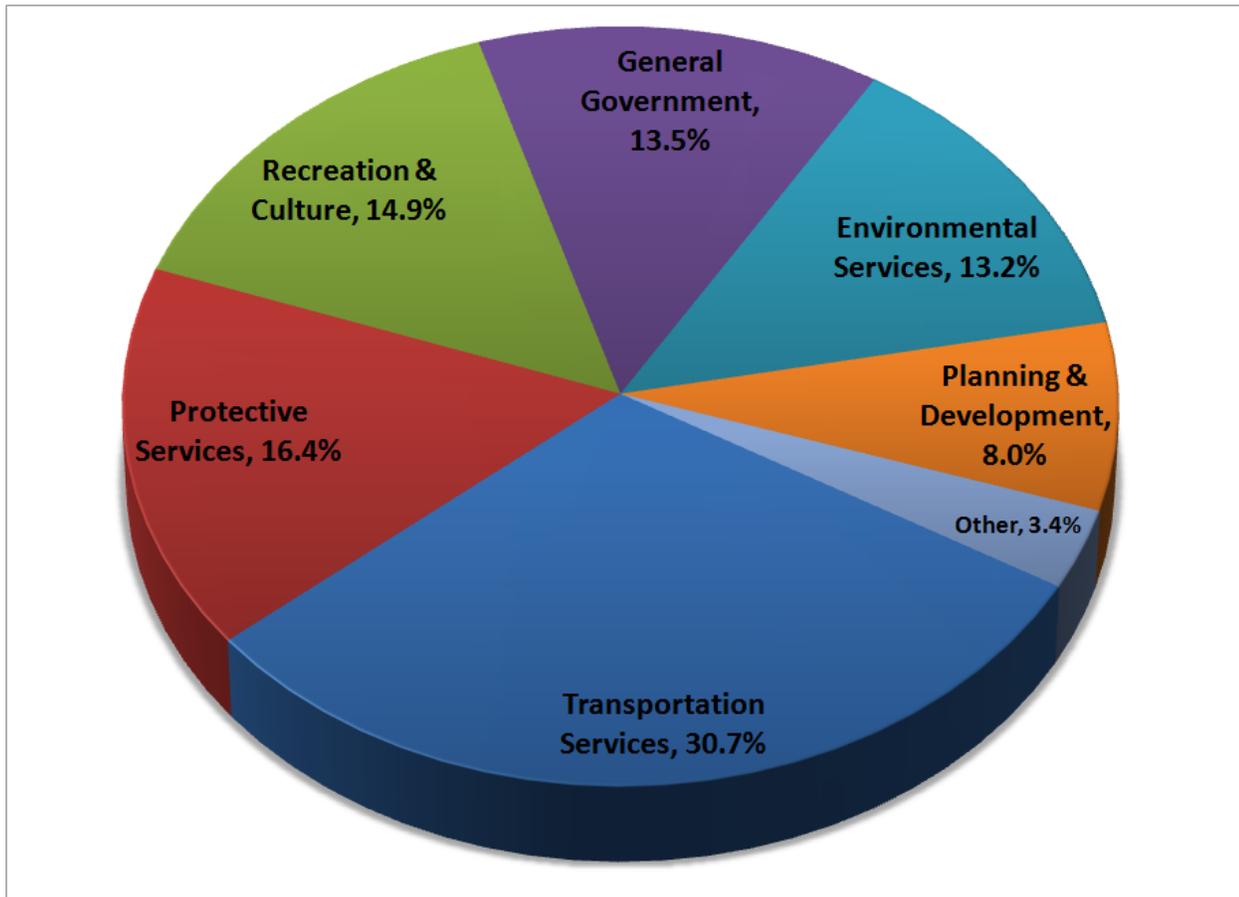
Source: 2010-2013 from Schedule 5, Audited Financial Statements, 2014 from Budget Document



- Expenses have increased by an average of \$0.9 million or 5% from 2009 to 2014.
 - Amortization expense has increased the most since 2009; an average of \$0.4 million or 11.8% per year.
 - Salaries & wages have increased the least, an average of \$0.13 million or 2.3% per year since 2009.
 - Contracted & general services have increased by an average of \$0.38 million or 7.6% per year.

Expenses by Function - 5 Year Average

Source: 2010-2013 from Schedule 6, Audited Financial Statements, 2014 from Budget Document



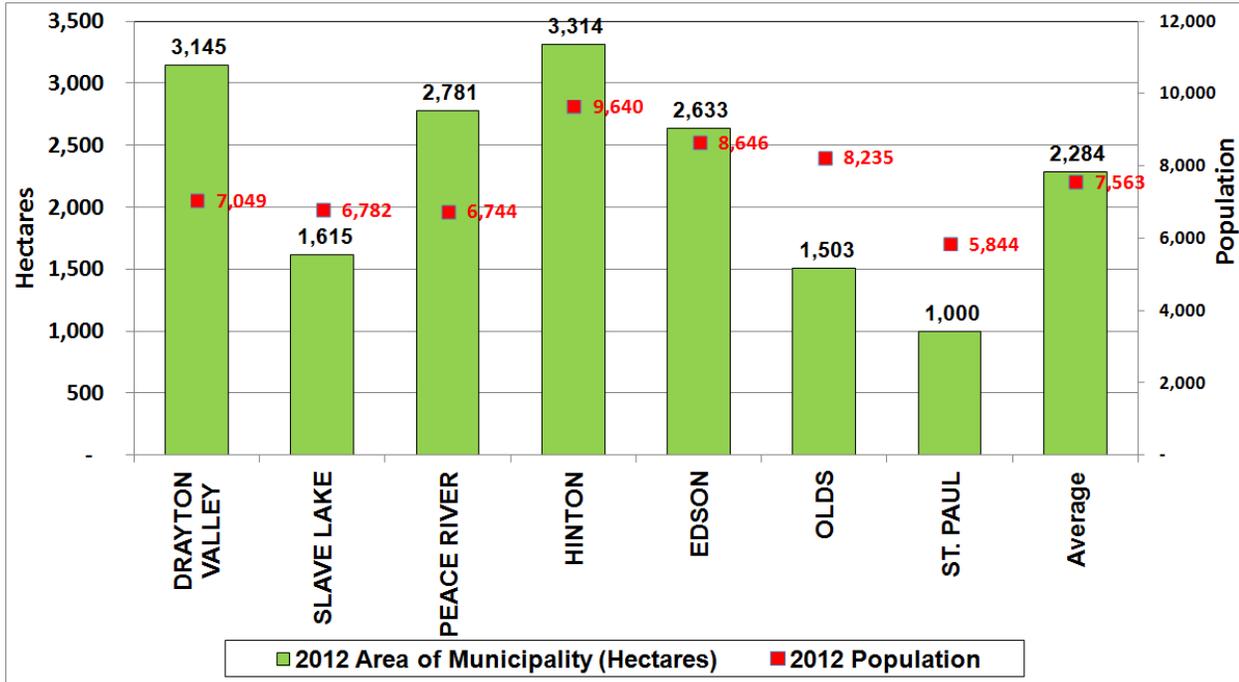
- Transportation Services accounts for almost one-third (30.7%) of all municipal costs .
- Protective Services, Recreation & Culture, General Government and Environmental Services each account for 13% to 16% of total expenditures.

Executive Summary - Comparative Analysis

- The list of comparable municipalities used for the following financial analysis was recommended by the Town of Peace River. These municipalities are considered to be a relevant peer comparator group.
- Equalized Assessment
 - 71% of Peace River's tax base is Residential, with 29% coming from non-residential, M&E and linear property.
 - Peace River's assessment values grew by an average annual compounded rate of 16% from 2007 to 2012;
- Net Taxes & Grants in Lieu
 - Peace River's Net Taxes increased by an average annual rate of 4.9% from 2007 to 2012, which was the third lowest growth rate of all seven municipalities
 - Peace River's Net Taxes on a per capita basis is 7% higher than the average of the seven municipalities.
- Revenues & Expenses
 - Peace River's average revenue per capita over the past 6 years was 9% more than the average of all seven municipalities being examined.
 - Peace River's average expenses per capita over the past 6 years was 8% more than the average of the seven municipalities being examined.
- Number of Full-Time Employees
 - Peace River had 7.9 employees per 1,000 people in 2012, which is very similar to Edson, Olds and St. Paul.

Population & Land Area

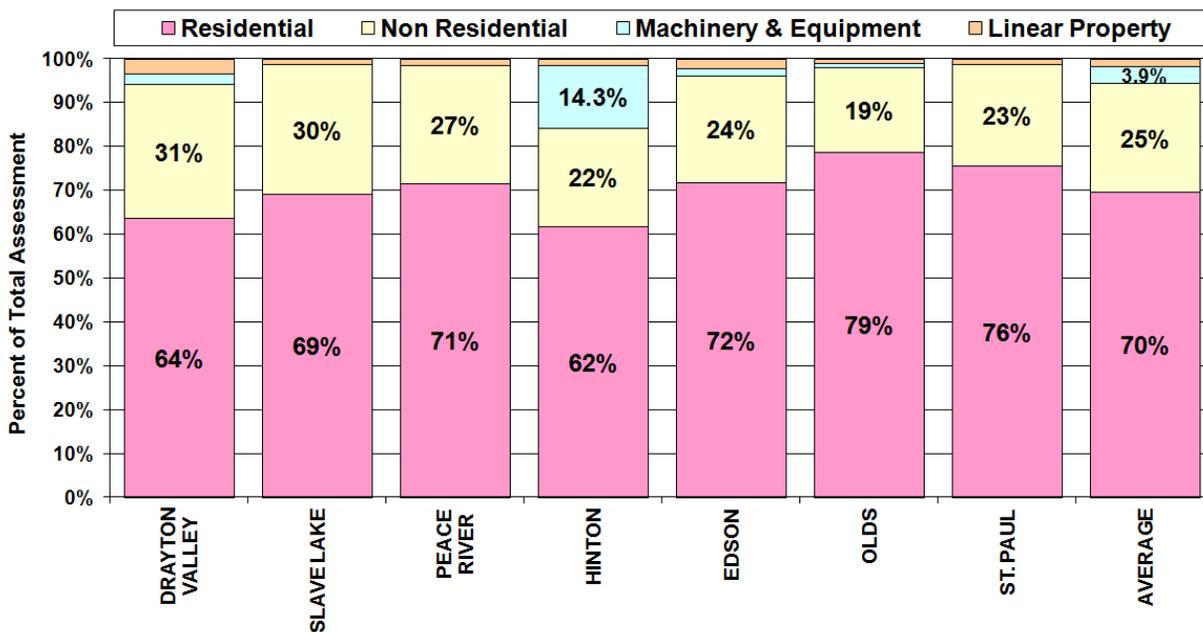
Source: Municipal Financial Information Return, 2012



- The list of comparable municipalities used for the following financial analysis was recommended by the Town of Peace River. These municipalities are considered to be a relevant peer comparator group. The above graph illustrates their populations and land areas.

Equalized Assessment

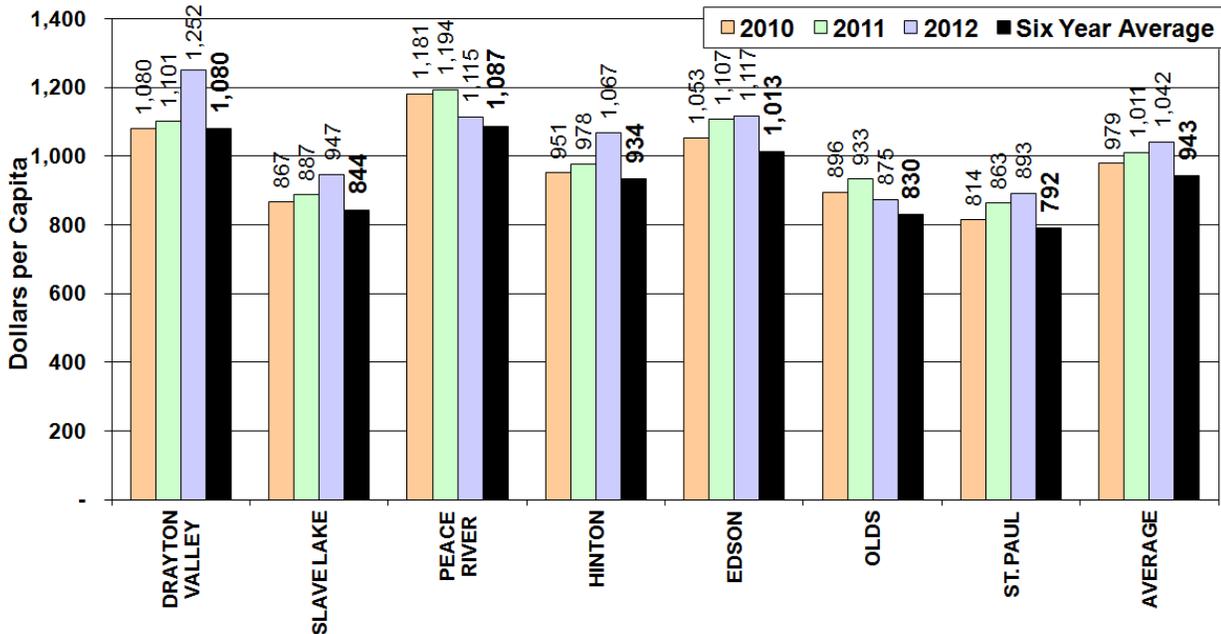
Source: Municipal Financial Information Return, 2012



- 71% of Peace River's tax base is Residential, with 29% coming from non-residential, M&E and linear property. This is roughly equal to the average of the total seven municipalities being examined.
- Peace River's assessment values grew by an average annual compounded rate of 16% from 2007 to 2012. residential assessment grew the most (17% per year) and non-residential property had the second highest growth rate of (15% per year).

Net Taxes & Grants in Lieu per Capita

Source: Municipal Financial Information Return, 2007 to 2012

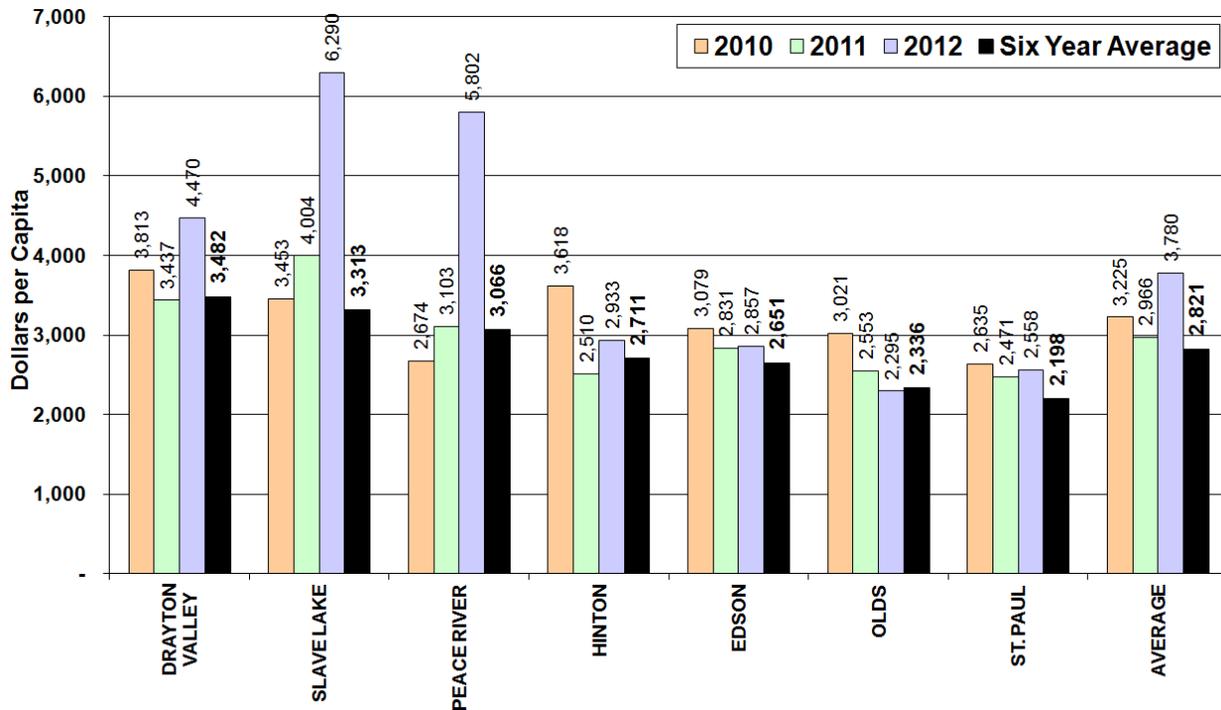


- Net Taxes & Grants in Lieu for the Town of Peace River have increased by an average annual rate of 4.9%, from \$5.9 million in 2007 to \$7.5 million in 2012, which the third lowest rate of all seven municipalities.
 - On a per capita basis the annual growth rate was 3.6%, which was also the lowest growth rate.
- Peace River's 2012 Net Taxes on a per capital basis is 7% higher than the average of the seven municipalities being examined.

Revenues per Capita

Source: Municipal Financial Information Return, 2007 to 2012

Note: due to reporting changes by Municipal Affairs 2009-2012 values include capital versus just operating prior to 2009

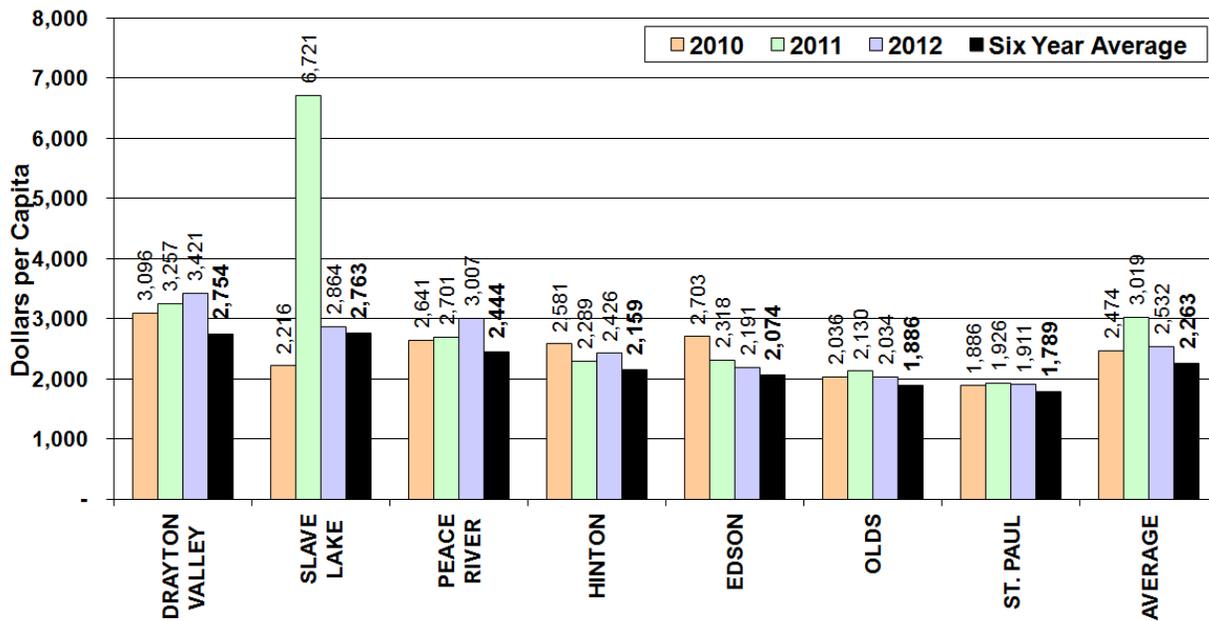


- The six year average per capita revenues for the Town of Peace River is \$3,066, which is 9% more than the average of the seven municipalities being examined.
- Peace River's revenues in 2012 were \$5,082 per capita, this abnormally high amount was due to Government Transfers of \$16.1 million (\$2,384 per capita) in 2012.

Expenses per Capita

Source: Municipal Financial Information Return, 2007 to 2012

Note: due to reporting changes by Municipal Affairs 2009-2012 values include capital versus just operating prior to 2009



- The six year average expenses per capita for Town of Peace River is \$2,444, which is 8% more than the average of the seven counties being examined.
- Peace River's expenses in 2012 were \$3,007 per capita, which is 19% more than the average of all seven municipalities.

2012 Full-Time Positions

- The average number of full-time municipal employees per 1,000 people for all seven municipalities is 9.0.
- In 2012 Drayton Valley, Hinton and Slave Lake had the highest number of employees per 1,000 people (ranging from 9.9 to 11.5). Excluding these three municipalities, the other four municipal had very comparable rates, averaging 7.6 employees per 1,000.