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City of Cranbrook Governance Audit

“Report to Council”

October 2019

October 29th 2019

Mayor Lee Pratt and Councillors
City of Cranbrook 40-10th Avenue South
Cranbrook, BC V1C 2M8

Dear Mayor Pratt & Councillors:

We are pleased to provide this Report on our Governance Audit of the City of Cranbrook. This Report is the culmination of our investigation into how the City is currently functioning and what changes it might need to make as it moves into the future.

The Report is as clear as we can make it recognizing the limitations imposed by time and the fact that this has been a Governance Audit and not a full-scale organization study. It identifies the concerns expressed relative to roles and the need to clear up any misconception of those played by Mayor, Councillors and CAO. We are not interested in being party to a “he said, she said” discussion as that does not contribute to any effort to move forward. Rather, those reading this Report ought to focus on understanding what the current problems and issues are and whether or not this Report properly identifies how to move beyond the status quo.

We are convinced that the City Council is intent on providing good leadership to the City, its residents, businesses and employees. We believe that the implementation of our recommendations will be of value in taking the right steps to a better future.



George B Cuff, FCMC


President

cc. Mark Vander Griend, Senior Associate
Ian McCormack, Senior Associate
Joel DeBlock, Senior Associate

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1 Introduction

This firm was contracted by the City of Cranbrook on June 25th, 2019 and asked to submit an outline of what we would do in conducting an assessment of how the City of Cranbrook was currently functioning. This was sent to the Mayor on June 28th in the form of a proposed audit of the City's governance. We were subsequently called on August 26th, 2019 and a slightly revised proposal was sent to the attention of the Mayor. Council met on September 9th, 2019 and approved the proposal. The goals of the engagement were to identify and advise on the resolution of issues which were viewed as interfering with the provision of necessary services and amenities to the citizens of the Cranbrook and to seek options for improving the governance/management interface. These goals were supplemented with terms of reference (see sec. 1.1).

A Request for Documentation was developed and circulated to the City together with a request for assistance in establishing interviews with those we had identified. (The assistance of the Executive Assistant to the Mayor and Chief Administrative Officer is appreciated). We received the documentation electronically and a hard copy of the same once we were on site.

Our formal work on site began on September 30th with a presentation on Good Governance and Management provided to Council and senior management. That information forms the basis of what we examine and expect to find in the City of Cranbrook.

As we described:

A Governance Audit is a streamlined mechanism of ensuring a reasonably in-depth understanding of the City's issues in a time-sensitive manner and providing Council with a high-level set of recommendations on how to improve and correct the system where necessary.

An audit differs from a seminar in its scope and depth, in that the review team will have spent multiple days on site and remotely, seeking to understand just how well the municipality and its systems operate and seeking the degree of alignment between the City's practices and what are common best practices in the municipal realm.

What follows is a brief summary of what we presented to Council (as summarized from our opening and closing presentations); some additional commentary rather than simply the overhead presentations; and our recommendations which Council will need to discuss and act upon at a meeting of Council based on our recommendations.

1.1 Terms of Reference

Prior to the commencement of the engagement, this list of tasks and outputs was agreed upon between the consulting team and City Council. This list is typically augmented with any changes that may be required based on the activity conducted during the audit. The list included:

- a) Survey of Council and management of how the organization is currently doing in terms of its effectiveness, efficiency, responsiveness
- b) Set up a schedule of interviews which will include Council, city management, direct reports
- c) Conduct opening day seminar on Good Governance
- d) Assess the issues; review the approach to organizational issues by Council and management
- e) Determine whether issues pertain to Council direction, policies, legislative practices, the current governance model or to the responsiveness to this Council by senior administration
- f) Review Council and managerial practices and assess how well these practices are serving the needs of the organization
- g) Identify what significant roadblocks currently exist
- h) Conduct a closing workshop session with all members of Council
- i) Develop and submit a summary report and findings.

1.2 Approach

The governance audit was conducted using the results of e-mailed surveys as well as on-site interviews with all members of Council, all members of senior management, and a selection of other municipal staff.

The interview questions are templated, so all interviewees are asked the same question set, though a unique result always emerges from each interview. The interviews are augmented with research into municipal documentation such as statutory plans,

strategic plans, community plans, policies, personnel contracts, position descriptions and the like. Where we deem it of added value to our client, we contract colleagues who have different skill sets and delegate certain aspects of the work to them e.g. demographic and financial analysis.

Together, the survey responses, interview findings and municipal documentation are analyzed to identify themes and to cross-corroborate mutually supporting comments. The bulk of this Report explores those themes, compares them to what would be found in a high-functioning municipality, and results in a series of recommendations that appear near the end of this report.

2 Some Positives

We asked the City to provide us with a list of positives since the last election. These are outlined as follows:

- Finalist in 2019 Open for Business Awards in Medium Sized Community Category - Feb 2019
- Council Strategic Priority Review - May 2019
- Securing a British Columbia Hockey League (BCHL) Franchise, Cranbrook Bucks - Oct 2019
- Winter Blitzville - (Extreme Snowboarding and Snowmobiling Event) - February 2019 - Huge success!
- Public Art (Sculpture) Walk to improve DownCity and Community Vibrancy - Summer, 2019
- Tembec Development - Conceptual Plan, Engineering Studies, Marketing - Ongoing
- We've had exponential increase in value of building permits issued over past three years, and 2019 should meet or exceed last year's very high levels
- Three leases on the Tembec property bringing in over \$100,000 revenue, plus taxes, plus over \$4 million invested in renovations and 50 good paying jobs created
- Capital Works program over \$4 million
- Rezoning some properties to accommodate multi-family housing
- Rezoning properties to allow legal suites
- Strategic Plan being worked on
- Enhancements for Idlewild Park
- Set to host the 2020 BC Women's and Men's Curling Championships in late January 2020.

3 What is Expected

Much of what we assess is based on our collective knowledge of local government and the literature (some of which has been authored by this consultant). On this base, we contrast what we find in this community and organization largely in those areas relating to good governance and effective management.

Good governance principles are universal and from those we discern a series of criteria on which we are able to determine whether the municipality is high functioning and where there may be room for improvement. These identifiers can be broken down into several themes, ranging from the leadership provided by elected officials to the way in which services are provided to those who require them.

3.1 Good Governance: Principles of a Policy Governance Body

‘Governance’ is what a Council is elected to do, while ‘administration’ is what the management and staff are appointed to do. Governance for municipal government purposes is defined as:

The process of exercising corporate leadership:

- *by the governing body*
- *on behalf of its members (the citizens)*
- *to the community and organization as a whole*
- *in terms of purpose, control and future;*
- *while providing oversight to ensure that the mandate of the municipality is achieved.*

There are any number of scholars who have devised lists of characteristics of ‘good governance’. While most of those pertain to the private sector, much of this closely parallels what is required within the public sector as well. Based on our extensive experience with local governments across Canada, we see the following as essential characteristics of “good governance”:

- 1) Clarity of mandate and authority
- 2) Effective orientation
- 3) Clear decision-making (governance) processes
- 4) Full disclosure by CAO/administration to Council
- 5) Independence of the governing body

- 6) Primacy of the council table
- 7) Intentional leadership on the key issues
- 8) Open to the public (transparency)
- 9) Apolitical administration
- 10) Oversight to policy decisions
- 11) Stakeholder (citizen) values and concerns
- 12) Effective advocacy to other levels of government and to neighbouring municipalities
- 13) Ongoing and effective fiduciary monitoring
- 14) Continual reporting on results; accountability
- 15) Succession planning.

Good governance is achieved when Council has access to quality information; has heard from the public on those issues which might be described as major or significant (i.e. policy matters); has spent some time considering the issue and its options; and has thought through the consequences as they might impact the public.

3.2 Role of the Mayor

Within Canada's system of local government, the Mayor is primarily required to act as one member of a Council made up (in this instance) of seven members elected from the community. All seven members are expected to be in the decision-making process and to voice their own views and vote their own conscience. At the same time, deference is shown to the Mayor as the public's chief elected official.

There are other commonly understood roles for the Mayor. These include:

- Chair the meetings of Council
- Represent the interests of the City; act as its official representative
- Convey the will of Council to the public and beyond
- Encourage good policies and practices; keep Council's focus on the policy issues and not personalities
- Liaise with the CAO on a planned regular basis
- Model good behaviour in Chambers and out
- Ensure Councillors refer their inquiries through the CAO; show respect for the role and work of administration

- Encourage fairness and civility
- Model high integrity.

3.3 Role of the CAO

There are both legislated roles in provincial legislation and ‘generally accepted’ CAO roles within which the Chief Administrative Officer must operate. As per the community Charter, the CAO’s bylaw-enabled duties include:

- ‘(a) overall management of the operations of the municipality;*
- (b) ensuring that the policies, programs and other directions of the council are implemented;*
- (c) advising and informing the council on the operation and affairs of the municipality¹.*

While not stated as such in legislation, the roles of a CAO are referenced in the appointing bylaw and in the position description and CAO employment agreement or contract. These roles include:

- Apolitical policy advice to Council
- Conduit of Council decisions to administration
- Implementer of Council decisions
- Quarterback and team leader of the administrative body
- Approval authority for administrative actions
- Quality control of advice up and action down
- Partnership builder; building alliances as appropriate.

A CAO is typically engaged under a contract between Council and the incumbent. Council retains control through a list of tools that allow Council to exercise appropriate control over their only employee. These tools include:

- CAO Bylaw
- CAO Position Description and Profile
- CAO Contract (Letter of Offer)
- CAO Performance Appraisal
- CAO Goals and Objectives

¹ Community Charter, SBC 2003, Chapter 26, Section 147

- Organizational Performance.

3.4 Effective Elected Officials

More broadly than what appears above, this is a list of the traits of an effective elected official, whether that person is a Mayor or another member of Council. These requirements exist in the largest city and the smallest village:

- Commitment to policy development and renewal; (every new Council should be expected to undertake a thorough review of its policies)
- Comprehensive and shared orientation for all members of Council (preferably within 7-10 days following a general municipal election or a byelection)
- Mayor and Councillors focused on what is best for the City
- Mayor who ensures that all members of Council are fully briefed
- Personal differences set aside; community service is the focus
- Professional development (and related budget) for members of Council
- Some understanding of the basics of the Community Charter; including the key roles
- Useful and focused governance model, with an opportunity for Councillors to discuss issues before decisions are made.

3.5 Role Clarity

Understanding the difference between governance and administration is a major indication of success in any municipality. The following practices of a well-functioning City point to a clear definition of the roles of Council and that of senior management:

- Annual performance assessments conducted throughout the organization; begins with Council's annual review of the CAO and subsequently extends to all staff
- CAO acting as team leader; motivates senior management; hires, evaluates and disciplines as necessary
- Delegation of management functions to management; non-interference by members of Council
- Fair compensation; regularly reviewed, enshrined in policy
- Management respects limits on their authority
- Quality reporting by senior management through CAO



- Transparent communication: no surprises; nothing of any substance hidden from Council; all receive concurrent information
- Understanding by all of role of the CAO; respect for the position
- CAO respects all of Council and management.

Summary Comments: We indicated in our session with Council and management that a clear understanding of roles and responsibilities was essential if the City was to benefit from the leadership, direction, decisions and actions of its Council and management. As noted in our opening seminar on this subject, the Council is expected to reflect the best of “good governance” and abide the foregoing “**generally accepted principles of governance**”.

4 Summary of Best Practice

In the course of our time on the ground with the City officials (both elected and appointed), we spoke to what we have identified as “best practice”. While this is not expected in full in every municipality, there should be evidence that these practices are recognized and pursued.

4.1 Best Practice

- Elected officials expected to function within the constraints of the Community Charter; the law as applied to municipalities is held to consistently
- Roles of Mayor and Councillors have been defined; clear that they are to set direction; approve policies and bylaws; approve an Official Community Plan (OCP); recruit, appoint, assess and terminate (if necessary) the CAO; arbitrate issues not delegated to CAO and the rest of management
- CAO and management expected to provide policy advice to Council; manage departments; function within approved policies, position descriptions and the budget
- Mayor and Councillors expected to engage the public as required and as appropriate
- Meetings are to be held in open forums unless otherwise allowed as in camera within the Charter and Freedom of Information (FOI) legislation
- Council meetings are to be conducted according to an approved procedural bylaw; members are to be respectful of each other and management
- Council to develop a code of conduct and live within it
- Council makes decisions as a body; given applicable information; always provided time to reflect and then respond
- Management reports to Council through the CAO
- Management reports treated with respect by CAO; if differing opinion by CAO, discussion with department head; if necessary, addendum attached outlining separate recommendation and rationale
- CAO bylaw and position description supplemented by policies outlines restraints on authority of CAO

- CAO recommends senior management structure to Council; i.e. number of department heads
- CAO has authority to hire department heads and/or release them subject to Community Charter
- Out of courtesy, CAO briefs Council before changes made to senior management
- CAO by protocol to advise Council annually of monies paid for severance
- Any negotiations for employment agreement with CAO to be authorized by Council
- CAO employment agreement developed by experienced municipal legal counsel to ensure Charter and best practice followed
- Employees recruited based on best fit, capacity, potential; external candidates welcomed
- Review of CAO performance is a prerogative of City Council unless expressly delegated to Mayor (i.e. this is unfortunately not as permitted in S.1.3 of current Employment Agreement)(this needs to be changed)
- Management wise to seek Council's guidance regarding employing local contractors
- CAO reviews management's performance at least annually; managers review their direct reports annually as per approved system and format
- Management careful not to invite Council into operational issues; if, however Council directs, management listens.

5 What We Heard

What follows is a summary overview of the comments which we received in response to our survey questions which focussed on certain elements germane to any similar City. These elements are related to what would be found in a high-functioning municipal government. Each sub-section identifies where Cranbrook is aligned to principles of good governance (and management) and where there are gaps.

5.1 Council

City Council is the ultimate governing body for Cranbrook and its duly elected seven members represent the interests of the citizens of the City. In order for Council to discharge its responsibilities properly, a series of factors need to be in place. When reviewing the effectiveness of City Council and its support structures, the audit found these results - some of which are positive, and some negative.

Council is brought together by voters to be each other's 'first team' even though they did not choose each other. This team must work together and may be privy to knowledge and information of which no other citizen is aware. Keeping the requirement of confidentiality is central to an harmonious team as it impacts the critical elements of trust and confidence.

The audit responses described below are our summary of what we hears in response to the questions which we asked.

5.1.1 The Positives of Council

Key Questions:

- What motivates members of Council?
- How closely does Council represent the breadth and depth of the community?

What the Audit Found

- Good reflection of the whole community; Council also represents a cross-section of skills, backgrounds, interests
- All of Council is intent on doing the right thing; love of community prevails
- Councillors and Mayor involved in the community; appear to have a genuine interest
- Most respect the right of management to manage; some have considerable difficulty in resisting temptation to micro-manage

- Generally, a collegial Council; could function well if there is a desire to do so
- Council seems to be on board with its motto of the City that has “mountains of opportunity”

5.1.2 Functioning of this Council

Key Questions:

- > How well does Council act together as a team?
- > Do Council members understand their role as policy governors?

What the Audit Found

s.22

- Council members largely new; four were elected in 2014, one in 2017, one in 2018, and one in 2019
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] no real sense of organizational health
- [REDACTED] are not on same page; some express that they are expected to choose sides on key issues
- [REDACTED] this is not apparently universal but is evident on certain topics
- [REDACTED]

5.1.3 Leadership: Council

Key Questions:

- > Is Council in charge?
- > How does management build capacity and expertise within elected officials?
- > Is there a clearly understood delineation between governance and management that runs through the CAO?

What the Audit Found

s.22

- Loss of trust in and among Council
- [REDACTED] very few good questions being asked
- Decisions, once made, are not always considered to be 'Council decisions'
- Council does not evaluate themselves against any metrics on a regular basis
- Council needs to be more involved; to respectfully challenge the Mayor and each other
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Council would profit from holding CoW (Committee of the Whole) meetings (*referred to by Cuff as Governance and Priorities Committee*)
- Council disconnected from administration's projects
- [REDACTED]

5.1.4 Council's Focus on Finance

Key Questions:

- Does Council understand the short and long-term financial implications of decisions they make?
- How well does Council understand their roles in budget-setting and financial oversight?

What the Audit Found

- Financial impacts not always considered when making a decision; Councillors and senior management concerned that all the available information has not been fully circulated to them
- Budget impact overlooked when discussing major projects
- Council asked to proceed on major projects without an adequate business plan
- Budgets establish constraints; may be possible to move within its parameters but not beyond

- Council needs to see where City is at today; where it appears to be heading.

5.1.5 The Impact of Trust

Key Questions:

- How well do all elected officials understand and respect the differences between the Mayor's role, Council members' role, and the CAO's role?
- Is honest and respectful disagreement present?
- Do all levels of management abide by a safe and respectful workplace policy?
- What does an annual employee survey indicate in terms of workplace morale?

What the Audit Found

- [REDACTED]
- No real appreciation for the role of the Mayor and also the constraints on his authority; this might simply be a matter of more ongoing education and training needed
- There needs to be trust of each other within Council; and trust in the role and abilities of senior management s.22
- Council members had become wary and uncertain about what to believe; increasing number are suspicious of everything [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Not a clear understanding of what is a management-level decision (administration) and what is a Council-level decision (governance); this has begged a higher degree of interference than acceptable
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]; [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

5.1.6 Flow of Information

Key Questions:

- Does Council get the information they need in order to make prudent and timely decisions?
- Is Council aware of management decisions that may be asked about by the public?
- [REDACTED]
[REDACTED]
- Are all requests for decision aligned with achieving the City's vision?

What the Audit Found

- [REDACTED]
[REDACTED]
[REDACTED]
- Without a Committee of the Whole (CoW) process, all information comes through the CAO to Council at regular meetings
- Request for Decision (RFD) reports do not show Council how the corporation is advancing its strategic goals
- Some issues are discussed with Council during the budget cycle
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]

- No major decisions should be made or even discussed without a comprehensive management report; all of Council entitled to see all briefings.

5.1.7 Policies

Key Questions:

- How robust are the suite of governance policies?
- Are all governance policies regularly reviewed, updated, and rescinded as necessary through a Council term?
- Does Council rely on policy to make decisions?
- How robust are the suite of administrative policies?
- Are all administrative policies regularly reviewed, updated, and rescinded as necessary?
- Does management rely on policy to make decisions?

What the Audit Found

- Neither Council nor management appear to have a policy mindset
- City policies frequently dated; do not contain a date for review; some unsigned
- Policies all seem to include both a policy statement and a procedures outline
- Need for training about policy construction and use is evident s. 21
- [REDACTED]
- [REDACTED]
- Policy manual reflects ongoing attention to policies; some in need of updating (date back to 1990s); “policy memoranda” dated to 1976-77
- Policy statements need to be “statements of actual policy” not simply guidelines; reflects reliance on statements of procedure
- Manual and approach should be re-thought; Cuff will provide outline (or see Cuff’s *Executive Policy Governance* published by Municipal World).

5.1.8 Committees

Key Questions:

- Do committees exist to fill a specific and relevant purpose?
- Do all members of Council sit on an appropriate number of committees?

What the Audit Found

- Committee structure appears to be *ad hoc* and to have evolved over time

- Committees are not asked to rate their own value
- Engagement by committees to the wider community is not encouraged; community engagement does not appear planned
- Usefulness of committees not clear; reporting line to Council needs clarity and certainty
- Obvious need for a place to reflect and ask questions

5.1.9 Council-Management Relationship

Key Questions:

- > Is there a clearly understood delineation between governance and management that runs through the CAO?
- > Are all members of Council aware of the same information at approximately the same time vis-à-vis management and its decision making?
- > Does Council receive and use 'good' advice from management?

What the Audit Found

- [REDACTED]
- Individual Council members are directing staff s.22
- Council sees departments often working in silos
- Council told not to contact staff directly
- [REDACTED]
- [REDACTED]

5.2 Management

City council hires one expert, their CAO. In turn, that person hires a series of other experts to assist with the ongoing management of the City. Effective managers understand their role; understand the difference between executive, management, and operational decision making; and let their staff grow and challenge themselves within the boundaries of acceptable levels of risk and innovation.

Management needs to be supported by a framework of policies that, when working properly, allow routine decisions to be made predictably and quickly. Abiding by such

- Handling of department head reports not clear; who has authority to change; how does Council know what it is receiving [REDACTED]

5.2.1 Orientation

Key Questions:

s.22

- Does management plan Council's orientation so it focuses on governance?
- What assumptions does management make about what Council needs to know?

What the Audit Found

- Management did not plan an orientation for Council; relied on fact that most were elected last term as well
- Management organized Councillors to attend regional and Provincial elected officials' seminars
- Most responses from management indicated that each had little to no involvement in any orientation process
- What orientation did occur largely focused on what management does
- Not beginning with a solid base of understanding impacts everything else
- Most stated that there was very little orientation provided to the new Council; only one new Councillor and he was a former City Director so management did not believe that there was much need for a full orientation
- Others expressed surprise that there was no attention to this aspect of good governance
- One Council member stepped down early 2019; byelection in May; new member provided with overview of meetings, agenda access, email, offered department tours; there was limited to no focus on the real role of governance.

5.2.2 Corporate Direction

Key Questions:

- Is 'success' for the City (i.e. its vision) well understood?
- Do all plans align with, and cascade from, Council's current strategic plan?

What the Audit Found

- Council and management have been involved in strategic planning session(s)
- City's vision set in 2014

- Some recent work on the strategic plan; draft report provided recently however budget and workplans were already completed so Plan was shelved till next year
- No one seems to feel that the current situation is being driven by any real sense of corporate vision
- Vision approach described as a placeholder i.e. something to say it was done but more to follow
- Staff facilitated session to update the strategic plan was held on May 29, 2019; update was given by staff at a budget session with Council on Sept 19, 2019
- Limited sense or belief that Strategic Plan impacts very much
- Detailed five-year financial plan is in place; some question as to its impact on future planning and “ownership”

5.2.3 Role Clarity

Key Questions:

- Are all roles differentiated and understood by both Council and management?
- Are all individuals acting within their line of authority and responsibility?

What the Audit Found

- Role and powers of Council are not clear to management and Council
- Role of Mayor as one member of Council is not well understood; what authority does Mayor have to act independently?
- ‘Weak mayor’ system exists in Canada but may not be understood locally
- [REDACTED]
- [REDACTED] s.22

5.2.4 Communication

Key Questions:

- How well does management communicate with Council (and vice versa)?
- Does any group regularly receive surprises?

What the Audit Found

- Limited discussion of issues outside of a Council meeting
- Need to create a safe environment to have high level, frank discussions

- [REDACTED]; [REDACTED]
- [REDACTED]

5.2.5 Leadership: Administration

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Key Questions:

- Are members of administration provided with the tools they need to do their jobs?
- Is administration evaluated regularly, fairly, and on accepted tasks associated with their role?
- Are senior management roles and reporting relationships clear and regularly reviewed?
- Is turnover in management in line with industry averages? If not, why not?
- Are all position descriptions accurate and annual evaluations current?

What the Audit Found

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] very few good questions being asked
- No accountability
- Management team has a lot to offer but no forum for doing so; [REDACTED]
- Projects viewed as looking for a home or a champion
- Current organization structure viewed as an impediment to achieving Council's goals

- Comments from some interviewees ran counter to the signed Administration Charter's Focus Areas and Commitments
- [REDACTED]
- [REDACTED]
- Need a leader to work with management and Council on strategic priorities
- Bylaw 3485 (Officers and Employees Bylaw) outlines powers of the CAO re: employees; *"with the exception of the position of the Executive Assistant to the Mayor, in consultation with the appropriate Officers and Department Heads, appoint, promote, discipline, suspend and terminate all other employees of the City..."*
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- No HR Manager since February 2018; [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Sense of fear of failure paralyzing management s.22
- [REDACTED]
- [REDACTED]
- [REDACTED]
- CAO has 11 direct reports; beyond what is typically manageable/productive
- Inadequate communication between departments and Council; limited respect by Council to administration and vice versa
- [REDACTED]
- [REDACTED]
- [REDACTED]

- More good managers will be leaving the City if conditions do not improve; negative long-term impacts cited
- Loss of hope in the current Council and its willingness to tackle the major issue(s)
- [REDACTED]
- [REDACTED] s. 22
- Undermining of staff by elected officials
- Some cliques between members of Council and staff
- Perception that the community and management cautious with regard to growth
- How is the City supposed to function without a head of human resources?
- [REDACTED]
- [REDACTED].

5.2.6 Relationships

Key Questions:

- Is the City's whistleblower policy effective?
- Do members of city administration socialize with each other outside office hours?

What the Audit Found

- [REDACTED]
- [REDACTED]
- [REDACTED]
- Most relate well to each other; support each other due to being in the eye of the hurricane.

5.2.7 Organizational Structure

Key Questions:

- Does the organization's structure give the City the best chance for success?
- Are position vacancies within industry norms? If not, why not?

What the Audit Found

- Current organization structure updated as of September 2019
- Reflects 11 direct reports to CAO; includes CAO office structure and support positions

- Key role of HR Director vacant; arrangements made for interim fill-in through consultant contract
- [REDACTED]
- [REDACTED]
- Position descriptions in a poor state; some missing altogether; others stale-dated; some jobs combined.

s. 21

6 Our Observations

When comparing what is commonly perceived as “best practice” with the information from interviews and the review of City documents, a series of observations emerge. These observations contrast what we expect to find in a functional municipal system in relation to what we found in Cranbrook. We seek to present these without judging the motivation of those involved but rather to set out what might be perceived as significant hurdles for the Council and administration to overcome.

6.1 Council to Lead

Council leads through a series of mechanisms including policies, the Strategic Plan, other planning documents, public statements, resolutions, etc. As we note in another section of this Report (see 3.3) there is an expectation that the senior administration through the CAO will provide good policy advice to Council. While there has been some evidence of new policies being developed over the years, there has not been much accomplished in the past few years within the time of this term and the preceding term. Council directs by bylaws and policies. Management functions within an umbrella of bylaws and policies. Without someone designated to maintain a close watch on what recommendations ought to be accompanied by a proposed policy, each issue will be considered as a “one off”.

The right of the public to engage is recognized by Council but little has been done to encourage that to happen in a progressive manner. That is, we did not find much if any evidence to suggest that Council and management are designing new and innovative ways to reach out to the public and seek their input on the significant issues of the day. While the City has a ‘corporate communications’ presence, without the guidance of an effective CAO and an expectant Council not much happens in eliciting input from a broad cross-section of the public. This needs to be planned otherwise it will not be reflected in the degree of social media traffic.

Our Findings/Observations: It is evident that the ability of the City to move past where it is at presently is directly linked to its willingness to accept advice and seek counsel. The changes which we have pointed to begin with the Mayor and indeed all of City Council and flow through the administration. These changes in how the combined

leadership functions should have been taught and caught during a comprehensive orientation process but that did not happen.

While there were extenuating circumstances from the City's point of view, the fact remains that without an orientation on the meaning of good governance, Council was not likely to change or to even understand where change was necessary. This where it should have begun and the fact that it did not resulted in a Council which might have made some changes for the better, but which did not even discuss what was needed to change.

6.2 Corporate Planning

One of the fundamental responsibilities of a leadership body is to establish its priorities; identify their characteristics; set some markers (or goal posts); and judge the degree to which any progress has been made. While there are a wide range of ways to tackle this mandate of priority-setting, most Councils seek an external facilitator to ensure a degree of neutrality to the process and to ensure that the corporate leaders can actively participate without the burden of keeping the group on task.

At the conclusion of any such exercise, the key product is a list of priorities which will serve to focus the collective team on what are viewed as the 'must do' projects or accomplishments. The impact of the process is often first felt in the budget process as it will influence the nature of capital priorities in particular.

The key aspects of corporate strategic planning, in our opinion, include:

- Commitment from Council to take the time to think through their vision, mission, values and priorities
- Contribution of ideas and challenges from management who are intent on cooperating with Council in the development of its priorities, and a commitment by management to make these priorities come alive during management's planning and delivery of services
- An expectation that the priorities of Council will be referenced where applicable in management requests for decision to Council.

Our Findings/Observations: We were advised that City Council has (over the past 4-5 years) been involved in corporate strategic planning, at least to some extent. A press release (July 13, 2015) announced that Council had set priorities at its June 2015 retreat

at the Prestige Inn for the next four years (2015-19). Between June 5th, 2017 and May 2019 there were a series of statements about strategic planning and updates on current projects but no real initiative to actually sit down and recast the vision of the Council. This was addressed in May 2019 with the assistance of an external facilitator where such issues as code of conduct, guiding principles, values and behaviours, vision and priorities were addressed. On September 19th, 2019 Council was presented with a draft version of the outcomes of the May retreat. Council requested a follow-up session but to date that has not been actioned.

6.3 Orientation

Council needs to affirm a policy on orientation which makes the delivery of same not a 'nice to have' but rather a requirement of any Council within 14 days of the swearing in of members following an election (or by-election). It is essential that the focus of this orientation is on Council's governance role and how that ought to be conducted during its term of office. While understanding the logistics is important, understanding roles is primary.

s. 21, 22

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This has not been helpful and contributes to a sense of disharmony and dysfunction.

6.4 Policy Development

Much has been written on this topic over the years and virtually all authors (including this one) state the obvious: policy development is a critical part of leadership and particularly for those leading a municipality. If this Council is sincere in its belief that it ought to lead the community and the organization, then it must establish the policies which point in its preferred direction and which reflect its philosophy and values.

Policies which were developed years ago may be still valid today, but most will not be or will at very least need to be updated in language or in how they are intended to influence. Policies ought to be reviewed by Council and management in an attempt to ensure their currency. This ought to be brought forward to Council (a few at a time) to check on whether or not this Council agrees to their intent and wording and if so, a motion should be passed stating that Policy Number XYZ is hereby approved or is still current.

Our Findings/Observations: We were advised that policies have been recorded since 1973, or for the past forty-six years. There have been approximately one hundred (100) policies recorded. Since 2014, the start of the prior term, eighteen (18) policies have been created, updated, or verified. The City used to have a Policy Analyst, but that person [REDACTED]

[REDACTED] The Policy Analyst position was not replaced (nor the Director of Corporate Services) which leaves one if not two gaping holes in the administration. The Policy Analyst would have worked closely with Corporate Services and the Bylaw Manager, as well as supporting all departments. s.22

[REDACTED] It was found that when the City did have a Policy Analyst, that position was very helpful in ensuring the City was following policy, and as new things came up, flagging and researching if a new policy was needed or if a policy had to be amended.

There is no corporate lead in development of new policies. Policy management is left up to each department to decide if they need a new policy, or to amend an existing one. The Corporate Assistant does lend some institutional knowledge regarding policy history and background, as she had worked closely with the former Policy Analyst. With respect to developing and presenting new policies to Council for approval, the City does not have a rigorous process in tracking where it is at with existing ones or identifying the need for new ones. It has been left on a rather *ad hoc* basis. Once a department decides to initiate a new policy, they would review what is currently in place, if anything, and prepare a report for Council recommending either a new policy or an amendment. The City has taken some recent steps to review old policies, and update or verify them, but that is a work in progress.

6.5 CAO to Manage

The CAO is Council's sole employee. Good governance (and the Community Charter) requires that Council deal with its administration through guidance to the CAO. How other senior staff are guided, assessed and disciplined is the purview of the CAO and the CAO is held accountable for this through the annual performance review cycle.

Management as a body is to report through the CAO to members of Council. This requires that all management reports go to the office of CAO and the CAO, after vetting the reports signs off and sends this forward to Council. In the odd instance where the CAO disagrees with the department head and they are unable to come to an agreement as to the wording of a recommendation to Council, the CAO can attach a covering note which explains the disagreement and which recommends either the alternative agreed to by the CAO or tables the report until agreement has been reached.

The CAO's bylaw and position description supplemented by policies outlines restraints on authority of CAO. Their authority is not unbridled. There are restraints and parameters which will be cited in policy or bylaw.

Our Findings/Observations:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

With respect to the organization structure, the CAO should recommend an Organization Structure policy to Council which speaks to how the principal senior management functions are allocated and to how many managers and department heads are needed to deliver on Council’s mandate and priorities. Council approves the senior level structure and then the CAO is authorized by contract and bylaw to recruit and fill these (and other) positions. The CAO has the authority to hire department heads and/or release them subject to the Community Charter. As we advised Council, out of courtesy, the CAO briefs Council before changes are made to senior management. This is not a “may I?” but simply a “heads up”. s.22

[REDACTED]

The CAO is expected to review the management’s performance at least annually according to a format agreed to by management and the CAO. In turn, managers are to review their direct reports annually as per the approved performance appraisal system and format.

[REDACTED]

All City employees are to be recruited based on best fit, capacity and potential. In all instances, external candidates are welcomed so that the City always has access to the best minds and skill sets available.

6.6 Trust

The element of trust in any organization is critical to a successful system. Senior managers need to know that their CAO and the Council have trust in them and in their word. They need to presume that any report from management to Council will be viewed through a lens of “do I agree with this recommendation?” and not “do I think we have been misled?”

Our Findings/Observations: It is clear that the environment in City Hall will not change overnight.

[REDACTED]

[REDACTED]

6.7 Respect

s. 22

Mayor and Councillors are expected to show respect for members of management and administration. Any questions need to be asked respectfully; and differing opinions and expert advice ought to be treated respectfully. The right of the CAO to manage departments (through the respective department heads) needs to be respected.

As well, we note that managers need to be aware of the need to respect each other and their employees and thus to refrain from any sexist language or sexist jokes which will cause offence. Any discipline meted out by the CAO should respect the workplace culture that the City is trying to achieve.

Our Findings/Observations: There are impacts to a lack of respect being shown to other members of Council or to the management of the City. Council is expected to function as a team, a group of seven individuals who come together to make decisions which they believe to best represent the interests of the citizens. Whether one member agrees with another or strongly opposes a particular resolution should never be ridiculed. Each is elected to express an opinion; to vote their conscience. This requires that the Mayor ensure that each receives all the necessary and relevant information in a timely manner.

Withholding information or delaying its release will simply add to the degree of suspicion which currently exists within Council. While there ought to be some respect for the Mayor's desire to ensure that Council has all the information before it is prematurely released, this is a very short window: information brought to the attention of the Mayor is to be shared concurrently with all members of Council.

s.22

[REDACTED]

[REDACTED]

s.22

6.8 Confidence of Council

An effective Council is quite comfortable asking questions of its management. If there is uncertainty regarding a proposed initiative, questions should be asked through the Mayor to the CAO or Acting CAO. Such questions ought to be of the truly information seeking variety and not simply 'gotcha' questions wherein the answer is already known but the response is projected to elicit further criticism.

As one of the pillars of a sound Council, confidence is an essential ingredient if the system is to function as intended. Councillors need to have confidence in each other and in the Mayor, and the reverse is also true. This confidence is significantly impacted by the degree of trust that Councillors have in the office of Mayor and that of the CAO. Similarly, there needs to be a high degree of confidence in the CAO and senior management so that when their reports are placed before Council, the discussion is focused on substance, and not on whether or not management has hidden some of the information from Council. The Mayor should be able to trust his colleagues to retain confidential information which might imperil a solution to an issue if it is leaked.

Council should be able to trust the Mayor and have confidence in his word that he has placed all the salient information before his colleagues so that any decision is made with a full deck on the table.

Our Findings/Observations: Virtually every member of Council taking office expresses surprise over how much there is to learn and how ill-equipped they feel for the task ahead. Regardless of background, virtually none have served at this level before although several may have served on local boards and agencies which might be involved in various aspects of community service. This role, however, is distinct. It requires that Councillors ask questions of their administration and of each other. It also requires that all members of Council receive all information which is germane to what decisions they are being asked to make.

Management is expected to come to meetings prepared to answer the questions of Council. While this is not always possible (and in which case should be referred to a later report), it will most likely occur where Councillors have given the CAO and department heads a “heads up” as to the questions they are thinking of asking. While this might sound somewhat contrived, it is not intended to: it is simply a way of ensuring that the answers that will be provided by management will be to the best of their abilities and as comprehensive as possible within the time constraints.

It need not be said (but we will) that management needs to be following the direction provided by Council. There should be no question in the minds of Council that every resolution will be actioned unless the decision being made by Council is deemed to be illegal and if so, that should be brought back to the Council with that added information.

While a formal code of conduct is not likely to resolve the issues, which have been encountered in Cranbrook, it might have caused some degree of either reflection or angst as the days and concerns unfolded. One Code should be developed for Council, and a separate one for management. These should assist in guiding behavior although at the end of the day, most of the results are due to personal choice.

6.9 Governance Model

Each Council is permitted to establish its own governance model. That is, the process of decision-making needs to be one which “fits” all members of Council and can be used to fully understand the key issues and arrive at reasonable solutions.

Our Findings/Observations: The Governance Model refers to how the Council makes decisions (i.e. the process and approach that it uses). We were advised that at least for the most part, issues are taken to Council for its review and resolution at its regular Council meetings. In addition, Council has a number of ABCs (agencies, boards and committees) which it hears from on an irregular basis. These inputs, when they do occur, are useful to ensuring a sound decision-making process.

On the whole, the decision process places stress on Council to make decisions quite quickly and without the benefit of a full debate. This might work with the majority of straightforward issues but will not be satisfactory to members of Council on issues of some significance or about which valid but opposing options exist.

We believe that establishing a Governance and Priorities Committee (GPC) would be a very useful step going forward and will ensure that all of Council and senior management will be able to discuss key issues prior to any final resolution (i.e. it is not intended to be a duplicate of a regular Council meeting). We have attached the proposed terms of reference and guidelines for such a body as an appendix to this report.

s. 22

6.10 Council-CAO Relationship

It is clear in statute that the CAO reports to the full Council and that is the body which should determine who is to be hired, at what compensation, for what term, and according to what agreement or contract. [REDACTED]

[REDACTED]

[REDACTED]

6.11 Structure

The organization structure of any organization provides a very useful look at how the system is set-up; who reports to who; the span of control; what functions are linked together; what positions are deemed to be senior and those who are direct reports; how communication should take place; and so on. The structure impacts compensation as well as promotional prospects.

Our Findings/Observations: The current organization structure (September 4th, 2019) reflects 11 roles reporting into the CAO's office. This number (and structure) includes, however, a CAO's office unit of three direct reports including the Corporate Officer, Human Resource Manager and Corporate Wide Initiatives Director (a fairly new position) as well as the head of the RCMP Detachment (a position which heads up the service through a contract with the Provincial Government).

Our subsequent section (Sec.7.2) provides additional detail on these arrangements and a revised structure. Our key points with regard to structure point to the span of control of a CAO as being important to his/her ability to manage the office successfully while recognizing that every CAO not only has direct reports but also seven members of Council expecting some of the CAO's time and attention and a fairly active Mayor who also will demand some of the time of the CAO as Council's chief advisor.

It was evident in the responses which we received in our interviews that most members of management felt that they were being hamstrung in their collective ability to manage the City when certain key positions were either purposely vacated and not refilled or were advised to not attend key related meetings [REDACTED]

[REDACTED]. It is not that changes are not expected in a system as broadly-based as a City, it is however a reasonable expectation of both other members of management and Councillors to be advised as to why the changes are being proposed and what will be done to ensure that the resources of the City are not put at risk. s. 22

6.12 Management Meetings

Management meetings are an important function for any CAO as a mechanism to keep pace with each department, to discuss the larger issues of the day, to prepare for upcoming meetings of Council, and to ensure that the City is being managed and directed successfully. Normally, in a City of Cranbrook's size, we would expect to find

the management team meeting once weekly for 2-3 hours and perhaps bi-weekly throughout the summer months or in the time approaching the Christmas season. These meetings are (or should be) very important and helpful to a CAO as well as to that person's direct reports.

s. 21

Our Findings/Observations:

[REDACTED]

Such meetings to be effective need to be planned and should afford all members at the table an opportunity to place issues of concern to their mandate before their peers for discussion, advice and perhaps approval. Minutes should be taken; someone should be charged with ensuring a reasonable follow-up to any decisions; and the degree of circulation to all other managers should be determined before the meeting prorogues. All levels of staff should be provided access to decisions which impact them, and the CAO should indicate what decisions are to be circulated and when.

6.13 Human Resources

One of the key functions in any organization and certainly one like "City Hall" which relies on its staff to deliver all services is that of "Human Resources". This function (most frequently a department or function reporting directly to the CAO) is responsible for ensuring that all positions are properly described before any recruitment takes place; that all recruitment is done fairly and with a wide network; that a full-scale orientation is made available for all new hires; that access to reasonable health and wellness policies and resources is made available; that all negotiations with the union(s) are carried out in good faith; that all HR policies are updated and rigorously enforced. These and other functions underline how important HR is to this and other systems.

Our Findings/Observations: Human resources is a matter of concern in large measure because there has not been suitable attention paid to how management are being recruited, assessed and trained. During our Audit, we requested a copy of the position description for each of those being interviewed. We were advised in numerous cases that this was not possible given the fact that the person did not have one; it was

outdated (one by 20 years); or the role has changed quite considerably since the incumbent began. It was decided by senior leadership that this important function was not living up to implied expectations and thus the role was eliminated. It is our understanding that no one was hired as a replacement. Instead, an external HR consulting firm has been retained to fill that role (HR Director).

There is obviously a cost to retaining good quality advisors who may be resident in another Province and hidden costs given the lack of that presence on an ongoing basis in Cranbrook. The HR Advisor position has assumed the benefits and compensation coordinator role and some aspects of the role typically held by an HR Director. During the course of our interviews, reference was made to the inadequacies of corporate HR given the absence of a full-time Director. The same respondents reported that the contracted service was working very well but obviously did not have the same presence as a full-time employee. The HR Advisor has stepped up to the plate and is open to further training in that position.

The Director vacancy should be addressed immediately. Having said this, we recognize that a department head replacement should be made by the CAO [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

s. 22

6.14 Team Concept

Given the current state of affairs in Cranbrook, the concept and achievement of a single team will be some time in its making and will require the conscious concerted effort of both Mayor and Councillors and senior management. It starts with respect which needs to develop and will only do so gradually. It will grow when both Council and management understand that success for one means success for the other.

It is expected in most municipal organizations that Council and management will function as ‘two halves of the same apple’. That is, they are expected to function together as a team albeit with very different roles. But that is the nature of most teams: they share a common cause but do very different things. Their skill sets are often quite unique and yet by working together much can be accomplished.

As noted in the foregoing, this requires the acceptance of different roles, confidence in the ability of the others to adequately performs their roles, trust that all are focused on the same goals, and transparent communication such that critical information is made available when and as needed.

Opportunities for working together on projects yet respecting and building on their differing roles should be sought. Further, and unlike what has happened previously, any criticism of the one ought to be spoken against by the other as each is a party to both decisions and actions on behalf of the City.

Our Findings/Observations: It is our finding that the City is far from acting as a team. The current situation, while improving, will not be re-built overnight. It will improve (hopefully) on a daily basis as Mayor and Councillors develop a better appreciation of their roles and the impact that their relationship to each other and to management will have on the development of a team which works together.

7 How Does an Administration Manage?

7.1 Priority-Setting

As a companion piece to the work of Council in approving priorities and vision, management will need to be intimately involved in that process and in its administrative rollout. This requires that management develop its own processes of developing broad City-wide administrative priorities as well as those focused on individual departments. If the Council processes could be described as constructing the bookshelf, the administrative processes could be viewed as developing and organizing the books on the shelf (i.e. roads and transportation, parks and trails, recreation, culture, heritage, corporate services, economic development, tourism, etc.). These statements and plans should drive the annual budget preparation cycle and should be incorporated into an Annual Report which highlights accomplishments.

Our Findings/Observations: We were advised that the management had a Strategic Planning retreat in 2011 and again in 2015 or so. These were held offsite but led by internal staff. The Strategic Priorities developed at the 2015 session governed the time period from 2015 to 2018. The Corporate Workplan that was developed tied projects back to the Strategic Priorities. In this respect, the Strategic Plan was a tool to govern projects. This was followed up by a strategic planning session which again was held in-house, which was quite short (4 hours), and could have benefited from the use of a professional independent external facilitator. Relative importance of the priorities was not determined.

Priority planning by management should occur within the framework established by Council's planning exercise which would optimally set a relatively small number of high-level priorities. These would be the umbrella within which management could establish the more specific deliverables and deadlines. In turn, the review of accomplishments would lead to the establishment of others (and so on).

7.2 Structure

Effective structures reflect the core functions of the organization. They do not lead the functions and mandate nor does the structure depend on who is hired. Employees and their strengths and weaknesses are important, but the structure ought not to be rejigged based on who was available at the time.

Structure in most organizations is understood to be a response to the functions of the organization. The question is asked and best answered by those governing: “where are we going (i.e. purpose/mission)” and the response from management is “we’ll advise on the best structure and plan to get us there”. The first question speaks to the goal(s) of the organization whereas the second speaks more to the results or outcomes being sought.

Structures reflect status, reporting requirements, communication patterns, promotional potential, compensation level, etc. Structure is largely determined by the organization’s understanding about what levels of employees with what expertise are required to get the various jobs done. As such, structure impacts the productivity and efficiency of the system. Demands for increased organizational effectiveness have resulted in leaders seeking to:

- adopt methods of change that minimize the disruption to the organization and the personal impacts on staff;
- decrease the number of departments reporting to the CAO (this reduces the span of control and partially compensates for the increasing complexity of management);
- combine similar functions within a single department (this reduces the duplication of technical expertise and supervisory positions within the organization);
- de-layer the organization (this eliminates one-on-one relationships i.e. deputy positions) and reduces the number of management layers between the CAO and front-line staff.

The organization structure should facilitate decisions to be made rather than acting as an inhibitor. Further, the number of positions reporting directly to the CAO should be manageable so that the CAO can seek advice quickly and yet comprehensively, and such that each direct report can be assured of time with the leader of the management team.

To this end, similar functions should be grouped so as to bring about a reasonable degree of synergy and commonality of purpose. Ultimately, the organization’s design should permit flexibility and provide a measure of clarity in the decisions which result.

Our Findings/Observations: We were advised that the structure has changed considerably over the past eight years. The number of roles reporting to the CAO has varied; the number of departments reporting has been maintained fairly stable at 7-8 departments. As we understand, some of the changes were made based on the perceived performance of the incumbents whereas other changes were made to accommodate a new approach to management.

At one stage, the City had a Corporate Services department and an Engineering Department, both of which would seem critical to the current demands on the City. In other instances, what we would label as ‘functions’ appear to have been moved around to suit particular needs or personalities of the day. And in yet other structural changes, positions have been eliminated but the demand still appears present (e.g. Bylaw Enforcement).

Most of those involved in designing organizations argue that the primary issue is to define what services are needed by the City and then determine how best to shape a structure to suit those requirements i.e. what are Council’s priorities? What services are paramount? What roles are ‘nice to have’ but not essential?

Based on what we have discerned and been advised, we have created a proposed structure which is sufficiently flexible to accommodate future growth and one which reflects an appropriate breadth so that span of control (i.e. the number of those directly reporting to the CAO does not overwhelm that office). The **reporting structure to City Council** includes:

- City Manager
- Director of Legislative Services (Corporate Officer/City Clerk)
- Detachment Commander, RCMP

The **direct reports to the CAO** include the following:

- General Manager, Corporate Services
- General Manager, Infrastructure Services
- General Manager, Fire and Emergency Services
- General Manager, Community and Development Services.

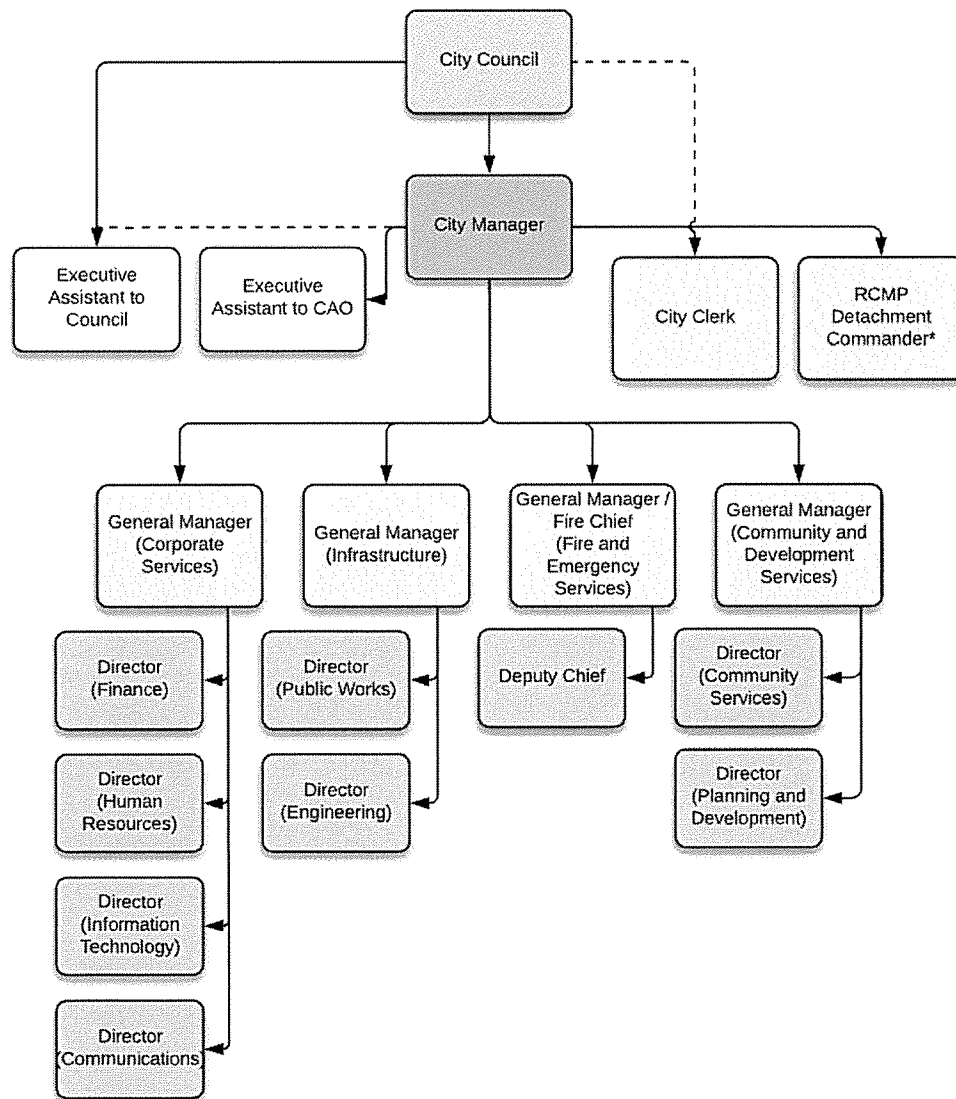
The Director of Legislative Services who serves as the City’s Corporate Officer/City Clerk reports to the CAO for administrative direction (and assessment) and also has an indirect linkage to the Council as its principal legislative officer.

In addition, two staff support functions are also available to the CAO:

- Executive Assistant
- Office Administrator/Assistant to the Mayor and Councillors.

City of Cranbrook 2020
(proposed by review team)

*Not on city payroll



We are cognizant that there are advantages and disadvantages to almost any structural design. What we have tried to do is develop a structure which will serve the City now and into the foreseeable future. The titles are simply that; titles. They are intended to attract candidates but do not carry the connotation of higher salaries!

7.3 Position Definition

Often organizations do not struggle so much in terms of finding capable resources as they do in ensuring that their roles are appropriately defined before releasing them to function effectively within their designated roles. This, of course, presumes that the organization structure is sound, reflecting the principles which ensure that personnel are provided the team environment necessary for success; and that the roles are fully described with accountabilities outlined and performance measurements, where applicable, specified.

Management is charged with ensuring:

- that resources are carefully selected based on certain factors and criteria including a fulsome description of the work needed to be done and why
- that a comprehensive orientation to the organization, its history and its people has been provided
- that the key messages contained in the strategic plan are communicated and generally understood, including how particular work functions fit the overall aims established by the Strategic Plan
- that the essence of the position being recruited to has been fully described and documented
- that the purposes of an assigned division in the organization has been made clear
- that the expected results are identified; timelines discussed; reporting on results stressed; and
- that any feedback on what is working or not is always appreciated and expected.

It is not possible to bring about complete engagement on projects or assignments nor is it possible to actually assess performance in these roles unless they have been defined in the first instance.

Our Findings/Observations: We were advised that key position descriptions are either outdated (e.g. Director of Community Services) or have not been completed in the first

instance (Deputy Director of Public Works). Some individuals are working with a draft position description (e.g. HR Advisor) whereas others have been promoted to a new level, but their position description has yet to catch up (e.g. Manager of Planning). This reflects inadequate attention to some of the basics of human resource management

7.4 Performance Assessment

s. 22

Performance assessment is essential to organizational development, promotion, discipline and compensation. It relies of course on adequate position descriptions and regular, diarized feedback. Healthy systems would find it surprizing if assessments were not initiated from the top down and expected on an annual basis (except where there are performance problems and then the appraisals will occur more frequently).

Assessments are best performed by the employee and their direct supervisor. This begins with Council who ought to be committed to reviewing the performance of the CAO; the CAO the department heads; and so on throughout the organization.

While different formats might be utilized depending on the position, the format should be standardized to the extent possible and then diarized for a review every couple of years.

Our Findings/Observations: We asked for and received the format used to review the annual performance of management employees in Cranbrook. The format forwarded to us (Performance Evaluation Instruction Form) (January 25th, 2018) is also the basis of the City’s compensation planning. The format states that the “*essential elements of Performance Reviews*” include:

1. Director reviews the employee’s job duties for evaluation (using the job description)
2. Director and employee discuss the performance review
3. Timeliness
4. Documentation.

The format appears to rely on generic responsibilities as areas for assessment which might serve as a starting point but ought to be replaced with something directly related to the type of work being performed. This current plan at best is a starting point but certainly better than nothing at all.

7.5 Communication

The topic of ‘communication’ is common to virtually every organization. Employees want to know what is being contemplated that will impact their future and how they might influence the decision-making. Where communication is lacking, employees voice their displeasure and are more likely to believe false narratives.

Effective managers are aware that they have a responsibility to communicate what they can throughout the organization. While they may not do that consistently, most of those who have served over the years are mindful of its importance.

We have earlier described the value and importance of effective communication to any organization. There are basically two kinds of such communication: internal and external. Both are critical to an organization such as the City of Cranbrook. On the one hand, the City needs to ensure that its internal messaging is consistent and clear and that all levels of the organization are in sync with the message from Council and senior management. On the other hand, external communication is also important as the City functions in a public sphere and needs to be clear about what its messages are and how they are being perceived by its various publics.

A City policy on communications is required and ought to address a number of key communications themes with corresponding policy guidelines such as

- community relations
- confidential issues
- electronic
- electronic devices
- email
- general communication
- government relations
- logo and branding use
- media,
- privacy
- public advocacy
- public relations
- publications
- social media
- speaking engagements
- stakeholder relations

During the interview phase of the review, the term ‘communication’ was used by nearly every interviewee, and usually to indicate that internal (and external) communication is not adequate, but that it is improving.

According to many interviewees, the role of external communications within the City is one that requires some extra attention. Apparently, when the City makes the news it

is typically for something that has negative connotations, and about which the City needs to provide clarification.

Getting ahead of the news cycle and building a positive brand is not something that the City has done as an area of focus recently, although that appears to be changing somewhat with what we were advised as the increased collaboration between various departments.

For context, the City's external communications function covers the areas of:

- annual report
- development of printed and promotional materials
- media monitoring and management
- reputation monitoring and management
- social media management
- stakeholder relations
- website maintenance.

Our Findings/Observations: We were advised that the internal communication which has occurred over the past few years has been largely guarded and generally muted.

[REDACTED]

[REDACTED] s. 22

The position of Corporate Communications Officer was created in 2009 as a one-year full-time contract. Two key outcomes the City was looking for were the development of a corporate communications strategy and a water conservation public education program. The Officer position was extended for a year in December 2009 and then in March 2010 became a permanent, full-time position (with a position description).

At the time, the corporate communications strategy was to be reviewed and updated every four years, following the municipal election in order to best meet the needs of the organization and those of Council (that is currently not on schedule). The strategy identifies how the City manages communications externally and internally, and in

crisis/emergency situations along with the avenues and tools to use to share that information.

The current working relationship with the Mayor's office around communications is strong, as is the relationship with the Acting CAO Office. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

s. 22

We note that the City has a solid Communications Strategy (developed in 2015) which provides a comprehensive overview of where Communications staff should be engaged and with what results. This document provides the City with what appears to be an excellent base on which to build. The City needs to develop and keep current:

- communications policy(s)
- social media policy
- communications strategic plan
- several communications strategies
- clear reporting structure
- linkage to the Mayor's office and to that of economic development
- opportunity for the Corporate Communications Officer to be present at and to report to the Senior Management Team table.

7.6 Team Meetings

Meetings (including but not limited to meetings of the senior management team) are generally intended to ensure that all senior managers are on the same page and all have been adequately briefed as to what issues are currently confronting the City. While these can sometimes be used as simply a 'show and tell', they can also be effective in some ways because they do ensure that everyone is briefed on the priorities or decision-making of their colleagues. Their effectiveness varies depending on the motivation and attention of those in the room and whether or not they are purpose driven. The criticism heard relates to the fact that not everyone respects the equality of each other and that each of their time is as precious as their colleagues. Being regularly late to meetings is disrespectful of all others and unless it is exceptional, not easily excused. Such meetings also have to be well-planned or the participants soon figure out that the

meeting is being held because it is Thursday, and not because there is something which needs executive attention.

One of the keys to any meeting is the degree of preparation and readiness of those expected to be in attendance. Where team members come to the meetings having read their briefing material, they ensure that the one doing the preparatory work feels affirmed for having put in the time and effort and assures themselves that they are ready for the discussion. Not to do so is disrespectful and shows a lack of executive-level ability to remain at the table.

Decisions made should also be recorded as ‘approved’. Those presenting should be able to leave the meeting ready to act on any item which had the blessing of those in a position to make such a decision. Uncertainty is one of the major characteristics of an ineffective meeting.

Honesty and understanding of the full picture are also essential. The CAO should not have to check up on the data or inputs to assure himself that the full picture has been heard. Everyone knows that decision-making is never straight-forward. When it is there ought to be a prevailing question “what’s missing?” It is altogether likely that some degree of bias will creep in from time to time, which is why one’s colleagues are there to respectfully ask questions and probe motives.

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Our Findings/Observations:

[REDACTED]

[REDACTED] the Acting CAO brought the Directors (Senior Management Team) (SMT) in on a project specific basis, to address urgent corporate issues (such as addressing Western Financial Place roof and hiring of an HR Manager). In September 2019, the Acting CAO began regular SMT meetings the day after every Council meeting, or roughly every two weeks. The purposes were to review the outcome of the previous evening’s Council meeting, confirm intent of motions and delegation of action items, discuss Council agenda items for the next Council meetings, and to get an update from each Director about the status of issues in their department. The Acting CAO also held one Corporate Management Team meeting to initiate the start of the 2020 Budget Process.

As for individual Directors' meetings with their management teams, it varies from weekly at Public Works, to monthly in the OIC department. The purpose is to inform management of corporate issues and other issues that may be on the radar, and to share information between managers regarding projects that are going on in their respective areas. At both the Directors (SMT) and Managers (Section Head) meetings, speakers (internal or external) may be brought in to share knowledge in a specific area.

7.7 Staff Morale

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We found through discussions and observations that the morale of City administration has been damaged considerably and that it will take some time to recover. [REDACTED]

The fact that the organization has undergone considerable changes in its make-up and structure has also left management feeling set upon and uncertain about the future. This uncertainty hung over the administration in a palpable way and is only now beginning to ease.

It would be useful to conduct an employee engagement survey to measure the current situation relative to how the organization feels with respect to morale and engagement. Such a technique (perhaps on a bi-annual basis) should be very helpful in assisting Department Heads determine where to place additional emphasis in their efforts to engage with employees at all levels and in all sectors. It could measure trust, confidence, senior level communication, training opportunities, workplace safety issues, opportunities for innovation, etc.

Our Findings/Observations: We have reviewed countless municipalities over the past 40 years. [REDACTED]



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7.8 Turnover of Employees

Employee turnover can be a factor of many things: cost of living, lack of promotional prospects, poor morale, termination, compensation, limited benefits, lack of recreational opportunities for younger families, cost of housing, etc. Unfortunately, there is always a cost associated with turnover. In addition to the sheer magnitude of budgetary impacts, there are obviously other costs to the City. As we have noted previously, these include:

- **Loss of corporate memory:** every management position takes on the history of the organization and particularly within that department. Whenever there is a departure, particularly unplanned, the loss of corporate memory is immediate and long-lasting. While some of the memory loss can be recaptured through a review of files, it is also certain that whenever staff leave any organization, a degree of the organization’s life and memory leave with them.
- **Loss of image:** like every City or larger municipality in BC and beyond, there is a competition for good candidates particularly at senior levels of the organization. While good candidates often look forward to a challenge, they want to know that the challenge is doable, that with persistent effort good things can occur. Creating a negative image due to rapid and extensive turnover does little to add attractiveness to the City’s recruitment efforts. While one can argue that a good candidate will see the turnover and uncertainty as a challenge, some candidates will be more focused on the possible negative impacts on their families who may have to be uprooted to start life over somewhere else.
- **Loss of morale:** the major loss to the City is internal; that is, there has got to be significant damage to the morale of the remaining employees as they look on in confusion regarding the turnstile of turnovers and question “*what is going on? These are the leaders of the organization who are making these decisions and if they can do that at that level, how secure am I at my level?*”

While organizational morale is a factor of a number of key elements, frequent turnover particularly in supervisory positions sends a loud message to the rest of the organization.

- **Loss of talent:** unless the City has had a practice and pattern of finding lower calibre people in their employment searches, it is most likely that dismissals and resignations cost the City a significant degree of talent. Some of those positions are very significant to good governance and effective management or they would not be at the senior level. While new talent can generally be found, there is no guarantee that those arriving will be as talented as those leaving.
- **Loss of organizational culture:** besides the loss of morale and memory, continually bringing in new people has an impact on the culture of the organization. Each new person brings with her/him the cultural expectations of where they were most recently employed and while that might have been a positive experience, it will not be the same as the organization to which they now enter. This can either be positive or not but there will be some impact. Organizational culture refers to how this particular system works, how it conducts its business, how it treats people in difficult times, how it celebrates success.

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Our Findings/Observations:

[REDACTED]

7.9 Succession Planning

Succession planning is a significant responsibility of any organization. It is incumbent on leaders to ensure that all positions have an orderly plan which ensures that if someone departs or is released that there is one or more appropriately trained people available in the wings who stand a good chance of being the successful candidate in a recruitment effort. This is particularly important at the senior levels and is a part of

the obligation of every senior manager. While HR is expected to oversee this important function, the CAO and Department Heads are expected to model such behaviour.

Council has a role in this as well. Succession planning for a CAO is one of a Council's most significant responsibilities. A succession plan should be built now and not when an incumbent announces that he or she is leaving, and not when a decision has been made by Council to release the individual holding such a prominent position.

While this might appear at first blush to be a topic which would concern a CAO, quite the opposite is true. A CAO who is possessed with a reasonable degree of self-confidence will know that their position is sound and that what the Council needs to do is plan so that there is continuity in the event of the departure of key staff, including themselves. Such a policy needs to consider who is available internally as an interim successor, preferably someone who does not want to apply for the permanent position. To place someone in the acting or interim role who is interested in the permanent job is to send loud signals to anyone else in the management ranks that Council has already made up its mind about the logical successor. Having an internal or external interim is a sound choice providing that it does not limit Council's flexibility down the road.

The City needs to see this as an important consideration and as an attribute of both good governance and good management. This should become a topic of consideration and viewed as a priority to be developed. HR should be tasked with identifying key positions where a succession plan is warranted, develop a succession plan for senior management members and other key positions, and review that plan annually.

Succession planning for the position of CAO is the responsibility of Council. For the Department Heads, the responsibility is the CAO. For those reporting to Department Heads (i.e. senior managers), the Department Heads are responsible for those in their area of mandate.

Our Findings/Observations: For an organization that has undergone as much turnover and change as Cranbrook, the issue of succession planning looms large. It does so as a result of the need to restructure and find the best people to fill the roles that the City requires. While these changes are occurring (as they must), the City needs to re-boot its HR functions and ensure that it is moving forward under a better policy regime which

assures its residents that any changes will be handled in stride and replacements can be named very quickly at least on an interim basis.

Currently, the City of Cranbrook does not have a policy pertaining to succession planning. The Fire Department has their own process for succession planning Which is as follows:

The Fire Department addresses succession planning through regular conversations with staff and the terms in our Collective Agreement. The CA addresses promotional policy specific to in scope positions. Staff is well aware of the educational and operational requirements for succession planning both in and out of scope and are reminded by the administrative team on a regular basis at staff meetings and regular conversation.

Cranbrook is a quality place to live. As long as it moves its municipal organization into a new mode of first-rate management, it should be able to find and hold onto good people.

We have attached a template policy for succession planning as an appendix to this report. The City should adapt this to its own circumstances.

7.10 Economic Development and Tourism

Given that we were not asked to review the services provided by the City, we did not interview all service functions to see what gaps might exist. It is apparent that the City has a keen desire to maximize its natural beauty and location advantages as a means of marketing itself as a tourism hub and as a place to do business. s. 22

We were advised that the City formerly had an Economic Development Officer. [REDACTED]

[REDACTED] The City then recruited for a Business Development Coordinator position, and in the spring of 2018 was successful in bringing the current incumbent on board. The goal of this position vs the last one was to concentrate more on bringing actual businesses and developments to the City, as opposed to concentrating on business analysis. Hence it is intended to be much more of a hands-on role, delving heavily into the marketing component of what makes Cranbrook a desirable place to invest. The Coordinator has reached out to many potential businesses, as well as economic development staff from nearby

municipalities, and the City is already starting to see results in terms of some initiatives coming to life, and numerous other ones in the hopper.

With respect to Tourism, the City works closely with Cranbrook Tourism, both in prior funding support and currently in sponsoring the MRDT (Municipal Regional District Tax i.e. Hotel Tax) funding allocation to them. The Communications Officer has also been working in promoting the City through media exposure, advertisements, and various articles. Together city staff and Cranbrook Tourism periodically provide updates on the activities of Cranbrook Tourism to Council.

8 Key Issues Facing Council

8.1 Council as a Body

This Council needs to understand and fully grasp that its ability to accomplish its best for the citizens of Cranbrook will rely on its willingness to function as a single body and not as seven individuals. The beauty of a leadership body is its understanding that each person has their own gifts, abilities and interests that will be given a lot of opportunity to shine. However, each will also quickly learn that the only way to maximize that wellspring of capabilities is within the team of Councillors and not be being “lone rangers”.

This Council has to-date struggled with this concept in large measure because it has been too willing to go along with whatever others have defined as its role rather than looking to themselves as having the power and authority to make this system work. Council’s power lies within Council. It is not there to simply baptize whatever the administration is doing or whatever it says. There is real power in asking questions and doing so respectfully.

Each member brings a different background to the table and each has been chosen by their fellow residents to speak for them. This is a powerful reality. It should not be frittered away on fights within Council or by accepting roles and responses which Councillors realize are not right. This Council will only be as effective as it allows itself to be. And that will only come about by seeking real answers to complex questions, by being respectful of each other, by hearing what the citizens say and listening carefully to any criticisms, and by accepting that it will only be as a team of seven that much will get done.

8.2 Mayor as Leader

Within this mix of individuals, the position of Mayor (chief elected official) is a very important element to the success (or failure) of the City. The Mayor by virtue of the respect attached to the role is expected to be a key player in any political decisions being made provided that he does so within the confines of his role as a member of Council and in accordance to the BC Community Charter.

116 (1)The mayor is the head and chief executive officer of the municipality.

(2) In addition to the mayor's responsibilities as a member of council, the mayor has the following responsibilities:

(a) to provide leadership to the council, including by recommending bylaws, resolutions and other measures that, in the mayor's opinion, may assist the peace, order and good government of the municipality;

(b) to communicate information to the council;

(c) to preside at council meetings when in attendance;

(d) to provide, on behalf of the council, general direction to municipal officers respecting implementation of municipal policies, programs and other directions of the council;

(e) to establish standing committees in accordance with section 141;

(f) to suspend municipal officers and employees in accordance with section 151;

(g) to reflect the will of council and to carry out other duties on behalf of the council;

(h) to carry out other duties assigned under this or any other Act.

115 Every council member has the following responsibilities:

(a) to consider the well-being and interests of the municipality and its community;

(b) to contribute to the development and evaluation of the policies and programs of the municipality respecting its services and other activities;

(c) to participate in council meetings, committee meetings and meetings of other bodies to which the member is appointed;

(d) to carry out other duties assigned by the council;

(e) to carry out other duties assigned under this or any other Act

The public may not fully appreciate the roles and responsibilities of the position, but they do see the role as the leader of Council. Mainstream media contact the Mayor for the latest scoop on a story emerging out of City Hall. Businesses which are seeking a foothold in the community or the expansion of their business are far more likely to seek out the Mayor than any other member of Council.

The potential of this office can be maximized for good if both the Mayor and his colleagues on Council are working off of the same page and seeking what is best for the City. This requires respect as well as trust. It relies on open communication and the belief that commitments to privacy and confidentiality will be respected.

The Mayor can be a very effective leader if he (in this instance) understands (and accepts) the rules imposed by the Community Charter and seeks the guidance of his senior management on issues affecting their jurisdiction. By virtue of his office, the Mayor is in touch with a broad cross-section of the City (and beyond) and is often first to hear of potential new developments or current business expansions. For the sake of transparency and full disclosure, the Mayor should consistently have one of his colleagues on Council with him in any meetings with prospective businesses as well as the Business Development Officer and/or the CAO.

Critical to how well this role plays out is the focus placed on regular communication with the Mayor's colleagues on Council. There is no place in the Community Charter or other related literature to the role of the Mayor where there is any expectation that the Mayor will decide, and Councillors will simply approve. This is to be a team effort.

[REDACTED]

s. 22

8.3 Search for Best Practices

As a leadership body, City Council is expected to be continuously aware of how it impacts the City's state of well-being and what it could do to move the needle forward in terms of finding new strategies for improving the lot of its citizens. Much of the focus should be on "what is our role?" and far less on how do we 'help' our administration. If the City hires the right people, then its Council should be able to focus on its own role rather than duplicating or contradicting the work of its administration.

Council's focus is forward and inward. Its forward focus ought to be on the clarity of its priorities and what is expected as outcomes. The inward focus should be on "how do we govern effectively?" with an examination of all governance processes so that only those which add value remain.

9 Key Issues Facing Administration

9.1 Ethical Leadership

There are both right and wrong (or inappropriate) ways to do municipal business. There are clear guidelines in the Community Charter which speak to roles, duties, timelines, extent of authority. There is in effect little room to claim “I did not know” in response to any challenge. This needs to be made clear.

In addition, progressive municipalities do not need to be legislated into developing a code of conduct; they see the need played out in front of them at various times. While a Code, clearly written, will not stop all abuses of authority (only personal judgment will do that), it can set the parameters for expected acceptable behaviour.

An unethical CAO or one who simply does not know the limitations on authority can do a lot of damage to the organization. Someone who ignores the good advice provided by the head of Finance relative to spending authority or the need for a public bid process on available municipal land or the award of an engineering project, is walking on very thin ice and may well take the organization down as well.

An ethical CAO understands that their contract is with the full Council and not solely the Mayor. An ethical CAO understands that any performance review will need to ensure the input and feedback of all members of Council. His/her contract does not recognize a single person as their ‘boss’ but, rather, that the Council of seven is in charge.

An ethical CAO understands that they do not have the power to enter into any contract not provided for in their employee agreement or in the Community Charter. An ethical CAO provides all members of Council with regular updates on the City’s business, including any changes being made to the deployment of personnel or the hiring of senior managers. Full exposure produces no surprises and sufficient light on all managerial practices.

9.2 Support of Council

There are two principal ways in which an administration can support its elected City Council: the first relates to the quality of advice and information provided to Council; the second is in implementing the decisions which have been made by Council which are legitimate, legal decisions regardless of whether they are administratively sound.

It is a requirement that the CAO and management consistently provide the Council with formal, usually written reports on any topic and recommendations for matters appearing before Council. Such reports are expected to be comprehensive yet concise; accurately written yet in layman's language; focused on an implementation yet offering several alternatives and tied to how it will assist Council achieve the goals in their strategic plan.

What every management needs to appreciate is that a Council is chosen by the public for far different reasons than why an administration is hired by managerial leaders. The first reflects political bias in how they approach decisions (i.e. will this decision be supported by a majority of citizens); the administration's reports reflect an expertise bias (i.e. does my recommended approach make sense based on my education and training)?

9.3 Room for Improvement

Based on our limited overview of how the City is performing today, there is obviously room for improvement. Basic management skills need to be understood, exhibited and practiced. Managers need to reflect how they perform as quality professionals under continual pressure as that will encourage their staff to emulate their behaviour.

Each manager should seek to illustrate first rate managerial practices for their direct reports. This should include the development of:

- Regularly updated organization charts
- Position descriptions based on a clear template for all employees
- Performance assessment system for all employees
- Team management meetings at all levels of the organization
- Inter-departmental teams working on key local challenges
- A human resources manual detailing all required practices
- A Code of Conduct for employees
- A focused approach to briefing Council utilizing a "Request for Decision" template
- A consistent approach to compensation planning.

Best practices are typically found by looking outward, seeking what may have worked elsewhere, and adapting it to local circumstances and needs. Other municipalities will likely have faced similar challenges. Focusing internally for best practice rarely works and is illustrative of a management and Council that needs to be more creative.

9.4 An Effective, Forward-Looking Structure

Developing the best management structure should not be viewed as a one-time thing or as the purview of Council. While we recommend that Council approve the senior management structure (i.e. the number and titles of those reporting to the CAO), the work on developing the rest of the structure rightfully belongs to the management group who best understand what roles are needed and to whom those roles ought to report. Council should be expected to approve an Organization Structure Policy which speaks to those in a direct report relationship to the CAO. The development of that structure should be the responsibility of the CAO who, together with other members of the management team should best understand what/who is required in senior positions. Led by the Human Resources function and department, the organization design should be kept in front of the management team so that it is regularly reviewed and as necessary refreshed. In each design, the structure follows the functions the system needs to fill.

9.5 Quality People

It has been our observation (and has been stated often in related literature) over the years that 90% of personnel issues are attributed to 10% of the people. The reason for such disparity lies in how vetting of candidates is done and who was hired initially. Where very little time is spent on the identification of roles and the recruitment of people, it should come as little surprise that the wrong people were hired. Having done so, managers spend a disproportionate amount of time trying to get their new hires to “make it work” when indeed much effort can be expended with very little results because the wrong approach was used in the first place. Great care is needed in defining the roles of any position (particularly a new one) and similarly a significant amount of caution is required in finding the right people to fill those roles.

This process must be delegated to those who are going to be responsible for making the system work (often the supervisor in charge and a senior member of the HR



department). The key in this process is ownership: who will eventually 'own' the decision to be made? That is who should be involved right from the outset.

There are quality people out there; the City simply needs to recognize that its focus needs to be on recruiting techniques that strive to find the best. This necessitates a first-rate person in the chair as HR Director, someone who has relevant experience elsewhere, preferably in a local government setting.

10 Financial Analysis

The following analysis of the finances gives us a sense of where the City is now. The five-year plan provides us with a cursory glance of what the future will be.

Over the five years ending 2018, revenues have increased by an average annual rate of 3.1% (\$1.4 million). However, after considering population growth and inflation, revenues are stable at \$2,198 per capita in 2018. Similarly, expenses have increased by an average annual rate of 3.2% (\$1.3 million). However, after considering population growth and inflation, expenses are stable at \$1,875 per capita in 2018. Over the same period the Debt to Accumulated Surplus (Debt-to-Equity) ratio has remained stable at 23% ± 2% (24.7% in 2018).

The Five-Year Financial Plan covers the period 2019 to 2023. Total Revenues are projected to increase by \$7 million from \$64 million in 2019 to \$71 million in 2023. (this excludes borrowing, internal transfers and government transfers). Total expenses are projected to remain stable from 2019 to 2023 at approximately \$70 million. Capital projects are projected to total \$95 million from 2019 to 2023.

Cranbrook was compared to seven other municipalities for the years 2013 to 2018. The comparison considered population, land area, and inflation by calculating per capita revenues and expenses in constant dollars (2013=100). The summary of our comparative analysis is as follows:

- Based on population Cranbrook is most like the District of Squamish and the City of Fort St. John
- Based on land area Cranbrook is most like the City of Fort St. John and the City of Courtenay
- Based on total revenues Cranbrook appears to be most like the City of Courtenay and the City of Campbell River. However, if we eliminate provincial transfers and developer contributions, Cranbrook is most like Squamish and Fort St. John
- Based on total expenses, Cranbrook appears to be most like Squamish and the City of Courtenay. However, if we eliminate development services from expenses for all 6 years, the per capita expense for Squamish and Cranbrook are very similar; \$1,813 and \$1,885, respectively

- Just as every person is unique, so is every municipality. Having said that, it is also understood that some people/municipalities are more alike than others. In this vein, we would conclude that Cranbrook is more akin to Squamish and, to a lesser extent, Courtenay. While Fort St. John might otherwise be considered similar (based on population, land area and tax base) other realities affecting revenues and expenses make it unique
- Cranbrook's general trend and level of per capita revenues and expenses compare favorably to Squamish and Courtenay.

Based on our analysis, we believe the City of Cranbrook to be stable. What appears in the section below is the data which was used to produce the financial overview above.

10.1 Financial Analysis

Over the five years ending 2018

- Financial Assets increased by \$21.3 million, or 9.1% per year.
 - 2018 Cash and deposits of \$54.8 million account for 91% of total Financial Assets.
- Liabilities increased by \$2.7 million, or 1.0% per year.
 - 2018 Debt of \$37.7 million account for 71% of total Liabilities.
- Accumulated Surplus increased by \$34.4 million, or 3.6% per year.
 - 2018 Tangible capital assets of \$206.6 million accounts for 77% of total Assets.
- Revenues increased by \$7.1 million, or 3.1% per year.
 - 2018 Taxation and payments in lieu of \$29.3 million account for 58% of total Revenue
- Expenses increased by \$6.3 million, or 3.2% per year.
 - 2018 Protective and community services (\$12.9 million) and 2018 Infrastructure, Planning and Public works (\$9.3 million), on a combined basis, account for 51% of total Expenses.

10.2 Per Capita Analysis using Constant Dollars

After adjusting for inflation (CPI) and calculating the per capita revenue and expenses;

- Revenues remained stable, decreasing by an average annual rate of 0.03% per year.

- Taxation and payments in lieu increased by 0.28% per year.
- Expenses remained stable, increasing by an average annual rate of 0.09% per year.
 - Protective and Community Services increased by 1.0% per year.
 - Infrastructure, Planning and Public works increased by 1.6% per year.
 - Water, Sewer and Waste expenses decreased by 2.3% per year.

10.3 Comparative per Capita Constant Dollar Analysis

Cranbrook was compared to seven municipalities.

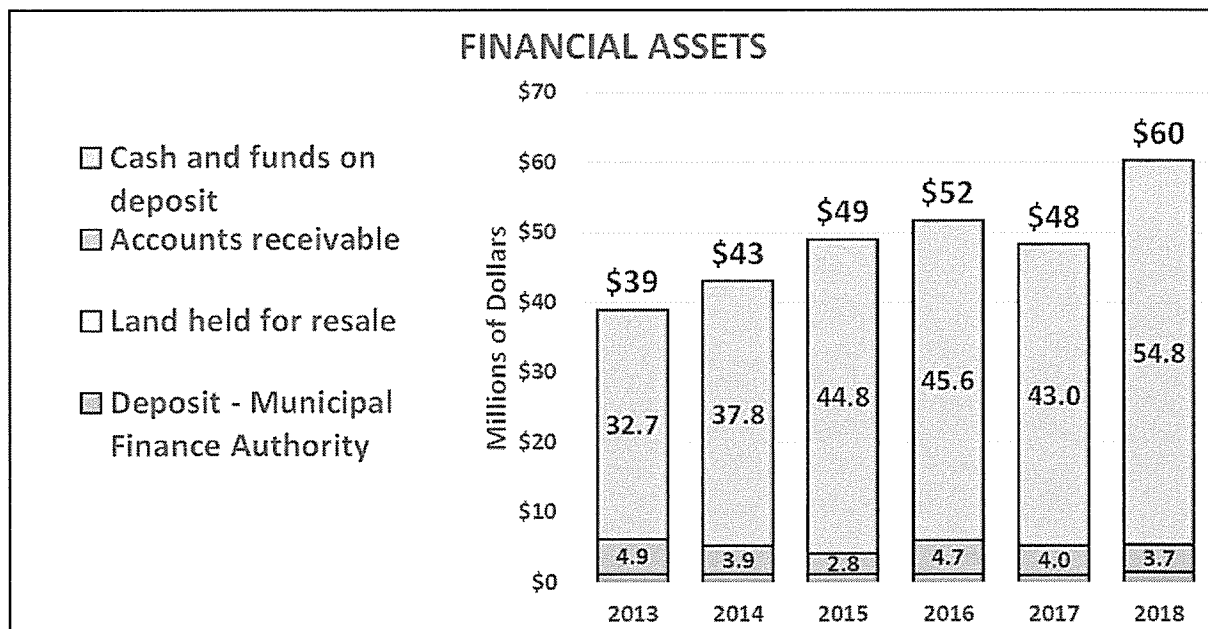
- Population and Land Area
 - Based on population Cranbrook is most similar to the District of Squamish and the City of Fort St. John.
 - Based on land area Cranbrook is most similar to the City of Fort St. John and the City of Courtenay.
- Revenue and Expenses; after adjusting for inflation (CPI) and calculating the per capita revenue and expenses
 - Based on total per capita revenues Cranbrook appears to be most similar to the City of Courtenay and the City of Campbell River. However, if we eliminate Provincial transfers and Developer Contributions, Cranbrook is more similar to Squamish and Fort St. John.
 - Based on total per capita expenses Cranbrook appears to be most similar to Squamish and the City of Courtenay. However, if we eliminate Development Services from expenses for all 6 years, the per capita expense for Squamish and Cranbrook are very similar; \$1,813 and \$1,885, respectively.

10.4 Summary Analysis of Audited Financial Statements

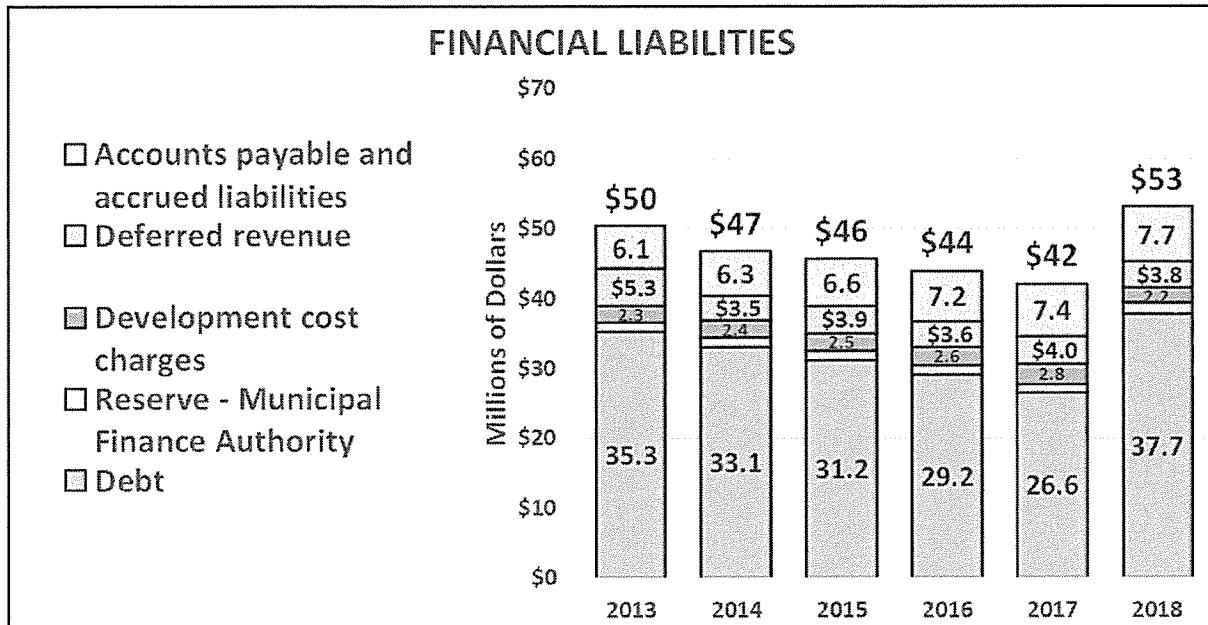
10.4.1 Consolidated Statement of Financial Position to December 31st

	2013	2014	2015	2016	2017	2018
Financial Assets						
Cash and funds on deposit	32,660,560	37,769,563	44,779,611	45,575,270	42,973,229	54,805,168
Accounts receivable	4,888,081	3,897,799	2,805,670	4,695,266	3,966,582	3,736,314
Land held for resale	25,314	0	40,938	42,836	6,369	6,369
Deposit - Municipal Finance Authority	1,289,626	1,299,202	1,308,195	1,298,078	1,239,114	1,591,585
	38,863,581	42,966,564	48,934,414	51,611,450	48,185,294	60,139,436
Liabilities						
Accounts payable and accrued liabilities	6,099,181	6,285,548	6,626,153	7,194,184	7,383,566	7,740,792
Deferred revenue	5,295,493	3,537,003	3,916,109	3,636,038	3,991,752	3,810,154
Development cost charges	2,330,034	2,446,932	2,485,245	2,590,547	2,773,506	2,169,363
Reserve - Municipal Finance Authority	1,289,626	1,299,202	1,308,195	1,298,078	1,239,114	1,591,585
Debt	35,291,630	33,117,895	31,234,566	29,196,447	26,623,370	37,681,185
Capital lease obligation	14,518	6,622	0	0	0	0
	50,320,482	46,693,202	45,570,268	43,915,294	42,011,308	52,993,079
Net Financial Assets/(Debt)	-11,456,901	-3,726,638	3,364,146	7,696,156	6,173,986	7,146,357
Non-Financial Assets						
Tangible capital assets	190,708,775	188,964,850	187,956,509	192,530,591	200,157,031	206,629,182
Inventories of supplies and prepaid expenses	500,500	483,000	419,492	401,153	379,713	362,800
	191,209,275	189,447,850	188,376,001	192,931,744	200,536,744	206,991,982
Accumulated Surplus	179,752,374	185,721,212	191,740,147	200,627,900	206,710,730	214,138,339

10.4.2 Assets and Liabilities to December 31st

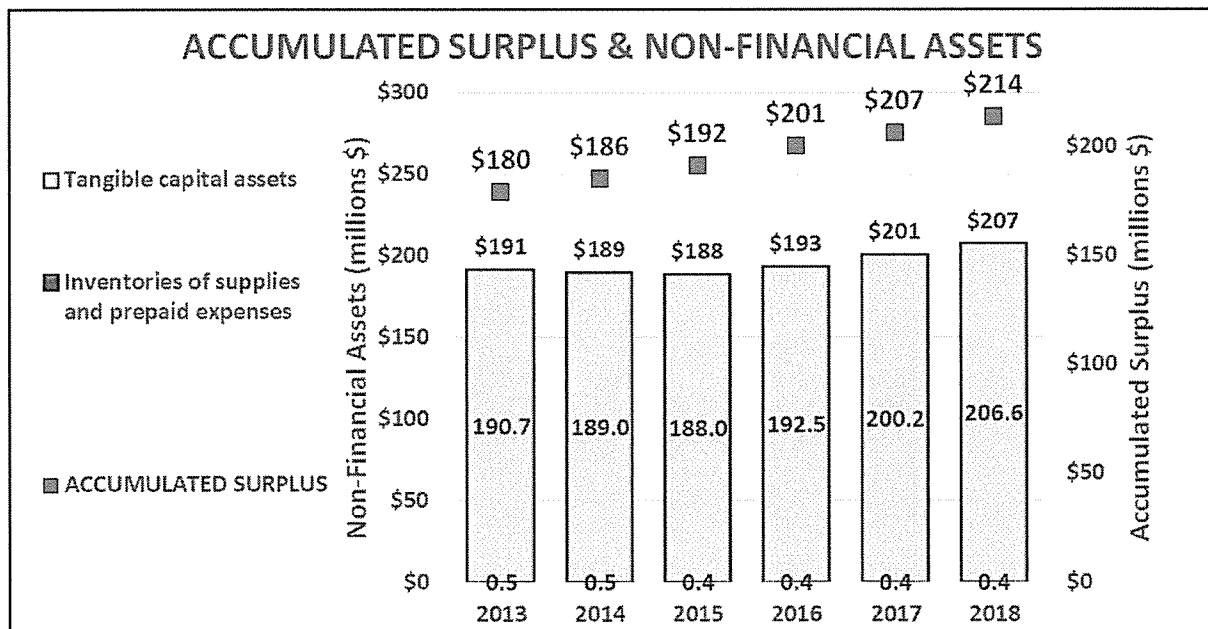


- Over the 5 years ending 2018, Financial Assets have increased by \$21 million, which equates to an average annual amount of \$4.3 million or 9.1% per year.
- 2018 Cash and deposits accounted for 91% of total Financial Assets.



- Over the 5 years ending 2018, Liabilities have increased by \$2.7 million, which equates to an average annual amount of \$0.5 million or 1.0% per year.
- 2018 Debt accounted for 71% of total Liabilities.

10.4.3 Accumulated Surplus to December 31st

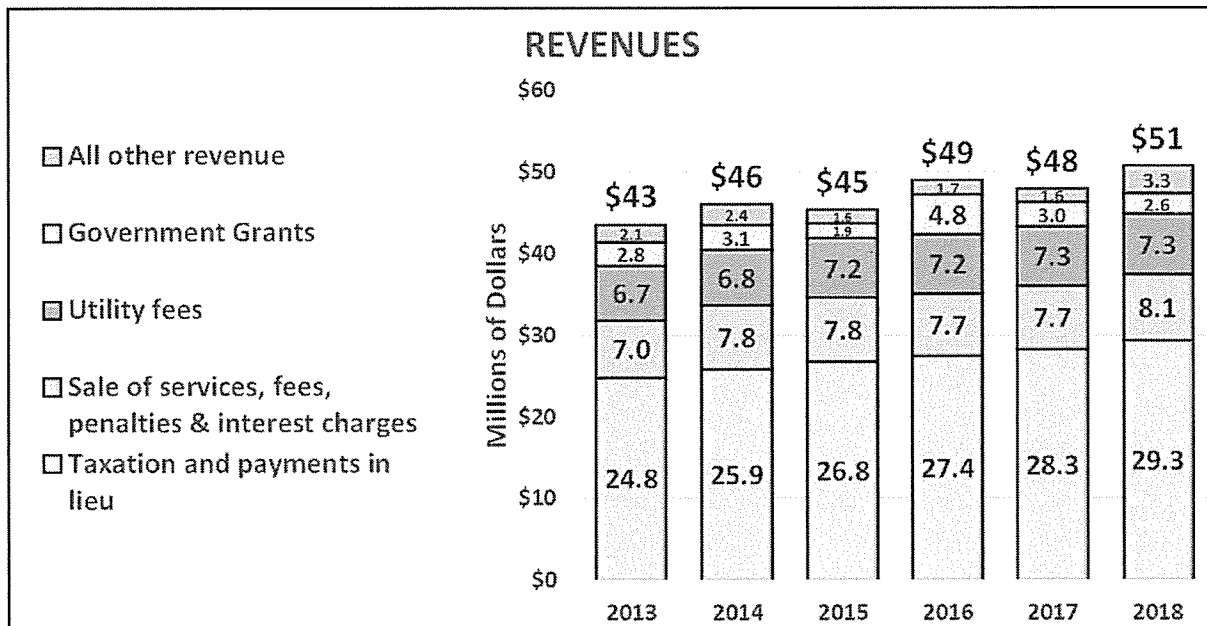


- Over the 5 years ending 2018, Accumulated Surplus has increased by \$34 million, which equates to an average annual amount of \$6.9 million or 3.6% per year.
- 2018 Tangible capital assets of \$206.6 million account for 99.8% of Non-Financial Assets and 77.4% of Total Assets.

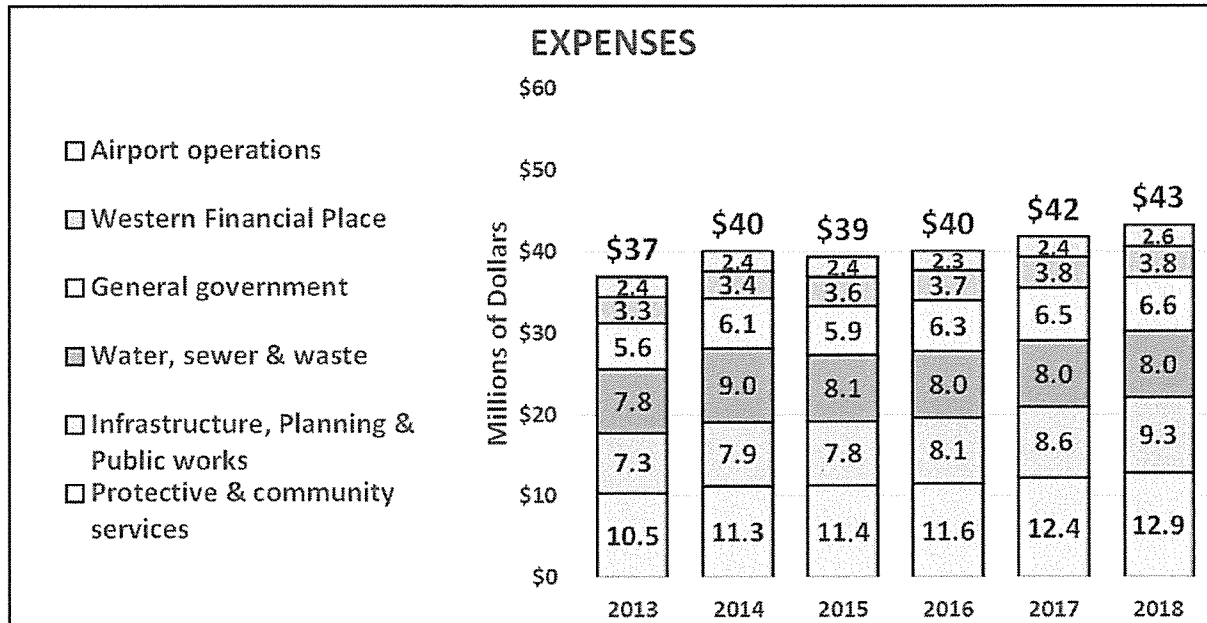
10.4.4 Consolidated Statement of Operations to December 31st

	2013	2014	2015	2016	2017	2018
Revenues						
Taxation for municipal purposes	24,514,877	25,566,017	26,472,469	27,062,756	27,919,167	28,992,543
Grants in lieu of taxes	328,224	303,378	314,810	342,522	361,481	336,193
Utility fees	6,703,978	6,814,052	7,235,751	7,233,354	7,271,020	7,284,213
Federal government grants	2,003,558	2,290,788	909,854	2,869,728	1,352,970	1,292,560
Provincial government grants	462,087	439,246	626,694	1,610,497	800,199	899,518
Regional and other local government grants	370,865	353,162	327,763	356,935	819,662	417,120
Sale of services and fees	6,653,915	7,421,265	7,437,238	7,319,082	7,394,935	7,714,682
Service, penalties, and interest charges	369,756	338,042	374,211	367,886	350,744	362,456
Contributions from developers and others	1,204,000	30,698	631,516	351,754	30,215	1,752,786
Contributed assets	74,391	9,736		33,307	16,050	0
Development cost charges	826	-649				
Interest earned on investments	365,439	468,631	413,383	427,728	516,653	901,098
Other revenue	411,777	1,932,014	582,144	921,563	1,004,927	620,207
Donations	26,248					
	43,489,941	45,966,380	45,325,833	48,897,112	47,838,023	50,573,376
Expenses						
General government services	5,574,506	6,102,793	5,901,414	6,255,598	6,496,224	6,588,489
Protective services	7,936,901	8,552,656	8,705,691	8,928,653	9,554,054	9,693,398
Infrastructure planning and development	2,741,071	2,837,540	2,722,042	3,092,658	2,382,749	2,730,705
Public work services	4,590,866	5,026,178	5,079,610	5,030,705	6,259,082	6,521,204
Western Financial Place	3,321,693	3,353,366	3,608,312	3,678,956	3,799,087	3,765,473
Community services	2,591,132	2,728,598	2,740,855	2,714,765	2,822,791	3,192,919
Water services	2,902,650	3,610,077	3,217,252	2,989,997	2,867,115	3,030,938
Sewer services	2,906,991	3,425,276	2,931,184	3,091,725	3,228,176	3,078,847
Solid waste services	1,967,129	1,972,074	1,979,836	1,952,886	1,922,861	1,936,900
Airport operations	2,354,262	2,388,984	2,420,702	2,273,416	2,423,054	2,606,894
	36,887,201	39,997,542	39,306,898	40,009,359	41,755,193	43,145,767
Annual Surplus	6,602,740	5,968,838	6,018,935	8,887,753	6,082,830	7,427,609
Accumulated Surplus, beginning of year	173,149,634	179,752,374	185,721,212	191,740,147	200,627,900	206,710,730
Accumulated Surplus, end of year	179,752,374	185,721,212	191,740,147	200,627,900	206,710,730	214,138,339

10.4.5 Statement of Operations - December 31st



- Over the 5 years ending 2018, Revenues have increased by \$7.1 million, which equates to an average annual amount of \$1.4 million or 3.1% per year.
- Taxation and payments in lieu account for \$4.5 million (63%) of the increase in Revenue; averaging \$0.9 million or 3.4% per year.



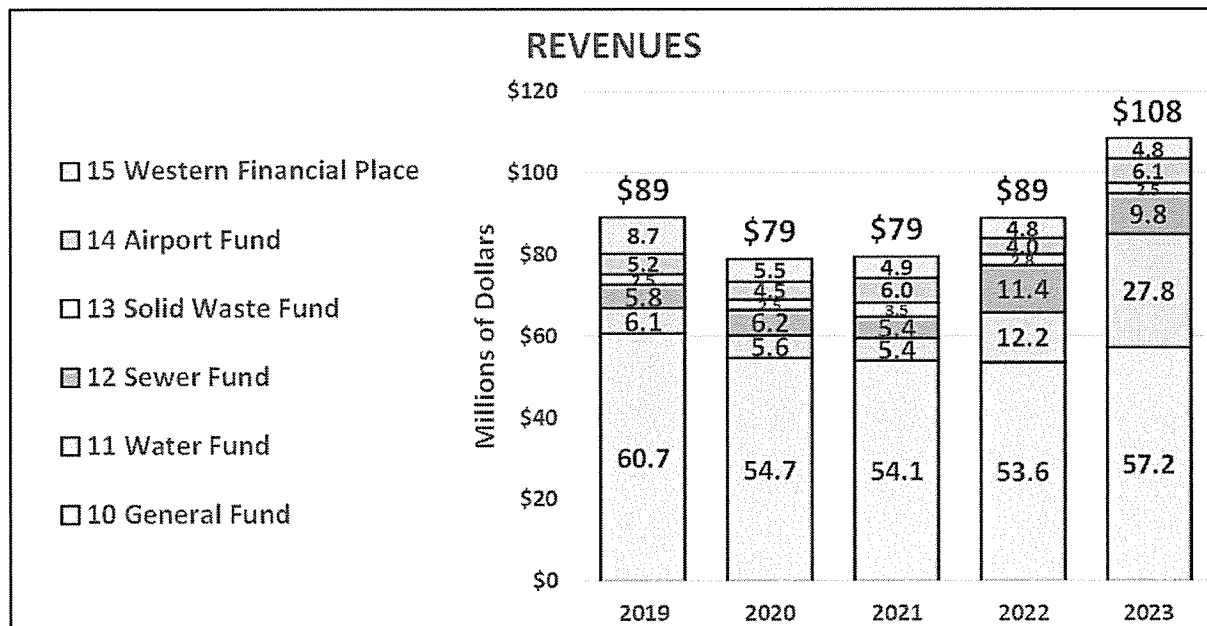
- Over the 5 years ending 2018, Expenses have increased by \$6.3 million, which equates to an average annual amount of \$1.3 million or 3.2% per year.
- Protective and community services and Infrastructure, Planning and Public works account for \$4.3 million (68%) of the increase in Expenses; averaging \$0.9 million or 4.4% per year.

10.5 Summary Analysis of Consolidated Five-Year Plan

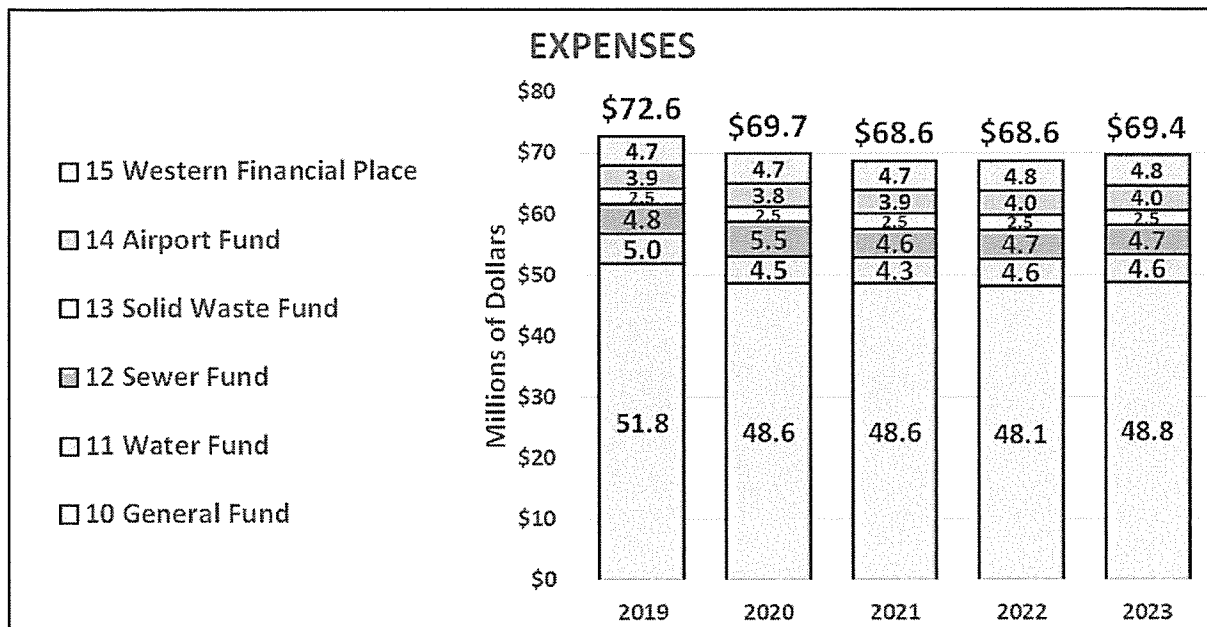
10.5.1 Consolidated Five-Year Plan to December 31st

	2019	2020	2021	2022	2023
Revenues					
10 GENERAL FUND	60,709,543	54,653,576	54,078,800	53,578,931	57,208,467
11 WATER FUND	6,140,592	5,559,231	5,393,368	12,232,289	27,776,412
12 SEWER FUND	5,810,952	6,249,996	5,354,324	11,368,010	9,763,528
13 SOLID WASTE FUND	2,501,631	2,508,807	3,516,005	2,803,224	2,530,465
14 AIRPORT FUND	5,206,607	4,459,294	6,004,040	3,973,100	6,082,504
15 WESTERN FINANCIAL PLACE	8,661,881	5,478,563	4,904,270	4,765,804	4,798,958
	89,031,206	78,909,467	79,250,807	88,721,358	108,160,334
Expenses					
10 GENERAL FUND	51,811,406	48,587,991	48,605,317	48,096,619	48,800,796
11 WATER FUND	4,969,947	4,533,231	4,333,034	4,552,289	4,576,412
12 SEWER FUND	4,763,696	5,539,996	4,598,991	4,708,010	4,703,528
13 SOLID WASTE FUND	2,501,631	2,508,807	2,516,005	2,523,224	2,530,465
14 AIRPORT FUND	3,877,898	3,844,295	3,884,040	3,953,100	4,032,504
15 WESTERN FINANCIAL PLACE	4,661,552	4,728,563	4,686,270	4,765,804	4,798,958
	72,586,130	69,742,883	68,623,657	68,599,046	69,442,663
Capital Projects					
10 GENERAL FUND	8,898,137	6,065,584	5,473,483	5,482,312	8,407,671
11 WATER FUND	1,170,645	1,026,000	1,060,334	7,680,000	23,200,000
12 SEWER FUND	1,047,256	710,000	755,333	6,660,000	5,060,000
13 SOLID WASTE FUND	0	0	1,000,000	280,000	0
14 AIRPORT FUND	1,328,709	615,000	2,120,000	20,000	2,050,000
15 WESTERN FINANCIAL PLACE	4,000,329	750,000	218,000	0	0
	16,445,076	9,166,584	10,627,150	20,122,312	38,717,671
TOTAL CORPORATION OF THE CITY OF CRANBROOK	0	0	0	0	0

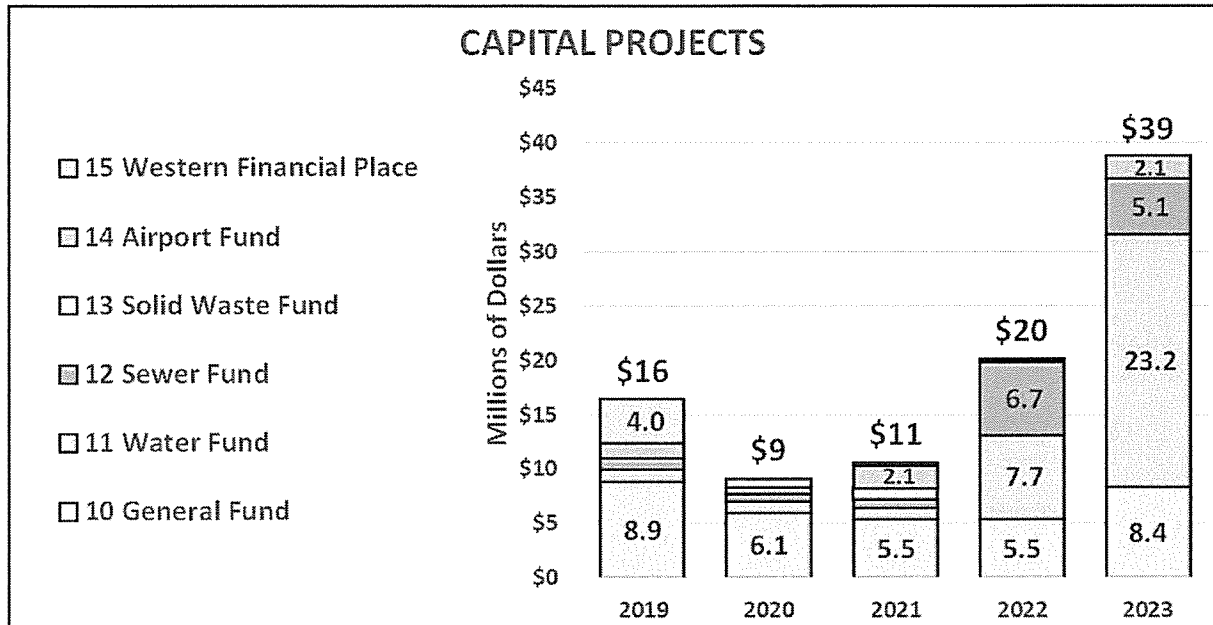
10.5.2 Five Year Plan - Schedule A



- Excluding borrowing, internal transfers and government transfers, total Revenues are projected to increase by \$7 million from \$64 million in 2019 to \$71 million in 2023.
 - \$4.7 million due to taxes, which is an average of \$1.2 million (4%) per year.
 - \$1.8 million due to Other Revenue in the General Fund.
 - \$0.5 million due to various other accounts.



- Total Expenses are projected to remain fairly stable from 2019 to 2023 at approximately \$70 million.
 - The General Fund is projected to decrease by \$3 million (from \$51.8 to \$48.8 million); this is due to a reduction in Other Transfers from \$6.9 million in 2019 to \$3.9 million in 2023.



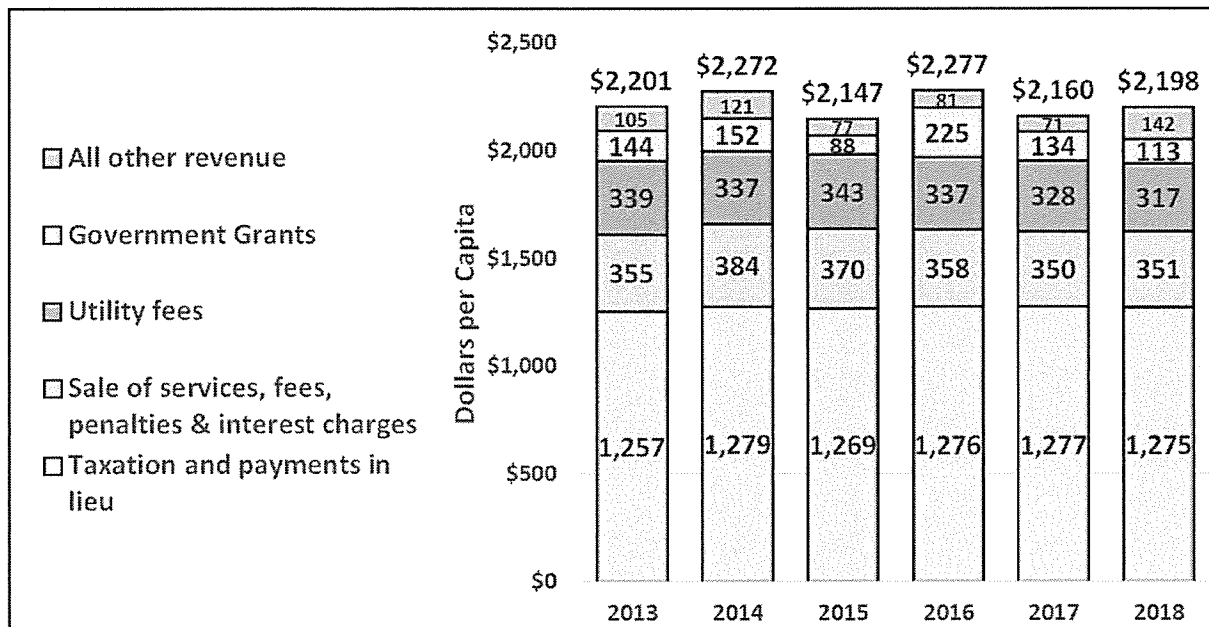
- Capital Projects are projected to total \$95 million from 2019 to 2023
 - \$34.3 million General Fund
 - \$34.1 million Water Fund
 - \$14.2 million Sewer Fund
 - \$12.4 million Airport Fund, Western Financial Place and Solid Waste Fund

10.6 Per Capita Revenues and Expenses

2013 to 2018 by Revenue and Expense Category

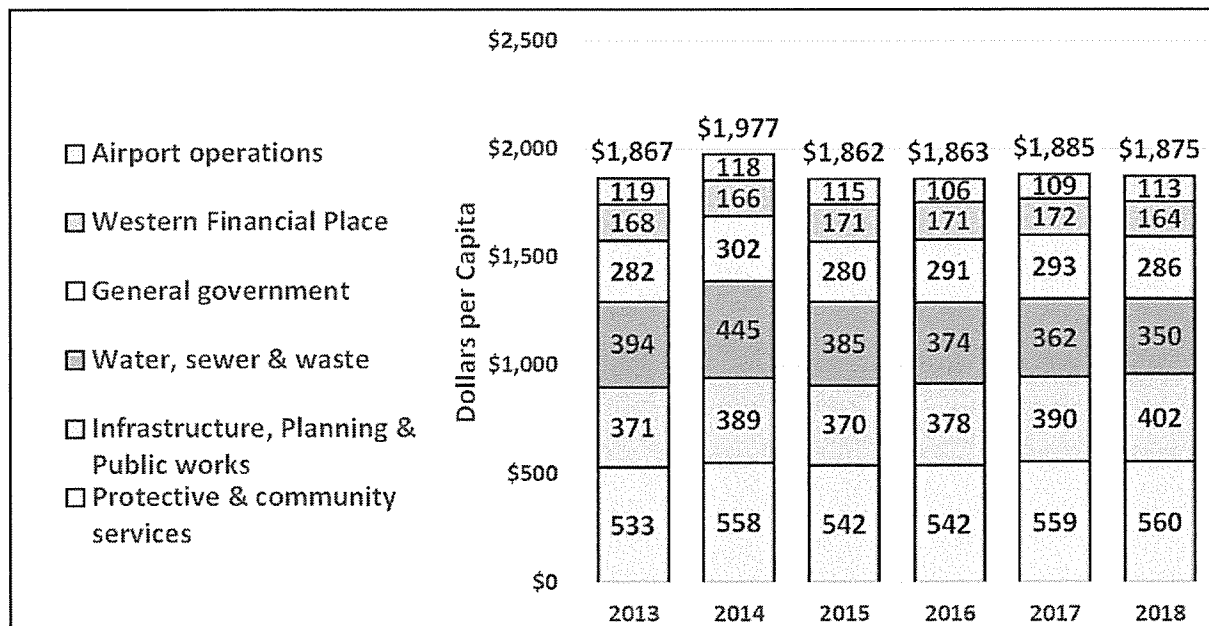
- All values are deflated by the Consumer Price Index and the population of Cranbrook.
- Data Sources
 - CPI: <https://inflationcalculator.ca/british-columbia/>
 - Population: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

10.6.1 Per Capita Revenues - Constant Dollars (2013 = 100)



- After adjusting for inflation (CPI);
 - Per capita Revenues have decreased by an average annual amount of 57¢ or -0.03% per year.
 - Per capita Taxation and payments in lieu have increased by \$3.49 or 0.28% per year.

10.6.2 Per Capita Expenses - Constant Dollars (2013 = 100)



- After adjusting for inflation (CPI), per capita Expenses;

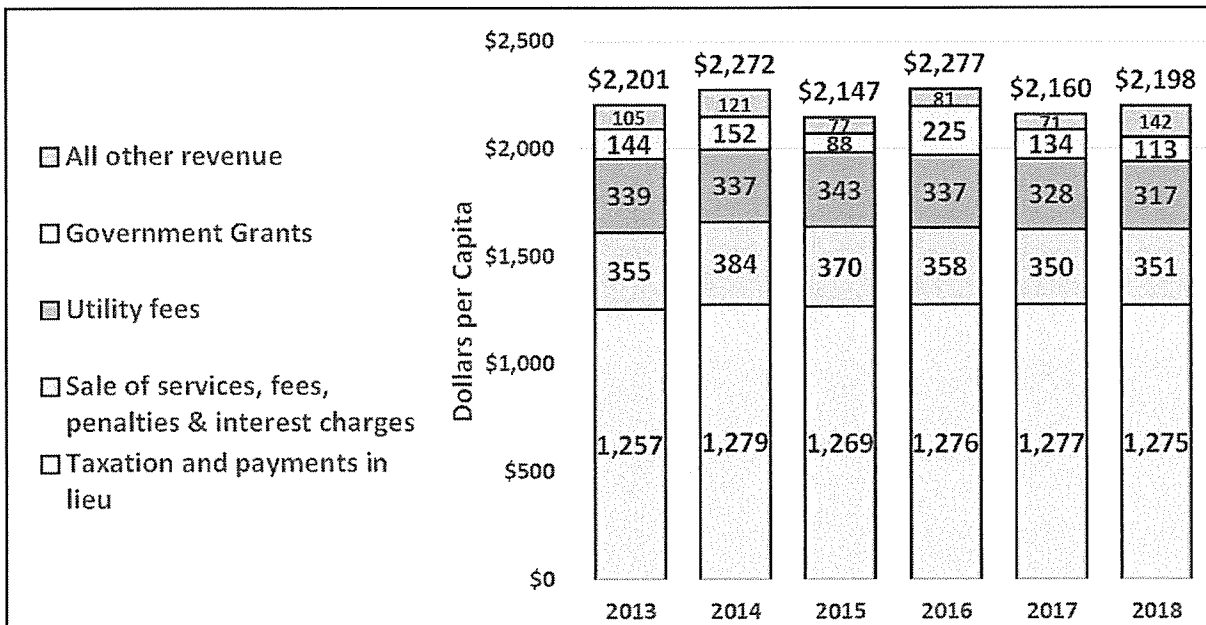
- Total expenses have increased by an average annual amount of \$1.69 or 0.1% per year.
- Protective and community services and Infrastructure, Planning and Public works have increased by a combined average annual amount of \$11.70 or 1.3% per year.
- Water, sewer and waste expenses have decreased by an average annual amount of \$8.77 or 2.3% per year.

10.7 Comparative Analysis of Per Capita Revenues and Expense

2013 to 2018 by Revenue and Expense Category

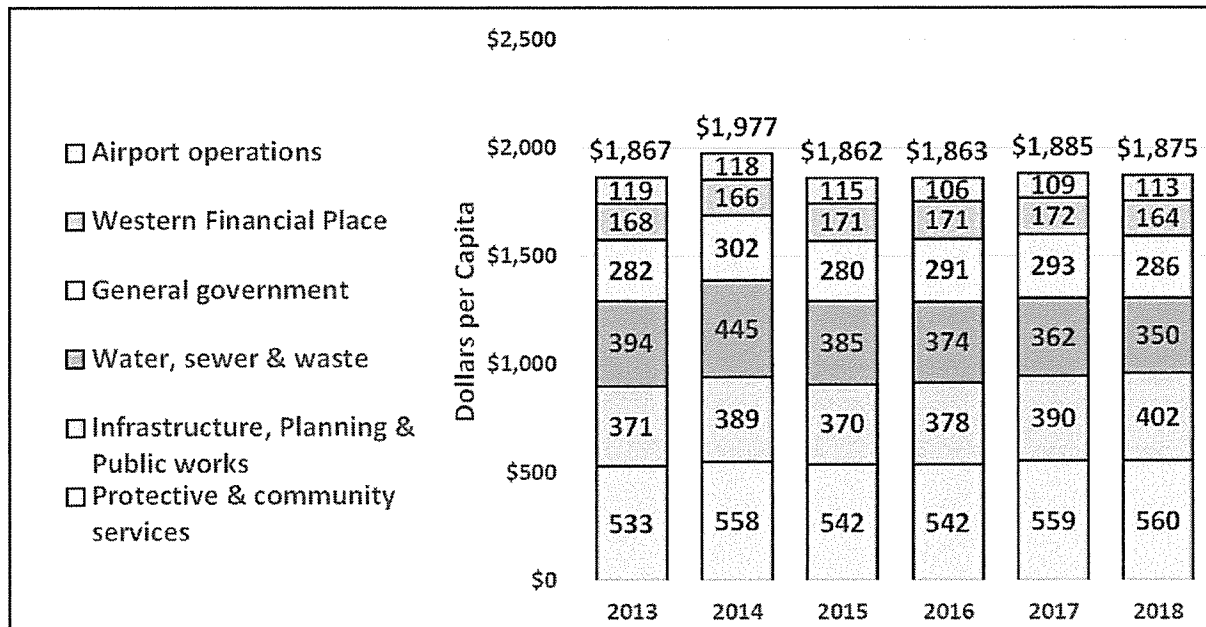
- All values are deflated by the Consumer Price Index and the population of Cranbrook.
- Data Sources
 - CPI: <https://inflationcalculator.ca/british-columbia/>
 - Population: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

10.7.1 Per Capita Revenues - Constant Dollars (2013 = 100)



- After adjusting for inflation (CPI);
 - Per capita Revenues have decreased by an average annual amount of 57¢ or -0.03% per year.
 - Per capita Taxation and payments in lieu have increased by \$3.49 or 0.28% per year.

10.7.2 Per Capita Expenses - Constant Dollars (2013 = 100)



- After adjusting for inflation (CPI), per capita Expenses;
 - Total expenses have increased by an average annual amount of \$1.69 or 0.1% per year.
 - Protective and community services and Infrastructure, Planning and Public works have increased by a combined average annual amount of \$11.70 or 1.3% per year.
 - Water, sewer and waste expenses have decreased by an average annual amount of \$8.77 or 2.3% per year.

10.8 Comparative Analysis of Per Capita Revenues and Expense

2013 to 2018 by Revenue and Expense Category

- All values are deflated by the Consumer Price Index and the population of Cranbrook.
- Data Sources
 - CPI: <https://inflationcalculator.ca/british-columbia/>
 - Population: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

10.9 Comparative Analysis of 8 Municipalities

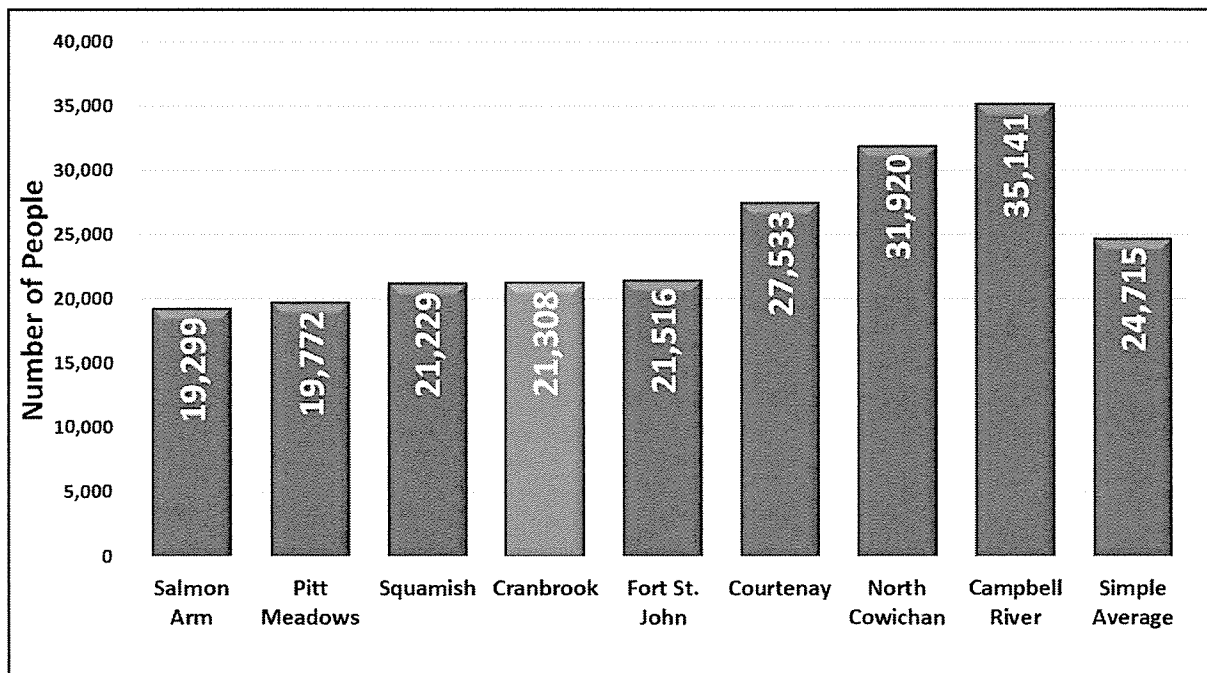
The following seven municipalities were selected to compare to Cranbrook:

- Campbell River
- Courtenay
- Fort St. John
- North Cowichan
- Pitt Meadows
- Salmon Arm
- Squamish

The selection of the municipalities was based on the similarity of the following factors:

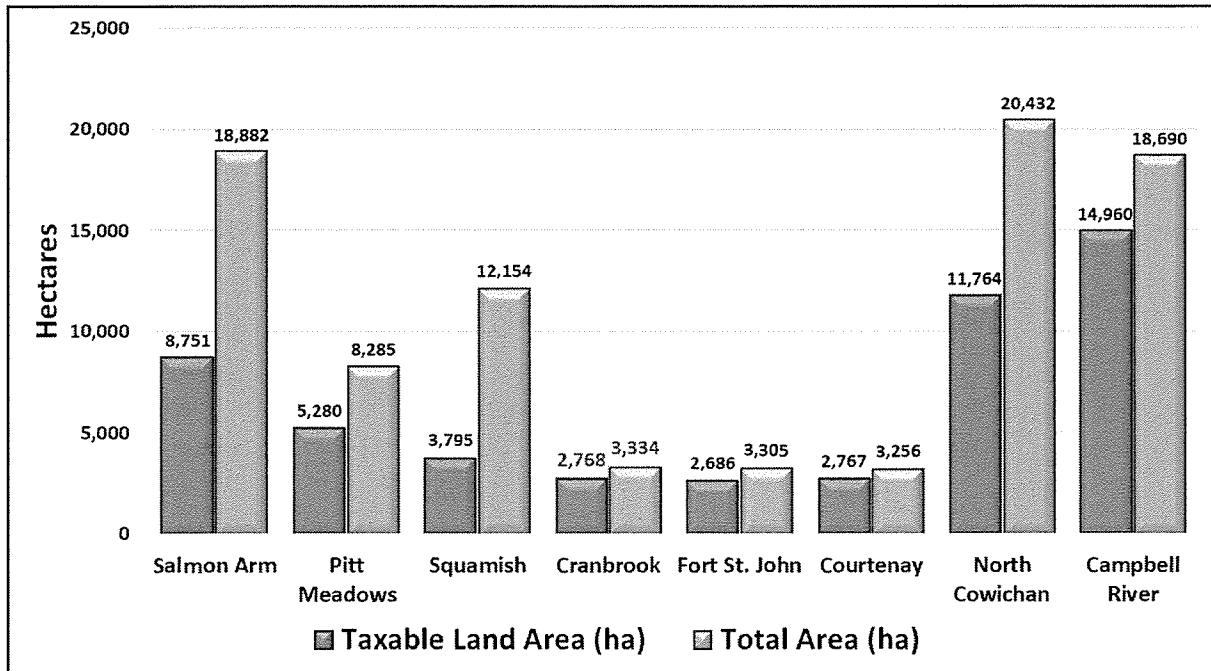
- Population
- Tax Revenue
- Assessed Values
- % of Assessment - Residential
- % of Assessment - Business
- Operating Expenses
- Non-financial Assets
- Taxable Land Area
- Total Area
- Source: <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics>

10.9.1 2018 Populations of Comparative Municipalities



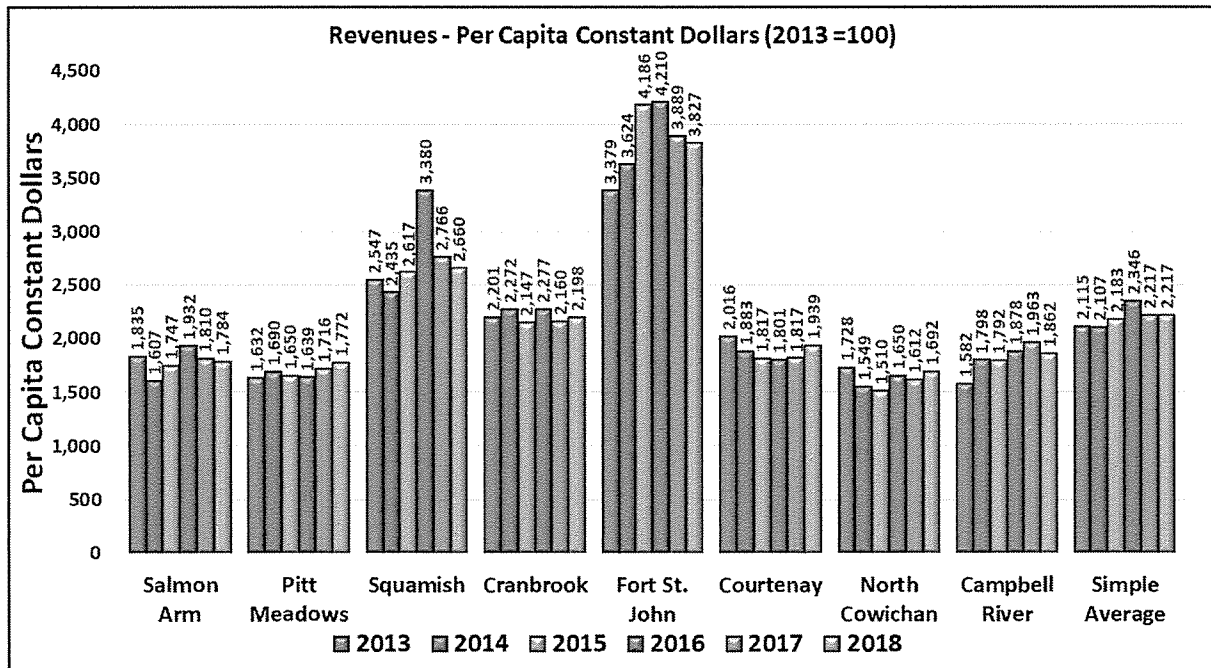
- The population of Cranbrook is most similar to the District of Squamish and the City of Fort St. John. The population Cranbrook differs by less than 1% from either of these two municipalities.

10.9.2 2018 Land Area of Comparative Municipalities



- The Land area of Cranbrook is most similar to the City of Fort St. John and the City of Courtenay. The land area of Cranbrook differs by less than 3% from either of these two municipalities.

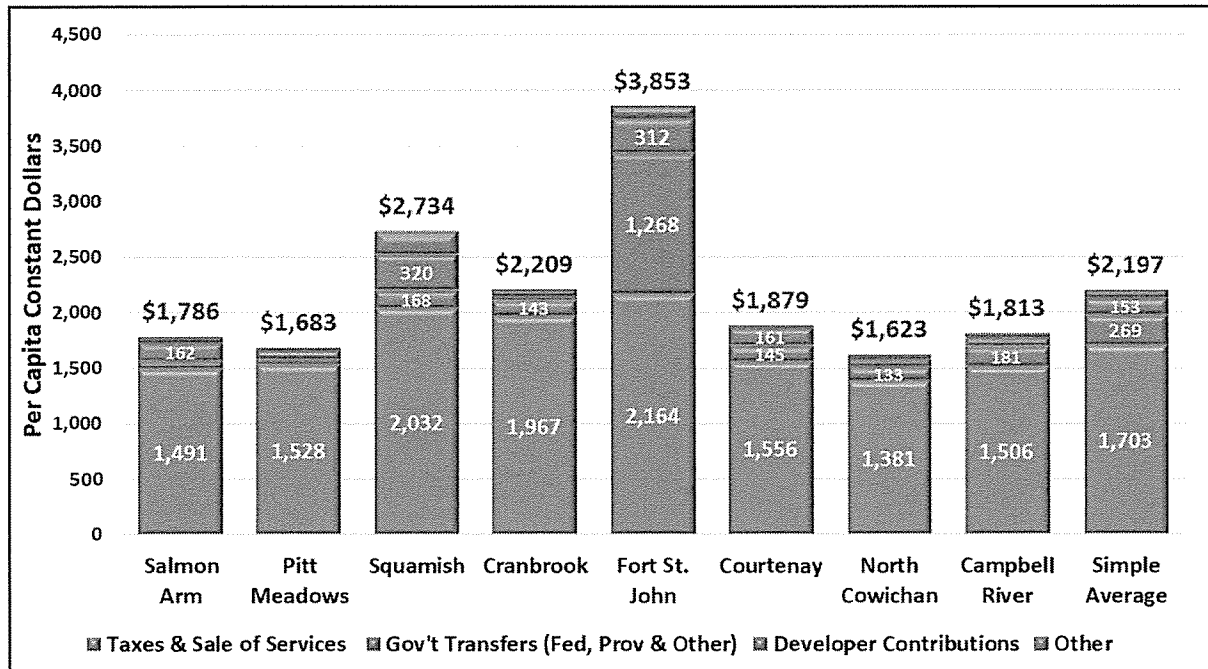
10.9.3 2013-2018 Revenues of Comparative Municipalities



- Cranbrook’s 6 year average annual per capita revenues appear to be most similar to the City of Courtenay (15% difference) and the City of Campbell River (18% difference). However, based on the average annual per capita Tax and Sale of Service revenues Cranbrook is most similar to the District of Squamish (3% difference) and the City of Fort St. John (10% difference).

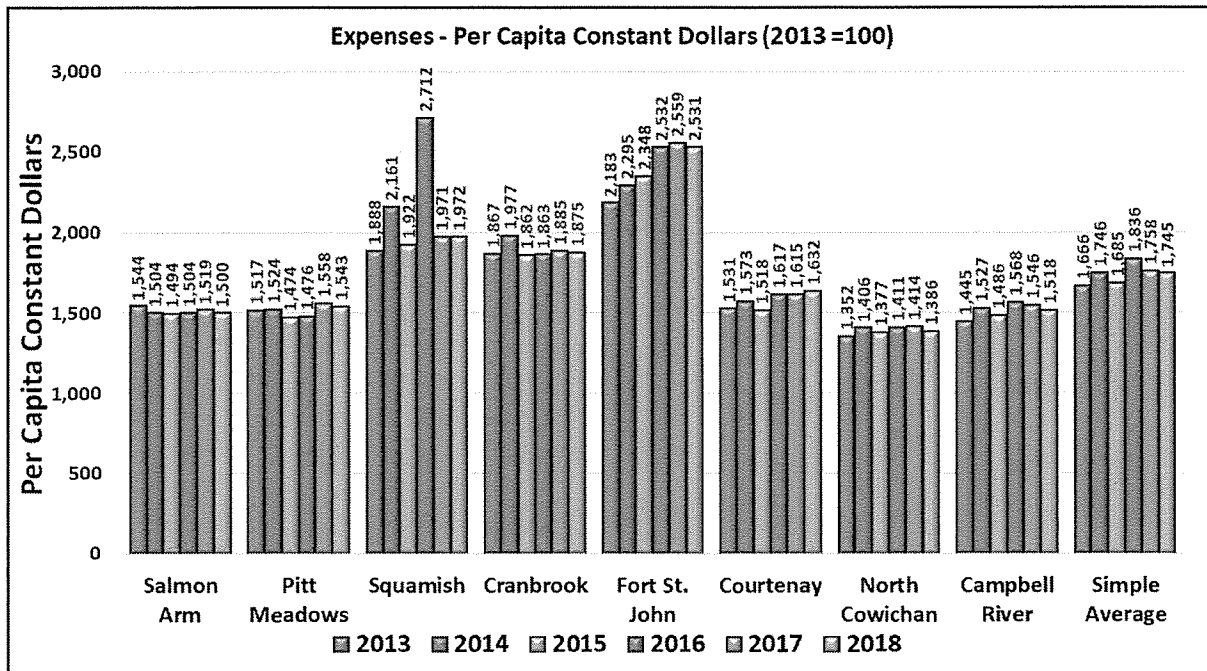
10.9.4 Average Annual per Capita Revenues 2013-2018

Constant Dollars (2013 =100)



- Cranbrook’s per capita Tax and Sale of Service revenues are most similar to Squamish and Fort St. John.
 - Squamish and Fort St. John both receive approximately \$285 per capita more in Developer Contributions than Cranbrook.
 - Fort St. John receives approximately \$1,100 per capita more in Government Transfers than all of the other municipalities.
 - Taking this into account, it can be said that Cranbrook, Squamish and Fort St. John are more similar to each other.

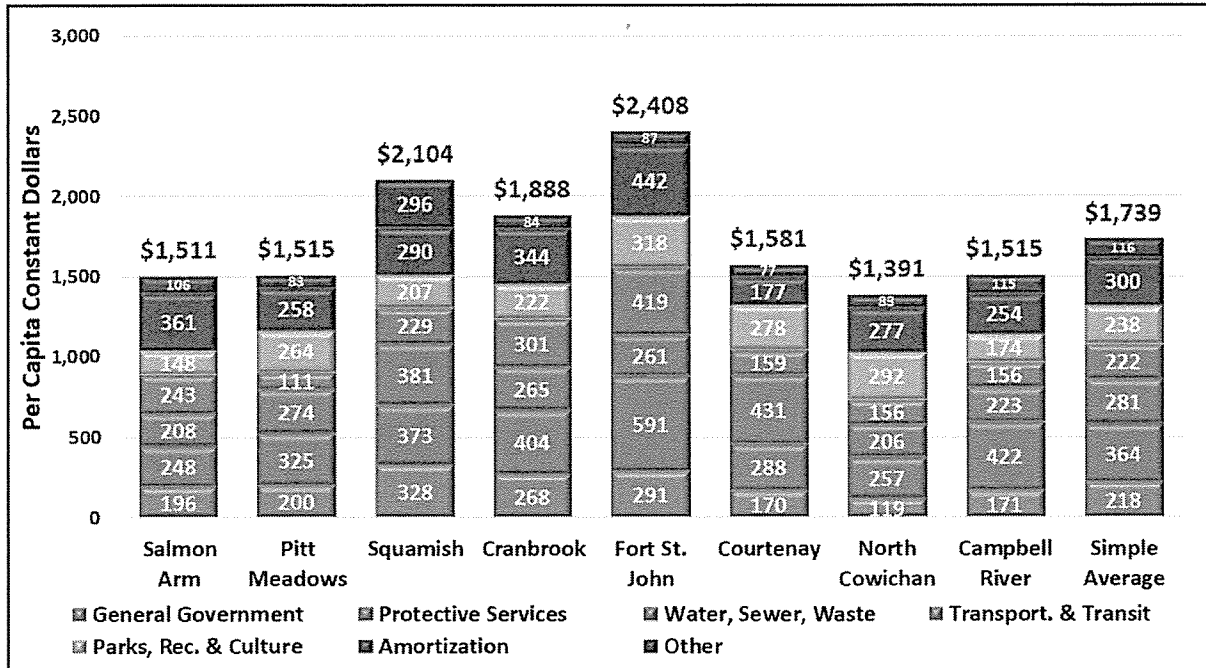
10.9.5 2013-2018 Expenses of Comparative Municipalities



- Cranbrook’s 6 year average per capita expenses are most similar to the District of Squamish (11% difference) and the City of Courtenay (16% difference).
- In 2014 and 2016 Squamish had a significant increase in expenses resulting in a per capita expense of \$2,161 and \$2,712, respectively.

10.9.6 Average Annual per Capita Expenses 2013-2018

Constant Dollars (2013 =100)



- In 2014 and 2016 Squamish had a significant increase in expenses resulting in a per capita expense of \$2,161 and \$2,712, respectively. This increase was due to Development Services, which is included in ‘Other’ in the above graph. If we eliminate Development Services from expenses for all 6 years, the average annual per capita expense for Squamish and Cranbrook are \$1,813 and \$1,885, respectively.

11 Moving Forward

There are a number of initiatives in the arena of moving forward. Some of these might sound mundane but that is certainly not the case. The interviews which we held were very useful in pointing out large and small areas in need of improvement. Some of the suggestions made were very focused on individuals or specific departments whereas others were quite sweeping (i.e. more organization-wide) in nature. Both Council and management understand that fundamental changes are in order.

11.1 Actions to be Taken

s. 22

[REDACTED]

[REDACTED] All members should voice their commitment to better serving their constituents; all should voice any outstanding grievances without completely decimating the subject of their concerns; and all should be prepared to act as a Council team moving forward. [REDACTED]

[REDACTED]

[REDACTED]. While this does not prevent the Mayor from speaking to members of Council individually (at their request or his), the intent is to keep everyone on board.

While more comment could be provided verbally before we conclude this engagement, the following actions need, in our view, the attention of the Mayor and Councillors, the CAO and relevant department head:

1. This Review and Report will be useful to the extent that the leadership of the City both political and administrative embrace it and implement the findings and recommendations.

If the recommendations are to be helpful moving forward, they need to be accepted now. These are not issues and observations that can be set aside with a hope for the best. The system will struggle and those in it will become discouraged. Act. This means placing the Report's recommendations before Council; discussing each one; making a motion to accept the recommendation and determining Council's commitment through resolutions.

2. The role of the Mayor needs to be clarified. The Mayor needs to become Council's leader

[REDACTED]

3. Council members need to be engaged in all Council issues and discussions. s.22 means that each needs to be prepared for each meeting. Questions of management need to be asked. Debate within Council is essential.

4. Council has to be able to rely on getting all relevant communication on issues immediately after the Mayor (or at the same time). That information has to be comprehensive yet succinct.

5. [REDACTED]

6. Council needs to become more focused on what policies it owns and of those, which are in need of revision or still need to be created.

7. Management has to be re-thought in terms of the current structure. We have advised on this in the Report.

8. Priority focus needs to be placed on communication from the office of the CAO and management team to others throughout the management structure in some instances, and to the full organization in others.



9. Establishment of interdisciplinary teams is an essential element of encouraging this system to work collegially. Managers need to be given a focus or task and a deadline and expected to provide quality integrated results.
10. A stepped up HR function is required; it should be expected to place priority focus on getting certain basic practices into place; for example, new position descriptions for any recommended management (and union) positions; new performance management system which ensures that each employee receives an annual assessment; comprehensive job ranking and compensation system that ensures fair pay for competent work; and an effective, proactive management training system aimed at all levels of the organization.
11. The current communications policy, plan and statement of mandate need to be refreshed given that these are essential to focusing the efforts of the system to communicated both internally and externally. (This portion of your system appears to be on the right track).
12. A policy and plan regarding the roles of economic development are required (i.e. what are the City's objectives relative to enhanced economic vitality; where should this important function fit within the City's overall structure; how should this be managed by the City; and equally important, how will this be evaluated)?
13. A policy, plan and specific strategies relative to how the City maximizes its obvious tourism advantages need to be developed (i.e. what are the City's objectives; what organizational model is likely to work best; what results are expected from the current agreement)?
14. A policy commitment needs to be made to emergency management preparedness and training; and a decision relative to where in the organization it will best accomplish its objectives.
15. There needs to be a commitment to ensure that there is minimal position overlap so that current inordinate pressures placed on incumbents are manageable.
16. The City needs to exhibit its commitment to updating all systems and ensuring adequate capacity and leadership in information technology and systems including the CMMS (Computerized Maintenance Management System).

12 Recommendations

The following recommendations emerge from the Governance Audit. These are intended to address the items that appear in the summary of key challenges:

1) The Audit Report

s. 21

- a. We recommend that Council adopt the Governance Audit report in principle; [REDACTED].
- b. [REDACTED].
- c. We recommend that Council receive a quarterly report on progress on implementing recommendations that Council chooses to accept.

2) Mayor, Council, Governance

- a. We recommend that Council approve new role statements for Mayor, Council, CAO, management (which we will submit) and ensure that these are fully communicated to any prospective candidates for election to the roles of Mayor and Councillor.
- b. We recommend that Council commit to a new style of governance which incorporates a “Governance and Priorities Committee”. We have attached a set of principles and terms of reference for this new system. This should be implemented immediately.
- c. We recommend that Council utilize the strengths of the Mayor to explore new ideas; to connect with business community; and to liaise with economic development re: prospects.
- d. We recommend that all of Council be kept in the loop on the issues; and that the Mayor’s office circulate updates bi-weekly.
- e. We recommend that Council adopt the attached Council-CAO Covenant and abide by its principles.
- f. We recommend that Council and management ensure that a comprehensive orientation program (focused on governance) is planned (and developed) for all local elections (we would be willing to provide a broad-scale outline).

3) [REDACTED]

4) **Confidence and Trust**

a. We recommend that the entire organization (Council and management) be focused on rebuilding trust (i.e. what steps can I take); this starts at the top with Mayor, Councillors, CAO.

5) **Communication**

- a. We recommend that Council ensure that its governance policies are posted on the City's website.
- b. We recommend that a policy be developed based on the City's commitment to ensure that the principle of transparency of communication to Council is pursued and supported.
- c. We recommend that management ensure that an internal newsletter be utilized which is designed and supported as one instrument for keeping the full organization updated on key decisions/issues.

6) **Strategic Plan**

- a. We recommend that Council and its senior management team (SMT) commit to refocusing on a clear and comprehensive Strategic Plan which incorporates a few clearly stated priorities and a plan for how these will be tracked.
- b. We recommend that an experienced external facilitator be utilized in assisting Council and management in the development of a focused Plan.

7) **Organization Review**

a. [REDACTED]

- b. We recommend that a revised structure be developed which ensures a reasonable number of direct reports for the office of the CAO.
- c. We recommend that the CAO and management ensure that all City functions are effectively linked; that inter-departmental teams (e.g. economic development, planning, engineering, Clerk's, communications) are created to explore and recommend solutions to City-wide issues.
- d. We recommend that the organizational realignment identify the current Executive Assistant role as being solely dedicated to the CAO; that a current or supplementary position be identified as having a primary responsibility to assisting the Mayor's office. Depending on capacity, these roles may also have other tasks.

8) Management

- a. We recommend that the CAO and senior management hold (at a minimum) bi-weekly management meetings.
- b. We recommend that all RFDs going to Council reflect (where applicable) their alignment with Council's strategic plan.
- c. We recommend that the CAO review, update and communicate the Administration Charter.
- d. We recommend that management develop and recommend to Council the adoption of a whistleblower policy and work-safe policies.
- e. We recommend that management develop a mentorship program to cultivate management skills in junior managers.
- f. We recommend that policies be developed which ensure that personnel information is restricted in its circulation.
- g. We recommend that management develop a positive culture where the City has a "can do" and "yes we will" attitude and supporting practices.
- h. We recommend that the CAO retain an external HR firm to conduct a bi-annual assessment of employee morale; to set the base now; and to communicate the results to all employees.
- i. We recommend that the CAO report to Council the annual impact of personnel severance costs on the municipal budget.

9) Hiring Processes

- a. We recommend that the CAO and management be required by policy to ensure that any new position being recommended into the organization is properly defined in a position description before their approval by the CAO.
- b. We recommend that the City require all new supervisory and management positions to be filled by utilizing an HR and CAO approved process including the use of external and experienced recruitment firms for any department head/CAO position.

13 Conclusion

The City of Cranbrook is a beautiful small mountain city that attracts residents, businesses and visitors alike. To best assure its success, this organization must be designed and built to take advantage of all that Council, management and staff have to offer. There is currently a significant gap between the City's reality and its potential, and this governance audit has shone a light into the places where improvements need to be made.

Cranbrook is fundamentally sound, but an internal, organizational culture change is needed to let the City develop its potential.