

Executive Summary

RM of East St. Paul:

Governance Audit

Report by George B Cuff & Associates Ltd.

October 2020

Mayor Shelley Hart and Councillors

RM of East St. Paul

Unit 1 - 3021 Birds Hill Road

East St. Paul, MB R2E 1A7

Dear Mayor Hart & Councillors

Please find enclosed the Executive Summary of our Report on the Governance Audit which we have conducted as requested. This Summary is an accurate and comprehensive reflection of our Audit and the findings which we presented in greater depth. The Audit was guided by our terms of reference sent to you on August 17th 2020 and as approved by your Council resolution on September 4th 2020 (Res. 2020-818).

This Audit has been quite extensive and has resulted in a number of recommendations for Council to consider. These are largely interdependent and thus should be reviewed in their totality. These will require changes in how Council and management approach their responsibilities but will improve your capacity to move ahead on a much stronger base of good governance.

Thank you for the opportunity to conduct this Audit for the RM of East St. Paul.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. B. Cuff', with a long horizontal line extending to the right.

George B Cuff, FCMC

President

RM of East St. Paul: Governance Audit 2020

- **Background**

Our connection to the RM of East St. Paul dates back to May of 2020 when a webinar was offered through Municipal World to CAOs and Council members across Canada. This led to a request for some background information that the CAO thought would be of value to her management and Council. The CAO also requested this consultant to draft role descriptions for the Mayor, Councillors and the CAO, which we provided. These were sent as final documents in early June 2020 and circulated to Council.

A webinar was subsequently requested by Council and was conducted by the consultant on June 15th, 2020. On June 25th we were asked to review some of the RM's documents including a position description; these were sent back to the RM as amended on June 29th, 2020.

In early July, we discussed the option of conducting a "Governance Audit" which would incorporate the financial and demographic aspects as well. The proposed Governance Audit was approved by Council on September 4th, 2020.

The Audit as we define it is described as follows:

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

- **A Summary**

This Audit is both multi-faceted and yet straight-forward. It reflects layers both of the organization and of the changes we recommend enabling the RM of East St. Paul to function more effectively. Council and management are to be commended for taking on this engagement as it gets to the heart of where the RM is at in terms of its governance/management interface and all that it entails.

If our Report is accepted and the action steps endorsed, changes will need to be made both by Council and management.

It is our opinion that Councils function well when they pay attention to their mandate as the governors of the system. This is an elected body which is established to reflect

and represent the citizens of their jurisdiction to ensure that the desires of the public are considered in all decisions being made by their Council.

Further, every member of a Council will require some time to grow into their position and fully grasp all the nuances offered by both elected life and by local government. All Council members should show a spirit of respect regardless of disagreement; a spirit of inquiry when hearing an explanation of the matter before Council; and thankfulness for the professionals who serve the organization in roles which are often maligned or challenged by those being served.

And a Challenge

The Council of the RM of East St. Paul will be successful to the extent that they:

- Commit to the efficacy of the legislation and agree to adhere to it
- Agree that pursuing the best they can offer for their citizens is the ultimate goal
- Understand that there are distinctly separate roles described in legislation and further substantiated by bylaws, position descriptions and policies and that these are to be followed by all members of Council and management
- Accept that progress and continuity are very difficult in the absence of an approved strategic plan; and accept the reality that this Plan must be a reflection of where Council (on behalf of the residents) believes the community ought to be heading
- Commit to the “Council has one employee” principle (employed across Canada and further afield) as the model which affords the greatest possibility of success (this model is supported by your law)
- Recognize that Council is a policy governance body and that management functions best when it participates in the development of draft policies which the Council ultimately approves (with or without change); that trying to govern otherwise is a very difficult, often dysfunctional, exercise
- Accept that the CAO will be the primary “go to” person for Council and will be as effective as permitted and encouraged by Council

- Agree to the basic understanding that comments and suggestions (by the Mayor and Councillors) are just that, and that only approved resolutions of Council will actually be implemented
- Understand that the Mayor is “one of” Council albeit a position of considerable respect in the community and distinguished from that of Councillor by the Act and by public expectations
- Appreciate that the Mayor will not direct staff (including the CAO) but will be available for counsel and input as requested; will act as the leader of Council but not its only voice; will seek consensus but will recognize the validity of a democratic vote; will seek cooperation but not demand unanimity
- Understand that a Council ought to seek creative ways of engaging their community so as to better understand what a reasonable cross-section of voices might think
- Reflect the need to seek the best and not be satisfied with cheaper alternatives
- Guide through its strategic plan (vision, goals, and priorities), the business plan and budget and its policies and recognize the wisdom of enabling its administration to work within these broader parameters and not day to day directives.

Similarly, management is expected to:

- Commit to the efficacy of legislation and agree to adhere to it
- Agree that pursuing the best they can offer for their citizens is the ultimate goal
- Understand that there are distinct and separate roles described in the legislation and further substantiated by bylaws and position descriptions and policies and that these are to be followed by all members of Council and management
- Recognize that Council is a policy governance body and that management functions best when it participates in the development of draft policies which

the Council ultimately approves (with or without change); that trying to govern otherwise is a very difficult, if not dysfunctional, exercise

- Guide through the implementation of the RM's strategic plan (vision, goals, and priorities), the business plan, budget and its policies
- Be respectful in all of its dealings and comments relative to its Mayor and Councillors
- Act as professionals who are thankful for the opportunity to work for the RM in service to its citizens
- Support their direct supervisor's efforts to manage resources effectively and efficiently
- Strive for the best in management practices: i.e. plan carefully; communicate daily, effectively and graciously; use resources prudently; work collegially; stay within budget; hold regular staff meetings; conduct regular performance reviews; channel questions and concerns up through supervisor to the CAO
- Act at all times with integrity.

Key Roles of a Governing Body

Every governing body of a municipality in Canada (and elsewhere) has certain fundamental responsibilities and roles. While the language might vary from jurisdiction to jurisdiction, the **roles of a Council** remain largely consistent. As we understand the key aspects of how local governments ought to function, each Council is to respect its:

- **Follow the legislation:** every municipal Council must adhere to the legislation which guides every local government in Manitoba (i.e. the Municipal Act).
- **Provide Leadership:** The Mayor and Councillors are established to exercise leadership on all matters within their legislated parameters.
- **Review Governance Model:** A Council should be re-examining its way of making decisions from time to time and certainly after an election and consider whether its model is appropriate to the times.
- **Determine what Services Desired and Necessary:** While certain services are mandated, others are up to the discretion of a Council.

- **Manage Relationship with the CAO:** The most significant relationship which a Council will have other than that which it continues faithfully with the public, is the interface with the Chief Administrative Officer (CAO).
- **Seek Regional Partnerships:** No municipality exists alone; it is surrounded by others and in order to function efficiently, it must consider how to work with its neighbours.
- **Support Ongoing Training:** Each member of a Council needs to continually grow into this new role of elected official. This requires reading related materials and attending related conferences and seminars.
- **Preserve the Trust:** The simple word “trust” lies at the heart of the Council-public relationship and in that with its administration and community boards.

- **Roles of the Mayor, Councillor, Council and CAO**

The RM was provided with a series of role statements by this consultant which should serve as a very solid base for their appropriate discharge. These were sent out previously to this Council and CAO and should be made available to anyone interested and certainly to those who wish to run for municipal office. Any commentary in this Report will be deemed to be clarifying comments for that which has already been circulated to Council.

- **Characteristics of Good Governance**

There are any number of scholars who have devised lists of characteristics of “good governance”. While most of those pertain to the private sector, our belief is that some if not all of these closely parallel what others have stated.

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
9. Apolitical administration

10. Oversight to policy decisions
11. Stakeholder (citizen) values and concerns
12. Effective advocacy to other levels of government and to neighbours
13. Ongoing and effective fiduciary monitoring
14. Continual reporting on results; accountability
15. Succession planning

- **How is it Achieved?**

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. Some of these decisions will impact Council's key priorities or may be more relevant to what management has found difficult.

To bring discipline to the decision-making process, reporting should be standardized in order to ensure consistency. Further, such reports to Council ought to be treated with respect by Councillors even where advice is not accepted. In all instances, the process works wherein Council debates the policy options and does not focus its debate on the administration. The reports of the CAO (and her administration) are to bring to light the key elements of a decision and why this one ought to be considered as sound. Council then makes its decisions and management carries these out as effectively and promptly as possible. (Obviously the foregoing describes when the system is working).

- **Roles of the CAO**

As noted in the foregoing section relative to legislation, there are both legislated roles and what are referred to as "generally accepted CAO roles". The latter follows:

- Apolitical policy advice to Council
- Conduit of Council decisions to administration
- Implementer of Council decisions
- Quarterback/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.

➤ **CAO Control Mechanisms**

Because there has been concern relative to “how do we control our CAO given all of the authority vested in that position?” we have developed a list of those elements which we believe enable any Council to exercise appropriate control over their chief officer. The expected key documents for guiding the relationship of a Council with its CAO follow:

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

Keys to Quality Council-CAO Relations

It is our view that a municipal system works insofar as there is mutual respect and understanding as to the roles that each segment (i.e. Council and management) is to play. This requires taking time to read and understand legislation and what is referred to herein as “generally accepted governance and management principles”. While stating this, we recognize better than most that all the best principles in the world will not make much difference unless those involved at the table pay close attention and give these time (and space) to work.

So, what does work?

➤ **Respect for each other**

It should “go without saying” that at the core of a Council-management relationship lies respect. It is not possible to function in a healthy environment where trust and respect are not evident. This is not to say that Councillors cannot disagree with a report from its administration. That is in fact quite likely during each and every Council meeting and may occur more than once per meeting.

Respect, however, means that the voice of the staff member is given a full hearing; any arguments or questions are voiced respectfully; and any arguments over policy choices are levelled at other members of Council and not at the CAO or administration who are obviously not in a position to fire back.

Respect also shows up in whether or not a Council member can resist the urge to interfere in or undermine the work of a staff member. Questioning is quite acceptable; interference is expensive.

➤ **Understanding of the legislation**

Council members are not expected to be experts in such matters regardless of how long each has served. Rather, there is hope that each will grasp the fundamentals sufficiently to function in a constructive manner.

Council members' roles are spelled out in S.82, 83 and have been supplemented through seminars (e.g. the Orientation Bootcamp), conferences and books/articles. At a minimum, each member of Council ought to have some degree of familiarity with these sections to understand the legal underpinnings of their positions. The legislation also covers the role of a chief administrative officer (s.127) and is supplemented by bylaw, a contract, and position description. As a result, the powers of the CAO are clear.

➤ **Respect for what brought Council and staff to the dance**

Council members are elected through popular choice. How a citizen decides is up to each individual, but it has long been argued that the basic criteria is a desire for those who love their community and are willing to serve. Typically, the public demand is not for consultants, lawyers, developers, storefront owners, florists, police supervisors or even former municipal employees. Every Council reflects a broad cross-section of the local community but all share one distinction: they love their community and want to serve it. Expertise in one field or another informs one's choices and public statements; service is the hallmark of the Council member who understands the basic premise that the public really does not care what you do or did for a career.

On the other hand, the CAO is retained due to their expertise and experience and the likelihood that their learning and abilities will continue to grow. They are paid to administer relatively complex organizations.

➤ **Council's respect for the CAO**

An effective and healthy Council enjoys a mutually supportive relationship with their CAO. The Council appreciates the considerable demands being placed on their CAO and regularly checks to ensure what more Council could be doing to make for a better management environment.

Any vacancies should be filled unless a better combination of skills lies in a re-formatted position (that choice would be up to the CAO). Council knows that their CAO is not functioning for any other reason than to best serve the municipality, so it does not permit any voices to conjecture otherwise and bring the solid reputation of the CAO into question.

Council members understand that respect results in confidence in the CAO to manage her administration. The Mayor does not interfere or try to “help” the CAO manage recognizing that to do so is to undermine the CAO in the eyes of her administration. The Mayor responds to questions from the CAO; but does not presume to give directions as that would be outside the boundaries of the legislation. This is not to suggest that the Mayor or another Councillor cannot question a report signed off by the CAO. That is to be expected.

➤ **The CAO’s respect for the role of Council**

This is not a one-way street. The CAO also needs to respect her Council and seek to serve it in a very professional manner. The CAO shows respect for Council by treating all members the same. Information is circulated to each concurrently; advice is provided without regard for how this one or that one might respond; requests for action are listened to (or read) but are not responded to unless they are according to a Council bylaw, policy or resolution.

The CAO needs to enable Council to lead. She does that by ensuring that a fulsome strategic planning exercise is conducted (preferably annually) and that the results from that in-depth exercise, including annual priorities, are utilized in reports which go to Council for approval.

The CAO is wise to advise Council of upcoming issues which may prove to be controversial but unwise in asking Council to approve issues or expenditure which have already been discussed by Council and approved.

➤ **Ongoing monitoring of the relationship**

Like marriages, these intra-municipal relationships need to be monitored and watched for signs of fraying. It is fairly easy for a Council and its management to go off-side. Comments are made, perhaps even in jest, and they land badly; presentations are interrupted unnecessarily; “gotcha” questions are issued; positions are undermined.

The Mayor and Councillors need to take the time to assess their relationships with each other; similarly, the CAO and department heads; and then the Mayor and Councillors ought to be having a heart to heart with the CAO to ensure that their course is correct and communication channels are open.

Council's Involvement in Management

There are certain keys to making this work:

- Identify the protocols at the outset; who do I speak to about what issues; does that person ensure that the Councillor's suggestions are passed along to CAO
- Ensure that direct contact is limited to CAO and direct reports; clarify what is appropriate to be communicated at the direct report level
- Refrain from direct supervision on site; if a Council member wants to stop by, drop off the donuts and carry on!
- Stay out of the weeds; expect advice on the key policy issues and not on the administrivia which curtails quality leadership
- Treat/respect the staff as your key advisors; these folks are essential to the performance of a Council
- Understand the impact of your words; choose them carefully.

"A Council can do everything efficiently including its planning and handling of meetings, policy development, public communication strategies, economic development plans, etc. and still not receive community support. That comes from the heart and will be expressed when people see how much you care for them". (Cuff, 2017)

Our Summary

We reached out to the Mayor and CAO and asked for what they saw as accomplishments by Council and management over the past year. The list which they submitted was impressive. While this will lengthen our Report, we think that including it herein as submitted will add some balance to the areas wherein we express concerns.

Strategic Plan - completed in 2019

By-laws updated or new:

- *Provincial Offence Act*
- *Traffic*
- *Speed*

- *Operation of snowmobiles*
- *Capital Levy & development fees*
- *Engine retarder use*

Accessibility - Approved an Accessibility (Customer Service) Plan

Community Safety

- *Citizens on Patrol - Provided funding (\$600 per month) to hire a Citizens on Patrol coordinator to grow our program. In 6 months, 30+ people had joined, been trained and were patrolling.*
- *Visibility Patrol - Budgeted for and started visibility patrol for community as Council felt the local RCMP was not able to provide the level of service expected. Hired by-law officers in marked cars to conduct patrols to be visible in the community - especially in evenings, patrolling the entire community (16 sq mi) and frequenting the trouble areas.*
- *Coyote Information Workshop - Organized a forum with Manitoba Conservation hosting for residents. Had 100+ residents attend.*

Climate Change Adaptation

- *Successful in \$125K FCM grant to hire a Climate Change Co-ordination at 80% salary for 2 years.*
- *Pond management works - ongoing for 3 years. In 2019, with the funded climate change coordinator, sampling water to compile a baseline on our many ponds (8+). Completed some duck weed removal in fall with extra funding supported by Council and paid Clean Water Pro, a consultant, \$45K for some chemical works.*
- *Hosted 2 pond workshops for residents (August 2019), organized and facilitated by our Climate Change coordinator.*
- *Established a Climate Change Advisory Committee.*
- *Approval of new no-mow zones / naturalization of private yards around silver springs park (former quarry)*
- *Successful geese deterrent program in major park*

Enhanced/improved communication

- *Public hearings - posted and sent out email notification of upcoming public hearings with a link to the entire planning packages residents could read ahead of the hearing.*
- *With the public, the Provincial government and with the Metro Region.*

Recreation - Opened up the arena floor to pickle ball in the summer months

Budget, Grants & Upgrades

- *Passed 2019 with a 2.2 % increase (4 year average = 1.09% increase) and continued to grow reserves*
- *2017 - 2019, we secured \$255K in grant dollars for temporary staff (summer and two climate positions).*
- *Budgeted for and added street lighting*
- *Resolution passed to initiate the upgrade/expansion of our waste water treatment plant*
 - *Establish a new Waste Water Treatment Plant plan and put it in active motion.*
 - *Commissioned a Utilities Master Plan*
- *Purchased solar driver feedback signs to rotate to areas where speeding complaints originate. Very successful and supported. We have ordered more and have requested a policy for their use.*
- *2019 - completed road reconstruction and ditch liner programs as budgeted*
- *Initiated an Asset Management Program- Received an FCM grant for asset management work. We hired a position to begin our asset management program and he has built phase 1 and council had adopted the asset Management policy he prepared.*
- *Budgeted for and completed micro-surfacing of Hoddinott Road (3.5km) main road through community.*
- *July 2020 - \$100K in grants received for active transportation plan, and curling club updates.*
- *August 2020 - \$1.3M grant for drainage project*

- *Completed ESP's portion of the Trans Canada - Completed the asphaltting of a long active transportation path which connects ESP with the City of Winnipeg. (3.7 kms).*
- *Marconi Trail completion, water looping, Texaco drain & arena upgrades.*

Community Development & Enhancement

- *Kick off of JohnQ fibre project in capital region. JohnQ is a 12 member municipal development corporation and bringing high speed internet to the capital region has been a 2+ year project. It kicked off in fall 2020 with construction in five municipalities. ESP is not one of the five but will be soon.*
- *Commissioned an updated Traffic Study*
- *Approved the development of ESP's first large multi-unit apartment building - Approval of the first 3-story apartment building in ESP with 48 units targeting +55.*
- *Budgeted for and held several community events: Halloween in the Plaza, Music in the Plaza, Christmas in the Plaza, Senior Luncheons.*
- *Street signs and pennants recognizing ESP veterans*
- *Successful Communities in Bloom participation*
- *Completion of development agreements with larger subdivisions that help to meet the needs of the RM.*
- *Increased use of outside resources such as the Red River Basin Commission, AMM and MARR.*

COVID-19 Response

- *Followed, or exceeded Provincial guidelines to keep staff and the community as safe as possible in response to the global pandemic.*

From the CAO:

Strategic Plan - Completed the 2019 Strategic Plan with Council

- ***Human Resources***

- Recruited & Hired***

- *ACAO - two separate recruitment processes since 2018*

- *Assistant Operations Manager*
- *Engineer in Training Position (created new position)*
- *Finance Manager (both contract and permanent positions)*
- *Climate Change Coordinator (term position attached to grant funding)*
- *Asset/Project Manager (term position attached to grant funding)*
- *Deputy Fire Chief*
- *Labour & Employee Relations*

2018 - 2020 Collective Agreement between the RM of ESP & CUPE Local 500

 - *Successfully negotiated the most recent agreement (along with the HR Manager)*
- *Performance Management/Terminations*
 - *Worked with Legal counsel and HR Manager to complete a without cause termination for a management position.*
 - *Worked with Legal Counsel, manager/supervisor and HR Manager to complete performance management terminations for two front line unionized employees.*
- *Employee Performance Management*
 - *Provided day-to-day feedback to all direct reports and conducted employee performance reviews for the past two consecutive years.*
- *Team Building Seminar*
 - *Held a team building seminar with my senior management team using Juice Inc. (first one I have held as a leader).*
- *Contract Positions*
 - *Successfully secured/renegotiated numerous contracts with the support of the HR Manager (i.e. Finance contract, Events Coordinator contract, IT contract, Communication contract, Fire Chief & Deputies contract, Emergency Coordinator contract, etc.)*
- *COVID - 19 Response*

- *Activated, and serve as a senior member of the RM's Pandemic Planning Committee. Within this role, we meet regularly and have made decisions, consistent with Manitoba Health, to protect the health and well-being of our staff and residents, while also providing essential services.*
- *Issued 15+ Employee Bulletins (with support of the HR Manager) directly to our staff to ensure they are informed as situations change, and new information becomes available.*
- *Meet and work with Council to ensure they can continue to govern in a manner consistent with provincial restrictions.*
- *Grants - Worked with HR Manager and assisted or provided general direction for the application and successful grants for numerous summer and fall student position (through Urban/Home Town Green Team and Canada Summer Jobs grant programs), Asset Management position and Climate Change Adaptation Coordinator position.*
- *Shredding/ Archiving Project*
 - *HR Manager assisted with a 2019 Archiving and Shredding project.*
 - *It was on my list to be completed in 2019. Due to my medical leave, the HR Manager worked with the summer student. They followed the Records Retention & Destruction Act to determine what records needed to be kept or archived and what could be destroyed. A large amount of historical documents will now be preserved at the archives building in a climate controlled setting.*
 - *218 historical documents were formally transferred to Manitoba Archives and 170 banker boxes were shredded with the use of a professional shredding company.*
- ***Finance***
 - *Successful and uneventful conversion of the GL system*
 - *Fire truck acquisition completed and recorded*

- *Internal reports and spreadsheets created for more detailed tracking. This helps assist in the monthly self-auditing procedures now in place. These are regularly tracked by the Finance Manager and reported to myself on a monthly basis.*
- *Developed the software to do a lot of the reporting and projecting of the financials, build within the Great Plains platforms and linked to the Diamond software. Created new excel spreadsheet templates for supplemental taxes, this is a result of the new system of delivery from the province which is now on line compared to hard copies in previous years.*
- **Grants**
 - *Trans Canada Trail Grant - \$105,000.00. Developed good working relationships with Trans Canada Trail staff who have given the RM direction and provided information regarding future grant opportunities.*
 - *Building Sustainable Communities Program*
 - *\$35,000 to support the Active Transportation Plan Project (A20EA182).*
 - *\$ 30,000 to support HVAC replacement at Arena*
 - *The RM submitted two grant proposals under the Provincial Disaster Prevention and Climate Resiliency Program which had a total of \$15 million available in project funding for Metro Region communities. This program was providing 100% funding for disaster prevention and climate resiliency projects. A call for proposals was issued on Friday June 5th at 4pm and closed on Friday June 19th at 4pm.*
 - *Texaco/Eagle Creek Drainage System project was approved for funding by the province for a total of \$1.28 million.*
- **Asset Management**
 - *Established a cross functional asset management team*
 - *Set priorities & engaged staff in the asset management process*

- *Developed an asset register for fleet and mobile equipment*
- *Started work on asset policy*
- *Asset manager recently completed the Professional Certificate in Asset Management Planning.*
- *Worked with Operations to formulate and install a system to track individual repairs by vehicle as well as fuel usage*
- *Operations switching to a more secure fuel recording system to track fuel by vehicle.*
- **Operations**
 - *Conducting reviews of the Health and Safety Policies and working towards incorporating a new mindset of actual Safety Policies instead of don't say anything attitude to avoid getting in trouble with management.*
 - *Continue to learn about the history of the operations of the municipality from the supervisor*
 - *In house works for Prairie Ridge drainage project showcased our staff skillset.*
- **Engineering**
 - *Identified the Development Agreements and lot grade permits which have a long history of neglect and not being worked on to close them out.*
 - *Worked hard in improving and tracking and recording inspections. Working with developers to ensure the proper processes and inspections were held during construction to ensure the municipality is protected in the future.*
 - *Continue to develop a record of surveys and identifying projects or works to be completed in the future.*
- **Climate Change**
 - *Received \$50,000 in funding for Fast Charging station*

- *Held community meetings/consultations regarding the ponds and worked with company to clean out duck week. Operations staff now working on sourcing a machine directly ourselves to meet our needs and will be able to do the cleaning of the ponds ourselves in the future.*
- *Working on a pilot project application to look at leasing an electric vehicle to utilize in our fleet to see how an electric or electric/gas combination vehicle works in the municipal day to day operations.*
- ***Utilities Department***
 - *Worked with the Utilities and Operations senior staff as well as the HR Manager to collect data, write reports and secure Council approval for the creation of the Utilities Department (which previously as a division within the Operations Department).*
 - *Participate on the Committee for the new Water & Waste Treatment Plant*
 - *Secured Council approval to;*
 - *invest in detail design stage to improve our chances for shovel ready project and increase our chances for infrastructure funding. This project was estimated at application time for a total cost of \$17M.*
 - *complete the detail design in budget for \$640,000.00 and approved the oversight of construction costs for another \$600,000.00 if the RM receives infrastructure funding.*
 - ***Professional Development***
 - *CAO attended and successfully completed the Certificate in Municipal Management and Leadership conducted by the Asper School of Business (April 2019 - February 2020)*
 - *Several taking courses on their own which have not been financially supported by the RM (e.g. contract positions; shorter term project)*
 - *Planner: seeking approval of a Master's program costs*

- *Finance Manager: scheduled to take CMMA program*
- *Operations: short-staffed; no time for course work*
- *Asset & Project Manager: supported by RM to take asset management course*
- *Utilities Manager & staff: supported re: their water/wastewater certification courses*

➤ **Summary of Findings (Surveys and Interviews)**

Based on our observations, the survey responses and the interviews, we believe that there are a number of issues which we believe need to be addressed by both Council and management if the RM is to make significant strides forward over the immediate and longer-term future. These are significant and will require the full and active participation of all members of Council, the CAO and administration.

The issues which we describe are systemic; that is, they lie at the heart of the Council-management-administrative interface and impact the totality of community service. It is, of course, possible to make small changes from time to time. While this might be helpful for a while, seldom is the change long-lasting. We take the approach that positive change will only occur if those leading are capable of stepping up and recognizing their impact (for good and for ill) and then committing to do something about it.

Council's Role as a Governance Body

If there is no change in what Council does as the leadership body, we see the following outcomes:

- Continued in-fighting and lack of respect for Council as a leadership team
- Evidence of disrespect between members of Council and the Mayor
- Examples of disrespect shown toward members of the senior administration and particularly the CAO
- Ward-focused governance which will result in a lesser focus on "what is best for the RM?"
- Questions pertaining to conflict issues within Council which will result in turmoil, embarrassment, and damage to Council's and the community image

- Ongoing turnover in senior management; loss of corporate memory and capacity to make good decisions; increasing difficulty to recruit quality managers
- An abused Council-management relationship wherein Council makes management decisions thereby diminishing managerial capacity
- Personnel decisions made based on efficiency and not on both effectiveness and efficiency
- Policies which will continue to be focused on the minutiae which will paralyse administrative decision-making and overall corporate effectiveness
- Leadership will be fraught with turmoil as the Mayor and Councillors fight for turf and power.

Council has a very important leadership and governance role in this municipality. It is the only body which holds the power to set direction, guide by policies and resolutions, impact all residents through major decisions like taxation, development charges, utility rates, construction of new facilities, and enhancement of existing facilities and services. The role statements sent (by this consultant) earlier for Council, the Mayor and Councillors are not just interesting words. These need to be adopted by this Council and lived out to the best of your individual and collective abilities.

Motions should be introduced and passed endorsing these role statements so that each of you can be held to account for what they say and so that your public and your administration can assess the performance and role clarity of its Mayor, Councillors and CAO.

- **Impact of Council's Direction and Leadership**

Council has the mandate to govern on behalf of all of its residents. It does so through its bylaws, policies and resolutions. It can deliver leadership to the RM through these mechanisms, albeit this will be impacted by how it functions as much as by the decisions it makes.

We were advised that the degree of disconnectedness between Council and its administration has increased and shows up in the level of criticism expressed at regular meetings and briefing sessions. The causes of the lack of trust and to a certain extent increased criticism are likely numerous. For example, **there has been and continues to**

be too much detailed information to Council leading it into administrative issues; the seeming hesitancy of Council with respect to spending the money necessary to enable the administration get the job done properly; the degree of briefings and questioning of management relative to information not available at those meetings; the amount of time spent defending spending on approved budget items. In all of this, Council's leadership appears uncertain as it changes course on budgeted expenditures and as it dives deeply into issues rather than focusing on the absence or adequacy of current policies. The latter style of governance where there does not appear to be a fulsome understanding of policies or their impact results in a Council seemingly keen to guide the details.

This community is relatively rich yet guided by a very frugal (or careful) Council. As noted in our survey of comparable municipalities, the cost of management is relatively low, yet there is disappointment voiced by Council when management is unable to respond as quickly or fully as desired to their requests.

The dilemma or challenge with the current approach is that management is expected to be knowledgeable relative to all the details and to be able to answer all the questions being posed by members of Council. The CAO is then faulted for being unable to provide the answers to questions which may not have been known prior to the actual meeting. Some of these questions are viewed as "gotcha" with Councillors happy to see the discomfort of the CAO when she does not know how to answer.

It is not necessarily wrong that a Council will have questions (in fact, these should be encouraged). These should, however, be focused on the broader picture and not simply a dive into the operational details. Where questions have not been anticipated by management, they should respectfully and with confidence say "We will look into that and report back to everyone in due course subsequent to the meeting".

Management has very few written protocols, so there appears to be limited understanding in terms of how to respond to Council members' requests (e.g. what do we do with all the emails?). This degree of uncertainty hampers management from responding in a consistent manner.

Most of those we spoke to believe that Council has become more split and has not shown much desire or willingness to work together recently. While the Mayor seems to be

trying to keep everyone together, her success has been described as “limited”. Further, it is our understanding that the Mayor becomes too involved in departmental management and perhaps inadvertently limits the opportunities for growth by managers.

Individual Councillors seem to be unaware of the potential impact of their voices and actions on members of their administration. There is too much of a sense that “I can act towards management as I want; I am a member of Council” as though that provides more power than intended to any one individual. The negative comments by Council vis-à-vis management have limited the potential for better work by management who we understand question whether any extra effort will be noticed.

Councils lead through a variety of techniques: strategic plan, development plan, community workshops, municipal plan, capital budget, policies/bylaws, role statements, and annual reports. Each of these can impart aspects of a Council’s leadership based on what it sees as the big issues, a new or renewed sense of direction, a new approach to budgeting which involves more community participation, etc.

These are generally dynamic processes and unlikely to reflect unanimity at the outset at least. Each Councillor (and Mayor) might have a different view of what is critical and what could be set aside for the next term or year. Where there is disagreement, it should not be because the individual Councillors’ views are set in stone or that they have thrown their lot in with one or two others so as defeat any other ideas. Split votes by Council can be a reflection of health; predictable split votes are a reflection of dysfunction.

Rather, the intent of all should be to grasp what the community as a whole believes to be beneficial to the municipality (or not). There should be a sense that Council has come together on its priorities and vision (i.e. that which is included within an approved Strategic Plan) which will in turn drive the development and accomplishment of goals and objectives.

There are several issues we identified with Council’s style of decision making. These include:

- Council is not adhering to the strategic directions it has set, nor is the strategic plan referenced in its decisions.

- **Council seems** to be making decisions contrary to an evidence-based decision model. Professional staff provide recommendations based on recognized standards and best practices and these are overturned at Council (i.e. overruling pavement designs by engineers is one such example).
- Council brings forward motions out of the blue; there is no process to involve or seek the input of administration before an item is placed on the table by a Councillor.
- Issues are not debated in a fulsome manner with recommendations being frequently dismissed or countered with what has seemed to be limited research. Council has not established a structure where it can have honest and forthright discussions with staff on topical matters. Such discussions are left to Council meetings where the pressure is on to get a decision made.
- As indicated before, there are key strategic documents that have been accepted by Council; however, Council decisions are either divergent from or incongruent with these strategic directions that have been established.
- Council gets distracted and embedded in matters that are not strategic or emerging issues (i.e. they are operational matters); the result is that staff resources and energies and RM financial resources are being pulled away from strategic priorities.

Council Relationships

The health of the municipal body is generally a reflection of the health of a Council. If Council members are able to work together as a collegial body, then others throughout the organization will take their cue from that and strive to be cooperative towards one another. If Council members form alliances behind the Mayor's back and begin to direct staff, this sense of micromanaging, competing against each other, complaining about each other, will create a very difficult working environment for all staff. Tone at the top is very real and it begins quite naturally with Council.

One of the issues impacting collegiality between members of Council is what is described as a struggle for control within Council. Factions have begun to form which will detract from Council's capacity to act as one body. **While this might seem "natural", it should not be viewed as acceptable.** When there is genuine respect, there

will be an acceptance of the good work of each and the value of diverse opinions. All of Council should, for example, be consulted on how best the RM should communicate with its residents. While the Mayor is the lead spokesperson for Council (and the community) it is not only her voice or picture which need to be seen and heard. The monthly RM newsletter, as but one example, should reflect the voices of all of Council and not just one voice. Expert communications advice should be what drives how this media is utilized to get messages out to the broader community. We are advised that this has not happened to date and that this has resulted in internal discord and resentment.

While a **Code of Conduct** will be helpful, it will only be so if all members see it applying equally to themselves. While good governance principles might be useful to adopt, these too will only be as useful as the commitment to them by all members.

The Governance Model

The term “governance model” refers to how a Council structures itself so as to make its decisions in a manner which satisfies the need for information, clarity, reasonable options, and a clear decision. The key is to ensure that the model utilized will meet the needs of the Council for good information, evidence of the alternatives, and an opportunity to pause and reflect. It is this latter aspect which is missing: which many Councils miss as they hurry past on their way to making a decision that is not properly considered, and which will not stand the test of time.

It is our view relative to your current decision-making process that a change to a properly utilized Governance and Priorities Committee (GPC) on the intervening Mondays (i.e. between regular meetings of Council) would capture the benefits of your current “briefings” and ensure a proper approach to getting the significant matters addressed as comprehensively as they should. We have attached terms of reference for this committee and will answer any questions you might have relative to how this system is expected to work.

The keys for this proposed system are as follows:

- Ensure that all members go through the new model and ask questions now
- Understand that this GPC model is not a “dry run” for a Council meeting

- The agenda should look nothing like that of a Council meeting; its focus is to be placed on the key 2-4 issues which are perceived as the more significant
- This committee is advisory to Council and therefore any recommendation can be debated once the topic gets to a regular meeting of Council, AND a member can always change their mind up until the decision is made by Council
- The pressure will be on management to prepare and provide quality reports which are succinct (i.e. 3-4 pages maximum), professionally written using good grammar and sentence structure, with clear and distinct options provided which have been ranked by management
- After these meetings, the minutes will be referred to management to consider and to prepare a Final Report(s) on any matters addressed at the GPC table; this affords management an opportunity to reflect on the questions they heard from Council members; seek to answer all or some of those; and prepare a final report which will be signed off by the CAO.

Your model should work for you. While we will recommend one, this Council will determine if it is suitable to your issues, time considerations, willingness to debate and so on.

At the heart of the governance model lies its manner of receiving and responding to recommendations from its administration. These recommendations should always be in a standardized report format (**request for decision**) which we have described herein. (We note that to the CAO's credit, the RM does use what is termed an "Administrative Report". This is similar to what we have described albeit not as comprehensive vis-à-vis options and any policy implications). CAO recommendations should regularly reference any relationship to the previously mentioned strategic plan. Further, issues should be only addressed if they are in the agenda package given that only then will all members of Council have equal access to the issue, its background, reasonable options and a well-thought out recommendation.

Council has (or should have) at its fingertips access to professional, trained and competent staff (both within departments and via contracted consultants) who are to be relied upon to develop background reports and options for recommendations before any such matter is formally addressed by Council.

Regardless of any personal or perceived expertise, Council members (who may be inclined to think otherwise) are not the experts on Council business. Elected officials were not “hired” for that function nor are they expected to be anything other than a concerned voice/eyes/ears for the public. Simply, Council members are elected officials not municipal managers. The lawyer on a Council is not there for their legal expertise, nor the accountant for their specialized knowledge, nor the police or fire chief nor...

- **The Role and Performance of the Mayor**

The role and performance of the Mayor are critical to how well any municipality functions. This is **THE leadership role** in any municipality and how that is fulfilled will go a long way to determining how successful the community will be.

The Mayor is the leader of Council. With that knowledge and the belief of the community comes high expectations. The Mayor is expected to speak to the decisions of Council and even when the Mayor votes in opposition, she has no option but to speak supportively to the Council’s decision. In a situation where the position of Council is unknown and the Mayor is asked to comment on a subject, the Mayor ought to defer or begin any statement with “I don’t believe that we as a Council have adopted a position on that matter yet...”

The Mayor needs to guard against sounding as though her word will determine every decision. That is not how the Mayor in a Canadian context functions. While the Mayor has the pressure of considerable independence while in attendance at external meetings, she should (where permissible) review any key matters with her colleagues on an informal basis in anticipation of such meetings and proceed accordingly. She should also immediately after any meetings with regional leaders or the Provincial government, share appropriate information with her Council colleagues and the CAO. Holding on to such information for longer than 72 hours is never appropriate. Unless embargoed by a meeting with say the Premier or Minister, what the Mayor knows, her colleagues know. Unless asked by a Provincial cabinet member to attend a meeting alone, the Mayor should always be accompanied by another member of Council and the CAO. While there are various reasons for this, having a back-up audience will ensure greater transparency from a Council perspective.

While the Mayor is expected to treat her role with a careful touch, and her colleagues likewise, Council also needs to respond similarly and accord the Mayor with a high degree of respect for the office and a sense of joint ownership of any decisions. It does not matter, quite simply, whether a Councillor plans to run for Mayor at the next opportunity or has supported someone else the previous election; what matters is maturity and a willingness to accept the reality and then the expectations of the present moment.

The Mayor could be exercising a different style of leadership which could bring her team closer together. Her focus needs to be more squarely placed on how her Council is governing than on whether the CAO's management team is functioning. That is not her responsibility other than to maintain an ongoing dialogue with the CAO. The Mayor is to be the public's chief spokesperson and not the RM's manager. We are confident that the Mayor has this understanding which is necessary to be the leader the community and its Council needs.

- **The Role and Performance of the CAO**

The CAO is a critical component of the RM of East St. Paul's structure and capacity to function. As in other municipalities across Canada, the CAO is recognized in Manitoba as Council's chief policy advisor and the administration's leader and champion. These roles are never easy to satisfactorily fulfill as they are oft times at odds with each other requiring considerable balance and fairness.

The CAO has a broad administrative background including time spent in two different locations as the CAO, together with other related experience in general management, finance and fleet management. While her other appointments were in municipalities which were considerably smaller than ESP, Council was aware of that and determined that the incumbent had sufficient skills and experience to do the job. She also has the support of her managers and the administration with whom we spoke. They see her as going to bat for them and as striving to bring about improvements in the system.

As we view it, the CAO is responsible for acting as the principal advisor to Council on all policy matters, RM finances and operations, planning issues, policy development and communication. She is also expected to be the chief administrator for her managers and staff. This requires that she provide capable leadership and modeling of solid

management skills, careful guidance, oversight of reports, exercise of discipline, encouragement of improvements, respect for all members of Council. A CAO is also the sole employee of the Council and thus the recruitment, assessment, compensation and discipline of the CAO is the responsibility of Council.

As has been pointed out throughout this engagement, the relationship between Council and the CAO is central to the effective functioning of the RM and thus this matter needs to be addressed on a priority basis.

- **Strategic Priorities**

Every municipality, indeed, every organization, needs a clear sense of purpose and direction if it is to be capable of meeting reasonable targets and making ongoing progress towards identified objectives. Priorities are necessary given that there will always be more to be done than the resources permit. Some of these priorities are relatively low cost but important nonetheless; others are of significant scope. Some may be focused on internal system changes whereas others might be focused on major expenditures such as infrastructure projects (stormwater system, water system, solid waste center, swimming pool or arena, new RM Hall, etc.). What is to be done first or whether two items can proceed forward at the same time is only determined by a Council working in concert with its management to assess the community's sense of priorities, cost/resources, timing, availability of contractors and so on.

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.

Council needs to commit to a policy on strategic planning which will ensure that this type of formal thinking and visioning exercise occurs every year (to two years) prior to

the development of the annual budget (and that the process is completed satisfactorily).

- **The Role and Impact of Policy Development**

As a quick recap: policy speaks to “what” is to be done; procedure or what we call “managerial directives” speak to “how” it will happen. The former describes public choice. That is established by the elected Council. The latter describes the processes put in place to implement the will of Council. That is the role of administration. This simple description needs to be clear to all involved. This lies at the heart of much that has gone off the tracks.

Why does a Council set policy? Great question. It is because the elected decision-makers are accountable to the electorate for sound governance which can only happen if Council is establishing clear, comprehensive, future-oriented policies within which management can successfully function. Why not just “wing it” or why not just make decisions when something goes off the rails? Because a serious-minded and committed Council will want to know that it is in charge and accountable; that it makes decisions which set out the over-arching Council choices which provide guidance in such a way that management can get on with the day to day decisions.

- **Budget Process and Timing**

The Manitoba *Municipal Act* directs that a budget for the municipality be developed annually and approved by Council. The budget is a fiscal projection of what priority services will be provided and therefore funded. This is what determines the tax levy for homeowners and businesses alike. Once priorities have been discussed through the strategic planning exercise, a business plan is developed which outlines the planned expenditures. The budget then identifies the actual spending required (or expected) for each category, sometimes providing considerable detail.

In order for this approach to be effective, certain key elements are essential: the strategic plan must be developed by early fall of each year (in some communities a lot earlier than that); the business plan and budget follow and should be in place and approved by Council prior to year end or the notion of a budget being a fiscal forecast is lost.

- **The Performance of Management**

While there is appreciation for the amount of work involved and for the added burden given the decrease in managerial resources, there have also been concerns regarding how quickly and professionally staff handle citizen issues or Council complaints.

Management spoke to the need for improved role clarity, both within their corps and between themselves and Council. Issues of this nature do not typically resolve themselves. They need to be addressed by the CAO (and Council where applicable) if progress is to be made.

It is our view that there are several stumbling blocks in the way of improved response by ESP management. These include an insufficient number of managers in the organization; inappropriate designation of roles; need for improved understanding of and use of management meetings; absence of focused training and development, and inadequate attention to ongoing team building.

Management is accountable to the CAO. She must assume leadership by ensuring that the right people are being hired for the right positions. This will not be possible until Council agrees to stop its involvement in management processes and limits itself to the recruitment, performance management and assessment of the CAO. Having Council involved in the recruitment of other managers makes little to no sense. If the CAO is to be held accountable for the performance of her managers, have her do the job posting, recruitment, interviewing, hiring, and performance assessment. Council's assessment of how good a job the CAO is doing is always a reflection of the work being done by her direct reports. If these people are not being hired by the CAO...well, one begins to see the problem.

- **Organization Structure**

This is important as it determines whether the system has the right types of resources doing the right things and reporting to the right people. Management will not be successful unless and until the organization reflects the right skill set to ensure that the "business" of the municipality is being appropriately managed. This also ensures that Council will have access to competent, experienced people who will have relevant experience likely from other similar settings. The CAO cannot be expected to function effectively on their own without having ready access to those whose skillsets fill in the

blanks which are present in everyone's toolkit. Structure is critical. Qualified people filling those spots are essential.

We believe that the RM would profit substantially by moving towards four department heads (either Directors or General Managers) as an immediate and longer-term strategy. This would undoubtedly give added impetus to a more professional approach and will establish the template for future recruitment as resources permit and as needs justify. Will restructuring cost more? Not necessarily, but it will set in place a structure which could satisfy future growth both in terms of population and the number of employees necessary to serve that population. The Council (and therefore the community) will benefit from improved coordination of services, enhanced senior management skill set and greater recruitment potential (i.e. this is a progressive, skills-based municipality). Any junior staff will see the potential for career growth and will be more likely to remain.

- **Performance Assessment**

With the assistance of your HR consultant, the CAO should be able to ensure that each manager (and direct report) receives at minimum an annual assessment of performance. A proper and consistent format should be constructed and made available to everyone in a managerial capacity. There should also be training provided in terms of how to use the format, and the CAO should ensure that she expects it to be used on an annual basis. The CAO will then need to set the standard by assessing her direct reports on an annual basis. The CAO will also follow-up with her direct reports to ensure that they are similarly assessing their subordinate officers annually.

- **Management Meetings**

Management meetings are now being held on a regular basis. The CAO should be meeting with her direct reports at least every two weeks, and preferably weekly. Department Heads in turn should be meeting regularly with their direct reports (preferably weekly to briefly discuss the forthcoming week of activities) and bi-weekly or monthly to discuss broader system issues and projects.

- **HR System**

The HR system will deal with all HR related issues including the management of personnel policies and collective agreements; the direction of HR benefit programs;

work and vacation schedules; employee assistance program; retirement planning; recruitment; updating of position descriptions; manpower planning; training and development; compensation planning; etc. The current system is evolving and the efforts of the HR consultant to date are generally met with support.

- **Monitoring Morale**

There is an expression which states, “what gets measured, gets done”. It is incumbent on the CAO and department heads to regularly “take the room temperature” and monitor what is happening vis-à-vis office morale. This could be done informally through regular discussions at management meetings or perhaps once annually using an employee morale measurement system which can be found online and/or through reputable organizations.

- **Training and Development**

Organizations like the RM typically attempt to hire qualified people to fill vacancies. Position descriptions are updated; recruitment options are considered; advertising takes place; a short-list of candidates is developed; interviews are held; an offer is made. What next? Well, if the RM wants to stay ahead of the curve, it invests dollars and time into providing its employees with relevant training opportunities so that all are kept current with whatever is happening in their profession or career choice.

- **Council and Management Meetings**

Regular Council meetings are held on a scheduled basis every second and fourth Tuesday of the month (Monday evening at 5:30 p.m.). Council “briefings” (which have been held over the past four years) are held on an irregular basis as deemed necessary but generally on the basis of a perceived need due to a significant issue that is on the Council meeting agenda. There are no terms of reference for these briefings nor are there any motions made.

Briefings should be simply that: management should be expected to provide an update on an issue which has yet to appear on a Council agenda; otherwise Council could be legitimately charged with trying to hide issues and discussions from the public. A discussion should be held relative to key Council issues during a Governance and Priorities Committee meeting as outlined earlier in this report. This should be the forum whereby Council can discuss matters of significance with the CAO and department

heads. The latter will then review the questions posed and bring back a comprehensive yet succinct report to Council likely at its next regular meeting.

The Mayor should be comfortable chairing meetings and reasonably aware of the protocols expected and the rules of order which apply. On the other hand, the Mayor is not expected to be the expert relative to meeting procedures, as that is a mantle to be assumed by the Clerk (a position neither created or filled at the moment). If a topic is prolonged in its discussion, the Mayor can always seek a motion to table it to the next meeting unless the issue in question is time sensitive. If it should be the subject of a policy, the Mayor can point that out and suggest a second resolution be placed before the Council which makes that request of your CAO.

- **Policies and Protocols**

The RM has recognized the need for policies, and management refers to the need for a particular policy from time to time. This has been very much a “hit and miss” approach resulting in policies being developed in such a manner that they become very operational in their tone.

In order to address any shortfalls, reduce confusion and place the attention of both Council and management in the right areas of scope, policies ought to be re-drafted with Council being provided with updated, re-drafted policy statements which will then be placed in a **Policy Manual**. Management/administration should be given a copy of those policies and the complementary “**Manual of Administrative Directives**”. Council will add real value when it adjusts its sights to “big picture” issues and the development of policies in these areas. Detailed operational policies should be re-labeled as “administrative directives” and delegated to the CAO for her development, ownership, guidance, and supervision.

- **Orientation**

Orientation of any Council is particularly important as an introduction to what these new expectations mean. Regardless of any prior experience as a member of a community board or provincial agency, the duties and expectations of a Council member are significantly different and far more complex and challenging. To the credit of management, Council members were invited to attend the “Bootcamp” which was hosted by West St. Paul on behalf of their regional neighbours. While Council members

and the CAO felt that the Bootcamp was very useful, there does not appear to have been any **follow-up locally**, something that is needed if the full value of an orientation is to be realized.

To their credit, the administration advised that the Bootcamp was a wake-up call in terms of what a new Council should be provided during their orientation. This was a shortfall in the RM's preparation for the Council and is expected to be addressed by the time of the next election. While some of this may have been addressed as a prelude to the strategic planning exercise, management is aware that more needs to be done.

- **Code of Conduct**

Every Council should have a "Code of Conduct" which provides guidance and parameters as to acceptable behaviour as a member of Council. The RM has such a Code (see Policy COU-105) which was approved by resolution #469/2013. The Code was referenced by only a few of those we interviewed suggesting that it is either not well known or seldom discussed. It is our understanding that the RM's legal counsel has been asked to take another look at the Code with a view to strengthening and clarifying it and capturing it with an RM bylaw.

- **Major Issues Dossier**

One of the tools which the CAO should have as a mechanism for briefing Council should be a "major issues dossier". This document would be useful in detailing what are considered to be the major issues facing the municipality and what action is either being taken or contemplated by management in terms of how and when these will be addressed. This dossier could be built on the results of the strategic planning process while adding any other major projects not captured through the strategic plan.

- **Outcomes**

Depending on who we asked, we received various responses to the question of "what outcomes (or results) do you want to see from this Governance Audit?" That tends to replicate what we have found elsewhere. Council, management, and non-management all tend to see the world differently and all might want quite different results even if they are "employed" within the same system.

We see the expected results as follows:

- Seek to understand and communicate clear role understanding; address the issue of Council's real role
- Improve relationships (within Council; between Council and management); quit the in-fighting which has become more predictable; avoid a bloc mentality
- Develop and follow clear, comprehensive policies; revise or rescind those that no longer meet RM needs
- Enhance the culture and morale of the organization; ensure improved communication across the organization
- Understand that this Governance Audit is essential if the organization is to improve the culture and reduce the impetus for managers leaving
- Show more confidence in the CAO and her performance; quit micromanaging; respect her right to manage and fulfill her legislated duties
- Stress the importance of improved individual and collective performance by managers; measure that performance
- Stay clear of any conflict of interest situations; Councillors need to police each other
- Council is the group that makes the overall decisions, but the CAO is the one who directs and hires staff and maintains day to day operations
- Council encourages and enables senior management to do their jobs, and expects the best of their performance, recognizing that this should be a really great place to work.
- **Financial and Demographic Analysis**

As a component of our Governance Audit, we agreed to undertake a financial and demographic review.

Summary of Financial Analysis: Financial analysis of the 6 years ending 2019

- 1) Revenues increased by 11%, or an average annual compounded rate of 2.2%. However, after considering population growth and inflation, the per capita revenues were relatively stable with an average annual compounded rate of increase of 0.3%.

- 2) Expenses increased by 23%, or an average annual compounded rate of 4.2%. However, after considering population growth and inflation, the per capita expenses increased at an average annual compounded rate of 1.7%.
- 3) Over the same period the Liability to Accumulated Surplus (i.e. Debt-to-Equity) ratio has decreased by 3.7%; from 8.2% in 2014 to 4.5% in 2019.

Based on this analysis, we believe that East St. Paul's finances are solid, given the decreasing and relatively low debt-to-equity ratio of 3.7%. Revenues are keeping pace with population growth and inflation. Expenses are increasing by 1.7% after allowing for population and inflation, which is not considered to be excessive considering the increasing accumulated surplus.

Comparative analysis of 2018 Compensation Expenses

Using the 2018 Audited Financial Statements East St. Paul was compared to the four other municipalities. The information sources for this analysis is

- a) Schedule 4: The Consolidated Statement of Operations by Program, which provides the Personal Services expenses by program, and
 - b) The Public Sector Compensation Disclosure, which is found in the notes section of the audited statements. This note provides a list of all compensation of officers paid more than \$75,000. It also provides the compensation paid to the Councillors and Mayors. Following is a summary of the analysis.
- As a percentage of Total Operating Expenses, East St. Paul and Steinbach had the lowest cost of Personnel Services in 2018; 29%.
 - East St. Paul had the lowest per capita cost of Personnel Services in 2018.
 - In 2018 East St. Paul had three staff with annual salaries over \$75,000. The total annual compensation for these three staff was \$287,600. This compares to an average of 17 staff per municipality with a total annual compensation of \$1,659,308.
 - In 2018 East St. Paul had the highest average compensation of \$31,064 per Councillor/Mayor. The average compensation of all five municipalities was \$21,158 per Councillor/Mayor.

Based on this analysis, we may conclude that East St. Paul's personnel cost generally are lower than the other four municipalities, whereas East St. Paul's compensation to the Mayor and Councillors are higher than the other four municipalities. This discrepancy should be reviewed.

- **Our Summary**

It is difficult to pull all of this together into a neat package that everyone can readily digest and then move forward. This Audit is a major dividing point in the governance and leadership history of East St. Paul. That should be viewed as both exciting and challenging.

There are a number of steps which this Council and management could take to "move the needle". Quite frankly, the RM of East St. Paul could be a real leader in the region and throughout the Province. That will not happen overnight, but it certainly could happen.

We have not been cautious and gentle in our comments in our Final Report. That is not our style for one simple reason: it might sound nice, but it does not work. The Mayor needs to reflect on what changes in leadership style she could make which will help Council function as a collegial yet vastly different group of community leaders. Councillors need to accept the obvious: the citizens chose the Mayor so their respect for the Mayor should be obvious. All of Council (Mayor and Councillors) needs to accept each other and recognize that their strength is their diversity. All of Council need to understand that the system will work once they have sorted out their roles and personally exhibited support for their CAO so that she can actually deliver on her responsibilities and level of decision-making.

Further, the CAO does not get a free pass. She is responsible for how the administrative system works. Her job is to build a management team in whom Council can realistically place their faith. At the same time, she has to "manage" her Mayor and Councillors by providing sufficient information to satisfy their questions; by ensuring that each is listened to when they stop by for a visit; by looking into issues which they raise on behalf of citizens. That is a significant and complex role.

If local government in East St. Paul is to succeed and eventually flourish, Council needs to be very intentional with respect to how that will happen. It certainly will not be as

a result of more of the same. There needs to be a genuine desire to get off the treadmill to nowhere and move the organization in a clear, focused direction. That begins with role clarity.

Recommendations

Report

1. We recommend that an Executive Summary of this Report be made available to the public (post on the website) to ensure transparency and a commitment to action.

Role Statements

2. We recommend that Council adopt the role statements previously sent to the RM for the positions of Mayor and Council members and for that of Council as a whole.

Governance

3. We recommend that Council adopt the Governance and Priorities Committee and adopt the terms of reference as a key step in its decision-making approach and process. This step should enhance Council's focus on the key policy issues and enable it to have a good discussion of the key issues with its management. The GPC is intended as an "open to the public" body.

Council Member Covenant

4. We recommend that Council adopt the Council Member Covenant. This speaks to the ongoing relationships between members of Council and to how they ought to act towards each other in conducting the business of the RM.

Council-CAO Covenant

5. We recommend that Council adopt the Council-CAO Covenant as a guideline to how it will manage its relationship to its chief administrative officer. This speaks to the need for an improved understanding of the role of the CAO and the treatment of that role by the Mayor and Councillors.

Organization Structure

6. We recommend that Council adopt the recommended RM policy on approving changes to the organization structure; and that the authority for recommending a new and revised structure be delegated to the CAO.
7. We recommend that Council agree and support the delegation of recruitment and selection decisions to its CAO; and that Council policy PER-200 be adopted as attached.
8. We recommend that the CAO further examine the ESP personnel costs in relation to its comparators and ensure that this is included in any future rationale for additional resources.

CAO Performance Review

9. We recommend that the CAO position description be updated on a regular (at least bi-annual) basis and that those responsibilities be made clear to all members of management and Council.
10. We recommend that Council undertake (at minimum) an annual performance review of the CAO and that this process utilize the recommended Performance Assessment Format.

Strategic Plan

11. We recommend that the RM engage in a strategic planning exercise annually; that a major update on priorities be conducted at minimum every two years; that an external facilitator be utilized to enable full participation by Council and management; that this be conducted prior to the business planning and budget process; and that the input of the public be sought on regular intervals and at minimum every two years.
12. We recommend that management strategies in support of the Council-approved Strategic Plan be developed annually to show its commitment to this process; and that as applicable, RFD recommendations to Council be linked to the Strategic Plan.

Request for Decision

13. We recommend that Council request and management adopt the use of a “request for decision” format (RFD) for every business/action item on every Council and committee agenda.

Policies

14. We recommend that Council initiate the development of solid governance policies on key and repetitive issues as they arise. We will provide a policy template and a sample policy.
15. We recommend that “**protocols**” be developed on internal policy matters; these should be circulated to all members of the administration.

Orientation

16. We recommend that the current orientation process be reviewed and revised (we will provide a template).

Management

17. We recommend that the CAO ensure that Council is regularly briefed on upcoming issues of significance through “briefing sessions” and regular correspondence to Council as “items for information”.
18. We recommend that the CAO model and instill in her senior management team (SMT) the notion of managerial accountability and the need for high quality reporting. This will include the expectation that all managers strive for the best in management practices: plan carefully; communicate daily, effectively and graciously; use resources prudently; work collegially; stay within budget; hold regular staff meetings; conduct regular performance reviews; channel questions and concerns up through supervisor to the CAO; and act at all times with integrity.
19. We recommend that the CAO ensure that all full-time employees of the RM have an updated and current position description relative

to their duties; and that each are assessed for their performance on at least an annual basis.

20. We recommend that the CAO develop an annual HR Plan which outlines her projections for needed staff in each of the departments. This ought to be updated regularly.
21. We recommend that the CAO assist Council in a review of existing and needed policies and that these appear on a regular basis at Council meetings for adoption.
22. We recommend that the CAO ensure that all management and staff respond appropriately to members of Council when they receive any request in writing (emails, texts) or in person. All requests should automatically be referred to the appropriate department head with a copy to the CAO.

Closing Comment

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

George B Cuff, FCMC

