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Alberta Municipal Affairs

Municipality of Crowsnest Pass Municipal Inspection

Final Report

August 7, 2013

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Executive Summary

A sufficient petition was received from the residents of Crowsnest Pass on November 1st, 2012 which requested the Minister of Municipal Affairs to:

“Open an inquiry into the municipality, with focus on the actions and performance of the CAO, administration and mayor and council.” The petition also indicated that, *“We the taxpayers feel that the mismanagement of the municipalities resources have resulted in an unfair tax rate”*.

Russell Farmer and Associates was appointed by the Minister of Municipal Affairs to complete an Inspection in accordance with Section 571 of the Municipal Government Act.

During our inspection we identified a number of areas of interest. These have been divided into the following subject matters: Working relationships, Council Operations, Administration, Communication and Additional Areas of Interest. Our inquiry into these matters resulted in eighty-six recommendations for improvements.

Working Relationships

The working relationships were examined in the following areas: Council, Council and Residents, Council and the Chief Administrative Officer (CAO), Council and Administration, Administration, Union Relationships and Relationships between CAO/Administration and Residents.

Generally, intra-Council working relationships were identified as good with the exception of the relationship between one Councillor and Council, with the relationship with the mayor being the poorest relationship. The relationship between the Councillor and the rest of Council did not impact the decision making process and Council continued to function.

The relationship between Council and Residents is a bipolar relationship. Some participants indicated that Council was ruled by the mayor like a “dictatorship” while other participants indicated that this was the best Council that the Municipality of Crowsnest Pass (the Municipality or Crowsnest Pass) has had for years and that they are open and transparent. The biggest finding from the relationship between Council and residents is that residents on both sides indicated that the other side is using intimidation, threats and bullying.

Overall the relationship between Council and the CAO is excellent with most of the Councillors indicating that the CAO is doing an excellent job providing Council with enough information to make decisions in a timely fashion with solid recommendations. Concerns were raised by one Councillor related to putting items on the agenda for Council meetings and the recording of

Council meetings by a Councillor when he was not present. These issues did impact the level of trust on Council as well as between Council and administration.

Generally the relationships between Council and administration were considered good; however, there was a perception that, in some cases, administration did not provide all of the information that was needed. Additionally, there is a perception that at times Councillors have provided direction directly to staff.

Relationships within administration are mixed at best and in a few situations the relationship between staff and management is hostile. The general perception is that management is not open to input from staff and that they do not involve staff in changes in the organization. As well there is a perception that because most of management does not live in Crowsnest Pass they are not committed to the community.

The relationship between the union and management is a strained relationship that has degraded over the last few years. The role of the Director of Finance and Corporate Services in human resources was identified as a contributing factor to the degradation of the relationship between management and the union.

Finally, the relationship between the CAO/administration and residents is a similar relationship to that of Council and residents. There are some participants of the inspection that support the CAO and management and others that believe that the CAO is the root of all the problems within the organization. Issues included a perception that administration does not care about the residents or what they have to say and the perception that if you knew someone you could get things done. Other participants indicated that administration was easy to deal with and contact.

Based on these issues, we made the following recommendations:

1. Council meets as a group to talk about the issues contributing to the degradation of the relationship between the single Councillor and the rest of Council. Particularly, focus on open and honest discussion about each Councillor's perspective on the issues.
2. The Municipality includes an annual refresher for Councillors focused on use of media, particularly running ads in the local paper.
3. The CAO develop a guide, with timelines, for Councillors to use for submitting agenda item requests to the CAO. The guide should also include the steps required to add agenda items to the agenda at the beginning of the Council meeting.
4. The CAO include a conflict resolution session in the orientation provided to Councillors. The purpose of the session is to provide Councillors with the tools to deal with conflicts within Council, with administration and with the public.

5. The CAO include Council's roles and responsibilities as they relate to municipal staff in the orientation provided to Councillors and review the roles and responsibilities of Council with Councillors on an annual basis.
6. The CAO develop and communicate a formal procedure for the organization highlighting what staff need to do if they are receiving direction from Councillors.

Council Operations

Generally, Council does appear to be following a good decision making process and are appropriately respectful of the governance process in their meetings. Council minutes appear to be managed appropriately and bylaws appear to be properly written, recorded, passed and indexed, for the most part. Council appears to be following their strategic plan and providing the CAO with an annual performance evaluation that meets their needs. Further, Council has developed a code of conduct for itself and its Councillors. There were multiple issues that were identified in each area under Council Operations that the following recommendations are based upon.

7. In the strategic plan, reframe the column that identifies Council's responsibility to "assigned responsibility". The responsible party in this column becomes Council, a named position, or a named department. This allows a link between the strategic plan and operational plan for departments and provides for clear directions to management from Council.
8. The organization develops a resident communication that clearly identifies the costs associated with the strategic plan versus the costs for the day to day operations. This type of report provides greater clarity to residents as to what are the costs to provide the current level of services in the Municipality and the impact of Council's vision of the future.
9. The CAO and Council review the use of Governance and Priorities Committee meetings and administrative meetings to ensure that they are being used in the most effective and efficient manner.
10. Administration conduct greater research into consultant recommendations related to a new area of business when Council is making decisions that are heavily reliant upon a consultant's recommendation about a new area of business for the Municipality.
11. The mayor discontinues his practice of responding to other Councillor's comments during Council meetings.
12. The Councillors focus on asking questions for clarification of information presented by administration rather than engaging in argument/comment/deliberation on an issue without a motion.

13. Council and CAO review the practice of putting delegations in the Governance and Priorities Committee meetings rather than including them in the Council meetings. The CAO develop a resident's guide providing direction as to how the residents can become a delegate and provide the guide on the website and provide paper copies at the municipal office.
14. Administration refrains from posting unofficial minutes on the municipal website. All minutes must be adopted by Council before posting.
15. Administration discontinues the practice of recording votes on motions as unanimously carried or carried. All motions should be recorded as carried or defeated.
16. Recording of notes and comments within the meeting minutes be discontinued.
17. All direction provided to the CAO be provided through motion rather than through comments from Councillors during Council meetings.
18. The CAO review the motion tracking system and ensure that all motions are either withdrawn or a vote is held on the motion.
19. Administration review and take a proactive role in its communication around bylaws with a focus on increasing participation and communication with residents/businesses most likely to be impacted by new bylaws.
20. Review the bylaws provided on the website and remove all bylaws that have been repealed. In the case where there are multiple amendments determine if there is a need to amalgamate the amendments into one bylaw.
21. Administration and Council review the use of the Governance and Priorities Committee meeting with a focus on increasing transparency.
22. Discontinue the practice of recording if a bylaw was carried unanimously versus carried and only record if a bylaw was carried or defeated.
23. When conducting the CAO's performance review, Council consider identifying direct links to the strategic plan and annual objectives for accomplishing the plan, identify clear links between the job description, evaluation criteria and strategic plan, provide timely comments and develop a future plan highlighting the goals and objectives for the following year including a timeline for follow up.
24. When Councillors have a pecuniary interest they clearly state, for the record, what the conflict is rather than only stating that they have a pecuniary interest.

Administration

We reviewed all operations of the Municipality, looking at each department, human resources practices, budgeting practices, staffing levels, and financial practices. We benchmarked the Municipality's financials, staffing levels, and mill rates against the publically available information of 10 peer municipalities with similar populations and revenues that were no more than 1.5

times that of the Municipality. Based on the review of these items, we recommended the following:

25. The Director of Planning, Engineering and Operations develop a communication plan for staff that clearly outlines a coffee break policy. The Director should include the Manager of Operations, union representatives and operations staff in the development of this policy.
26. The CAO, Director of Planning, Engineering and Operations and Manager of Operations develop an implementation plan that addresses the resistance they are receiving from operational staff. It is imperative that the CAO and Director provide the Manager of Operations with the support and resources required to break through the change barrier to implement this system.
27. The Municipality continues to rationalize its operations, particularly its equipment, to a level that is more in line with comparable municipalities.
28. The Municipality continues to communicate the workload, types of infractions and monetary impact of the Community Peace Officer program to residents and the public to address the perception of the program.
29. The CAO and Director of Protective and Community Services, in collaboration with Council, develop a strategy for addressing legacy issues related to bylaws such as the issue described in the bylaw section of the report (page 43).
30. The Municipality develops a strategy to meet and discuss heavy truck parking with residents within the Municipality in order to address the perception of a lack of parking.
31. The Director of Protective and Community Services provide direction to Community Peace Officers regarding on call and the available options for coverage when neither Community Peace Officer is available for on call.
32. The Municipality includes a focus on conflict resolution and how to deal with conflict as part of the standard training for all management staff.
33. The Municipality refrains from officially hiring any new employee until the results of their pre-employment testing is available.
34. The Municipality hires a part-time or full-time senior human resources person to take over all of the human resources roles other than the financial and accounting roles associated with human resources such as payroll, benefits, etc.
35. The Municipality begins to address the morale and relationship issues within the organization, particularly the union, by conducting regular meetings with union representatives and leadership to discuss issues.
36. Management holds regular meetings with their staff to discuss Council direction as well as to gather feedback from staff about the work environment. It will be critical to provide staff with an understanding of how their input will be used and how decisions about their input will be communicated back to them.

37. The CAO hold a regular meeting (anywhere from monthly to quarterly) with all staff to discuss Council direction, issues/concerns identified from the last meeting and gather feedback from staff about issues/concerns they are having. As with the management meetings it will be critical to provide staff with an understanding of how their input will be used and how decisions about their input will be communicated back to them.

Budget Process

The Municipality uses a triennial budgeting process (starting in 2012). The process has provided Council with a road map for decision making and allowed them to focus on the future of the Municipality. One of the issues raised during the review was moving budget dollars between general ledger accounts without the knowledge of the user of the account. This impacts the variance report and the ability to plan for budgeting expenditures. We recommend the following:

38. The Municipality ensures that budget dollars are not being moved between general ledger accounts and the full variance is being captured in the variance reports.

Human Resource Practices

During our review, human resources was identified as a significant gap in the organizational structure of the Municipality. The trust between employees and the Municipality has been damaged over the last few years, specifically by lack of direction, and perceptions of lack of experience and appropriate sensitivity within the human resources function. As the CAO and the Director, Finance and Corporate Services have both been accountable for human resources within the Municipality, employees are confused as to “who is HR”. Further impacting this gap is the high management turnover, the perception of a lack of care and concern for employees by management, the perception of a lack of open and transparent communication with employees, and the perception that the Director, Finance and Corporate Services’ spouse – who works for the municipality – is privy to confidential information and is not respecting the confidentiality of that information.

We recommend the following:

39. Management create and adhere to a communication plan on such organizational aspects as policy changes, bylaw changes, re-organizational efforts, Council decisions or direction for the organization, and organizational priorities. The communication plan should include an overview of the issue/project/etc., key messages, key impacts on employees or the organization, as well as the responsible individuals in terms of questions/answers, communication sessions, and follow

- through of activities. It is advisable that there are manager or employee briefing documents that are created to support the communication plan.
40. Develop manager workshops or sessions where management practices are discussed for consistent application and/or learnings. Include in this the application of policies, such as training and development and discipline.
 41. Conduct management appraisals for coaching, training, and development purposes primarily. These appraisals would be supported by a 360 degree survey to staff, supervisor, and colleagues. The CAO would develop a training and development plan for each of the reporting managers that address the areas of improvement noted; this would not be linked to salary decisions.
 42. Engage a third party to develop and conduct an employee survey that covers topics such as employee engagement, employee satisfaction, and employee-manager working relationships. Choose the top three to four key areas to develop an action plan and communicate to employees.
 43. Hire a permanent part-time or full-time senior professional human resources position. Duties would include those identified in this report.
 44. The CAO conducts quarterly coaching discussions with Director of Finance and Corporate Services, based on observations and the 360 degree feedback. These coaching sessions would be intended to strengthen the people management capabilities of Director of Finance and Corporate Services.
 45. Work jointly with CUPE, Local 812 to develop a performance plan where clear expectations are laid out to the public works employee connected to alleged breaches of confidentiality, specifically on any perceived or real transgressions in information being passed along to anyone not authorized to have this information, including any progressive discipline that is to be applied.
 46. Develop a policy and process addressing the rules of conduct when family members, relations, or friends work within the Municipality.
 47. Develop an overall human resources or people strategy that supports the Municipality's organizational strategy.
 48. Develop a policy and process for non-union salary adjustments, including how the performance of an employee is connected to or influenced by the performance assessments (meeting of the goals, objectives, and behaviours).
 49. Determine the pay philosophy and overall labour relations philosophy and approach.
 50. Continue to partner with CUPE, Local 812 in joint management-union meetings. Develop a proactive interest-based relationship. Consider bringing in a neutral outside source with expertise in this area to assist in the continued development of this relationship.
 51. Examine the use of overtime within the Municipality. Consider the number of staff, time off requests (vacation), vacancies, service levels, and projects undertaken. Develop a workforce plan that addresses the capacity of the organization. Discuss

- with Council where there are needs to adjust workload, service level, or staffing levels.
52. Address the change management issues of recruitment and seniority versus qualifications within the joint labour-management meetings. Third party assistance may be required to facilitate the discussion and resolution with both parties. The objective will be to reduce the concerns employees have relative to management's practices.
 53. Remove recruitment documentation from employee records. Establish filing systems for the recruitment of positions. Adhere to Alberta's Freedom of Information and Protection of Privacy Act regarding records maintained and destroyed.
 54. Memos or emails indicating changes to employee records (pay, vacation, jobs, etc.) are addressed with the single employee impacted and filed in the single employee record. Where multiple employees are listed, ensure that non-relevant information is blacked out or removed from the documentation prior to filing in an employee file.
 55. For non-union employees, conduct, at a minimum, annual performance reviews. Include the finalized documentation and any communication to the employee in the employee file.
 56. For unionized employees, work with CUPE, Local 812 in the development of a full or partial performance or development review. Taking the longer horizon view, consider identifying the skills and competencies required to support the organization, determining the gap for individual employees for both at the job level and potential succession planning.
 57. Ensure titling consistency with job descriptions, union collective agreements, and organizational charts.
 58. Ensure format consistency for all job descriptions. Consider the organization of key duties into three to five key areas, with approximate percentages of time associated with each (totaling 100 percent), and the key supporting activities under each. Where there are multiple focus roles, ensure that descriptions are developed and aligned within the compensation system. Where there is job knowledge, skills, or experiences stated on a job description and/or advertisement/posting, utilize the differentiators of "asset" (nice-to-have) and required (absolute minimum to hire).
 59. Develop and post a monthly or quarterly report indicating the status (not personal details of those applied) of an active recruitment competition. Place in an area or on the intranet where staff can access.
 60. Continue with the policy review committee established and ensure that policies are reviewed and updated on an agreed on schedule. Ensure that the policies are reviewed every three to five years, at a minimum.
 61. Establish additional workshops for staff and management on issues related to harassment, code of conduct, respectful workplace, and discipline respecting violations. Work with the union on this in a joint manner.

62. Conduct staff and management surveys and/or interviews for those directly impacted by the Equipment Operator Training policy. Determine the underlying causes of the dissatisfaction and gaps. Develop a plan to address the gaps.
63. Assign the classification process, including the three year review, to the newly hired senior human resources professional. Develop a communication plan for the employees and the managers impacted.

Benchmark Comparisons to Peer Municipalities

We compared the Municipality to 10 peer municipalities – Blackfalds, Bonnyville, Devon, Peace River, Ponoka, Redcliff, St. Paul, Stettler, Vegreville, and Wainwright – for the purposes of understanding how Crowsnest Pass contrasted or ranked with organizations that were similar in terms of revenue, expenses, and population. We recognize that the number of hectares of land in the Municipality of Crowsnest Pass outpaces that of its comparators due to the uniqueness of the Municipality's history. Comparisons with other specialized municipalities and/or municipal districts produced populations, number of full-time employees, hectares of land, or revenues and expenses that were out of proportion to the Crowsnest Pass and therefore unfair comparisons. The research provided a diverse picture for the Municipality, with percent ranks varying dramatically. Overall, Crowsnest Pass demonstrates its unique fit into the municipal ranks within the Province of Alberta. No recommendations were made in this area.

Staffing Levels and Staff Turnover

Incorporating the 10 benchmark comparator municipalities into the review of staffing levels for Crowsnest Pass, as reported to Municipal Affairs from 2009 to 2011, we found the following:

- The comparator group's average and median full-time position numbers increased over the three years. The Municipality remained at the 70 percent rank within this overall data set, at a reported full-time staff of 52.
- Between 2009 and 2010, 30 percent of the comparators had a decrease in full-time staff count; fifty percent saw an increase and twenty percent saw a net change of zero.
- Between 2010 and 2011, 40 percent saw a net change of zero, 50 percent saw an increase and one saw a decrease of roughly four percent.
- Over 2009 to 2011, respectively, the strongest comparators in full-time staff were Bonnyville, Devon, Ponoka, St. Paul, Stettler, and Wainwright.
- The reported salaries, wages, and benefits for these six comparators ranged from 10 to 33 percent below that of the Municipality of Crowsnest Pass over these three years.

Further investigation into the staffing levels and staff turnover within Crowsnest Pass, we discovered the following:

- The Municipality has a uniquely challenging environment in which to attract and retain staff with its increasingly negative reputation and stagnant population growth.
- Turnover of permanent staff has been increasing since 2010, indicating that the Municipality may not be properly taking the time to ensure strong behavioural, skills, and aptitude fit with its culture, strategy, and operational needs.
- While staffing levels have seen fluctuations and/or may be high relative to the comparison municipalities, there is nothing particularly concerning in the overall levels or changes, with the exception of ensuring that there are proper fits to the culture with staff that are hired.
- The tremendously high CAO turnover in the last 18 years – 14 CAOs – and eight CAOs over the last 12 years is a cause for concern, specifically as it relates to the issues of management stability and strong working relationships both within and external to the Municipality.

Based on this research, we recommend the following:

64. The Municipality develops a workforce plan that addresses the skills required and the skills gaps in the organization. The plan should also include the considerations for turnover that is anticipated and to identify the key positions that could be at risk if turnover occurs, including the internal succession plans and/or external recruitment that may need to be considered.
65. Conduct exit interviews with those that are departing the employment of the Municipality. Determine where there are gaps in the organization – managers, employment practices, culture, etc. Develop a plan to address the top three or four concerns, including timelines and responsible parties.
66. Develop and link the strategic and tactical priorities of the organization with the staff that are within each department. Where there are concerns within the organization, address these through a communication document, such as a frequently asked question document and/or key messages briefing that can be shared with managers and discussed with employees where there are concerns. The objective is to address the optical concerns by employees and to demonstrate openness and to build trust within the organization.
67. To address the concerns employees have on the rift between employees and managers and where managers do not reside in the community, develop team activities that address team building, trust, and communication.

Financial Status

In order to review the financial status of the Municipality we obtained copies of the financial records and reviewed the audited financial statements for 2011 and 2012; the Municipality's unaudited financial records for 2013; and available policies and procedures relating to financial transactions.

Our review did not find any significant issues with the financial records and identified the following factors that impact resident taxes.

- A significant percentage of the population within Crowsnest Pass are seniors who are on a fixed income and it is very difficult to deal with an increase in expenses;
- There is a declining trend in population within Crowsnest Pass which reduces the number of properties available to spread residential taxes over;
- There are significant costs associated with legacy issues (such as issues with developments) left over from previous Councils and administrations; and
- The Municipality has lost a major industrial business who contributed a significant amount of tax dollars to the municipality.

Given the above factors, we recommend that:

68. The Municipality continues to explore opportunities to increase its industrial and commercial tax base in order to diversify the tax burden currently being borne by residents.
69. The Municipality continues to rationalize its operations looking for opportunities to create greater efficiencies and effectiveness not only in operations but in administration as well.
70. The Municipality develops a thorough explanation of its roles and responsibilities as they relate to property tax, the components that are included in property taxes (education mill rate and senior's contribution) and provide the explanation to residents on their website and through appropriate media.

Communication

Communication was consistently identified as an issue by participants who supported and opposed what Council and administration were doing. A consistent message provided throughout the review was that it was difficult to contact Council and administration. Other communication issues included the following:

- Lack of communication about Council decisions – Various participants indicated that staff was often unaware of Council decisions that impacted their day to day work. In the past there had been meetings to discuss Council and management decisions but participants indicated that they have not had these types of meetings recently. In some cases, participants indicated that staff meetings started again after the inspection was announced.
- Lack of communication between staff and management – There were incidents that occurred during the review where the lack of communication between staff and management was highlighted. In each case, the staff person was unwilling to approach management for direction in dealing with an issue that management should have dealt with. This is an issue, as staff needs to feel comfortable in approaching their manager for direction, especially when the issue being dealt with needs a decision from the management level.
- Lack of communication across departments – There is little communication across departments within the organization. While this is not unusual, there is an opportunity to increase understanding and awareness of what is going on within the organization by fostering greater communication between each department.
- Communication by the CAO – In our discussions with the CAO he indicated that developing relationships and better communication with management and staff is one of his priorities moving forward. He indicated that it has been difficult to address the issue due to the number of significant emergent issues that he has had to address as the CAO.

Given the above issues we recommend that:

71. The CAO and management develop a communication strategy for communicating with the public and internally to staff that focuses on not only creating awareness but understanding of the direction and anticipated outcomes of the changes in the Municipality.
72. The CAO develop a strategy and implement the strategy to address the communication gaps with staff identified within the report.

Crowsnest Pass Volunteer Fire Department

Some of the most significant issues to participants that were raised throughout the inspection were related to the volunteer fire department. It appears that the termination of the Blairmore Fire Chief was one of the driving issues for the petition. The Municipality has moved to rationalize the volunteer fire department by hiring a full-time fire chief and eliminating one fire hall. The following issues were identified related to the rationalization of the fire department.

- Restructuring the volunteer fire department;
- Termination of the Blairmore Fire Chief;
- Resignation of Volunteer Fire Fighters;
- Involvement of the Office of the Fire Commission with Ratepayers Association;
- Access to Fire Halls after Resignation;
- Impact of Changes on Fire Insurance Grading; and
- Cost of the Fire Department.

Due to the above issues we recommend that:

73. The Municipality review all of the information gathered about the firing of the Blairmore Fire Chief and document the incident and develop a lessons learned section to be used when similar types of issues occur.
74. The Municipality provides regular updates of the overall cost of the fire and rescue services. The update should include work volume and variance report versus budget in order to re-establish trust within the community.
75. The Municipality provides the fire underwriters report to the community along with an explanation of the impact to fire insurance.

Deferral of Thunder in the Valley

The deferral of Thunder in the Valley was raised as an issue by some participants due to the financial impact on the Municipality and the belief that the safety issue that the Municipality used to cancel Thunder in the Valley was false. This issue is intricately tied to the Smoke Eaters Society described below and our focus in this section is on the event itself. Our investigation identified letters from the RCMP and CP Rail related to this issue. The letters supported Council's decision based on safety issues as well as cost to CP Rail. The subsequent Rum Runners Days event was much smaller than previous events but the event was put on. On this issue we recommend that:

76. The Municipality continue to explore options for providing the Rum Runner Days event with respect to its current form and options for expanding the event, if desirable, in the future.

Smoke Eaters Society

The Smoke Eaters Society (the Society) is the group that provided the subject matter expertise to store, build and detonate fireworks at the Thunder in the Valley event. The Society has been

in the Municipality for a long period of time and has put on the Thunder in the Valley event for many years. There were multiple issues identified around the Society including the following

- Storage of fireworks;
- Society status;
- Lease agreement with the society; and
- Seizure of assets.

The issues identified above are currently being discussed between legal counsel, the Smoke Eaters Society, and the Municipality. As a result, we will not be making comments on these issues as they are currently under legal review. Our primary recommendation within the broader Smoke Eaters matter is that:

77. The Municipality identifies and reviews all lease agreements that are currently held with the Municipality in order to understand the current lease agreements held by the Municipality and the risks and obligations related to the lease agreements.

Demolition of the Old Hospital

One of the issues identified during the inspection was the demolition of the old hospital. The Municipality tendered out the demolition of the old hospital in order to free up the land for new development. Through the tendering process, Council accepted the bid from Medican Construction Ltd which included demolition of the old hospital. One of the conditions of the bid was to develop a hotel. Another company put in the bid for the franchise and receiving the Best Western franchise took more time than expected which led Medican losing their investors in the project. This caused the contract with Medican to default. The Municipality had the appropriate conditions on the contract with Medican to deal with this issue and is now exploring its options to move forward, with a new tender for the project. Based on these issues we recommend that:

78. The Municipality provides a clear explanation (excluding information protected by FOIPP), over and above Council meeting notes, to residents of the events and timeline leading to the cancellation of the contract with Medican and the intended next steps to continue to demolish the old hospital and develop the land.
79. The Municipality provides regular updates to residents on the project and its anticipated completion.

SPCA

The relationship between the SPCA and the Municipality was identified as an issue during the inspection. The SPCA is located in a municipal building and has recently used funds to build an

addition to the building. The Municipality would like to work with the SPCA to provide a pound for the community. The SPCA has been using the municipal space without a lease agreement and the Municipality is currently trying to put a lease agreement in place. Currently, the SPCA has refused to sign the lease agreement. We recommend that:

80. The Municipality either establishes a lease agreement with the SPCA to work as a pound or explores other options for animal control.

Crowsnest Mountain Resort

One of the issues raised during the review was focused around the proposed Crowsnest Mountain Resort. The developer has sold residential lots, including one lot where an owner has built a house, but the developer has subsequently been unable to complete the development by providing adequate infrastructure including sewer, water and power. The developer holds other land that he would like to subdivide to raise the funds to solve the current issues.

The reasons as to why the Municipality is not in a position to allow the developer to further subdivide are:

- The development is currently under a boil water order from Alberta Environment. The area is fed by a natural spring that was proposed as the water source for the area; there are water quality issues with the water source, prompting the boil water advisory.
- The house that has been built on the existing development is being provided power from the developer's existing electrical infrastructure on the property and has not been connected directly to the power grid.
- There are multiple encumbrances on the developer's property and the Municipality is worried that the money received for selling additional lots will not be used to correct the infrastructure issues.

We recommend that:

81. The Municipality develops a plan to deal with the developer of Crowsnest Mountain Resort and determine what the Municipality should do to address the issues in regards to residents who bought land in the development.
82. The Municipality ensures that all new development agreements meet or exceed current standards for these types of agreements within Alberta.

Hillcrest Lagoon

There were several issues identified with the development of the Hillcrest sewer lagoon. The issues included the following:

- Maintenance of an access road due to a utility right of way agreement;
- Return of a pipeline easement to its natural state; and
- Flooding of the landowners land due to a broken drain pipe.

We recommend that:

83. The Municipality addresses the road maintenance issue by meeting with the landowner and establishing a procedure for road maintenance.
84. The Municipality finds the pipeline easement agreement made with the landowner, review the agreement and address any gaps in the agreement.
85. The Municipality develops a strategy for addressing the flooding issues on the landowners land, provide the strategy to the landowner (including a timeline for completion) and bring closure to the issue once addressed.

Mismanagement of Municipal Resources

Mismanagement of municipal resources was a concern raised by various participants during interviews. This issue was one of the focuses of the inspection. Our inspection identified little evidence that the municipality is mismanaging resources given the geographic nature of the municipality, its service requirements and the legacy issues that the municipality has had to address. There are other factors that have contributed to the increase in taxes for residents which include a loss of industrial and commercial tax base as well as a reduction in property values within the municipality.

Concluding Comments

The inspection identified a number of areas of concern with the CAO and Council. The crucial areas of concern amongst these are:

- The working relationships between management and unionized staff which has significantly impacted efficiency and effectiveness within the organization;
- The current gap in Human Resources which has significantly impacted the relationship between staff and management;
- The costs associated with operations equipment and supplies due to duplication;

- High rate of turnover in management, particularly the CAO, and the impact of the high rate of turnover on the Municipality's ability to provide effective and efficient service; and
- Communication within the organization and with residents which has resulted in a lack of trust in the community and in the organization.

The petition driving this review identified mismanagement of resources and a high tax rate as the impetus of this review. Our final comments on these two issues include the following.

- Mismanagement of resources – During our inspection, we noted resource mismanagement when a new staff person was hired prior to the completion of the pre-employment process. The CAO indicated that this error would not be repeated and they would wait until the pre-employment process is complete before making hiring decisions regardless of the time constraints. We further noted legacy issues to this Council and administration that could be construed as mismanagement of resources but as they pertain to different Councils and administration we do not consider them as mismanagement of resources within the scope of this inspection.
- High Tax Rate – Crowsnest Pass's mill rate has increased by 8.3 percent in the past two years which is a significant increase in the mill rate. The most significant issue of the increase in mill rate is the impact that such an increase has on fixed income residents. A significant portion of Crowsnest Pass residents are seniors who are on fixed incomes and do not have the flexibility to absorb increases in expenses.

Crowsnest Pass' history, recent issues between residents and the Municipality have contributed to the perspective that Crowsnest Pass is not a great place for new residents or businesses to move to. As stated previously, a consistent message that we heard throughout the review is that "outsiders" were making decisions for Crowsnest Pass. All residents who live within the Municipality as their primary residence are provided the opportunity to vote for Council and therefore determine who is making decisions for the Municipality. There is a history within Crowsnest Pass of residents who do not agree with the direction of Council or administration to work very actively to remove Council, Councillors or administrative staff. This approach to dealing with Council, Councillors and administration has contributed to the perception that Crowsnest Pass is a difficult place to live and work.

While the municipality has legally been amalgamated into a single entity, the Municipality has never been able to complete the amalgamation of the various communities into a single, united community and this division has impacted the ability for the community to grow together and move toward a common vision. The Municipality is generally well managed with areas that can be improved as indicated in the recommendations throughout the report. A key matter of concern identified is the lack of unity among the individual communities within the Municipality. It appears that this lack of unity is a driving force behind many of the issues that the community faces including the cost to the taxpayer due to the unique geography of the Municipality. We recommend that:

86. Council requests a viability review by the Minister of Municipal Affairs
87. The Municipality continues with the rationalization of operations to reduce the costs for equipment and supplies duplicated within operations, and ensure that employee and resident communication plans are in place and implemented.

Background

The Municipality of Crowsnest Pass (the Municipality or Crowsnest Pass) is a specialized municipality located in the Crowsnest Pass of the Rocky Mountains in southwest Alberta, Canada. The Municipality formed as a result of the amalgamation of five communities – the Village of Bellevue, the Town of Blairmore, Town of Coleman, the Village of Frank, and Improvement District No. 5 (which included the Hamlet of Hillcrest) – on January 1, 1979. As a result of this amalgamation, Crowsnest Pass has unique issues. These issues include:

- A higher level of municipal infrastructure (roads, sewer, water, etc.) arising from the Municipality's larger than normal land area;
- Duplication of municipal assets (recreation facilities, fire halls, public works facilities, public works buildings, emergency services equipment, etc.) across the previously independent municipalities; and
- Conflict and competition between hamlets resulting in political indecision and a lack of common identity.

Financial sustainability issues combined with historical governance challenges have resulted in many consultant reports and projects. Reports have been completed by:

- George Cuff – 2009
- Activation Analysis – 2000
- The Human Resources Group – 1997

Many of the issues facing the community are well documented. Issues continue to exist with implementing a practical and sustainable course of action.

Alberta Municipal Affairs is responding to a sufficient petition submitted by the residents of Crowsnest Pass on November 1st, 2012 which requested the Minister of Municipal Affairs to:

“Open an inquiry into the municipality, with focus on the actions and performance of the Chief Administrative Officer (CAO), Chief Financial Officer, administration, mayor and council. We the taxpayers feel that the mismanagement of the municipalities resources have resulted in an unfair tax rate.”

The Minister has agreed to conduct an inspection under Section 571 of the Municipal Government Act to determine if the municipality is managed in an irregular, improper or improvident manner.

Alberta Municipal Affairs has requested the services of a consulting firm to conduct a municipal inspection of the Municipality of Crowsnest Pass which includes but is not limited to the following:

- Organize, arrange, facilitate interviews with council, staff and residents as required;
- Review minutes, bylaws, policies and financial information;
- Attend and observe a council meeting;
- Review compliance with legislated municipal responsibilities;
- Prepare weekly reports to contract manager during the inspection;
- Prepare a written draft confidential report to the Minister, and Alberta Municipal Affairs; and
- Present the final report to council and residents at a public meeting.

Methodology

The inspection has been undertaken by conducting a review of the following:

- Municipal records including the Municipality of Crowsnest Pass Council minutes, human resource files and grant files;
- Business decisions made and the rationale of those decisions;
- Municipality bylaws, ensuring completeness, proper signing and sealing, and filing in a proper register;
- Financial records including budgets, audited financials, expense claims, and general ledgers;
- Documents and correspondence relating to matters of interest identified during interviews; and
- Various documents provided by members of the Municipality of Crowsnest Pass Council and administration.

In addition to the above documentation and files, interviews were undertaken with the Municipality of Crowsnest Pass' Mayor, current Council members, the Chief Administrative Officer (CAO), managers, administrative staff, public works staff, and fire and rescue staff. Additional interviews were conducted with upwards of 70 concerned residents and residents who witnessed the petition sent to the Minister.

The review focused on three key areas within the organization:

- Governance:
 - To review the functioning of the Municipality of Crowsnest Pass' Council as a leadership body providing strategic direction;
 - To review decision making processes;
 - To assess understanding of roles and responsibilities; and
 - To evaluate current working relationships amongst Council and between Council and administration.

- Operations:
 - To assess the budgeting process, financial operations, and financial controls;
 - To assess the municipality against best practices for efficiency and effectiveness;
 - To assess administrative processes and policies;
 - To review the current financial position of the municipality; and
 - To evaluate Council meetings for efficiency and effectiveness.

- Structure:
 - To identify whether current municipal employees have the capacity to carry out their duties as required;
 - To assess the overall organizational model looking at size, reporting relationships, and responsibilities; and
 - To evaluate the use of committees and determine if they are operating effectively.

Crowsnest Pass

The Municipality of Crowsnest Pass is a single municipality that continues to be divided into its smaller communities and in many ways has never amalgamated into a single municipality for many residents. Many participants talked about residents who had “only” been in the community for 20 plus years as “outsiders”. Multiple participants indicated that “outsiders” were running Crowsnest Pass and that is why the community is in the position that it is in. Additionally, the history of Crowsnest Pass suggests that residents are often at odds with Council, and as one participant put it, “chasing Councillors has become a blood sport in Crowsnest Pass.” Crowsnest Pass has initiated several municipal inspections related to the actions of Council and the CAO in the past. During the current term, a Councillor has had his property vandalized and participants indicated that the Councillors have been put through the ringer throughout the term dealing with residents who are unhappy with what they are doing.

A further complicating factor in Crowsnest Pass is the high rate of turnover in the CAO position. Since 1995 Crowsnest Pass has had seven full-time CAOs with seven interim CAOs. This is a high rate of turnover in the position within the organization where there is often at least some stability. Dramatic turnover in the key managerial and leadership roles within a municipality increases the likelihood of confusion and disrupted relationships with Council, staff, residents, and other stakeholders.

Some participants who represented businesses within the Municipality indicated that if you make the wrong public comment that your business and livelihood can suffer because residents within the Municipality will not support your business. Some participants indicated that businesses in the past have been “run out of town” because they supported Council and/or administration. Some participants also indicated that they felt they were harassed, bullied and coerced into signing the petition, which, at least on some occasions, was supposedly represented differently to residents by those initiating it than what was written on the petition.

On the other side of the coin, some participants indicated that they were afraid to speak out against Council and administration because they believed they would be targeted by Council and administration. Being targeted by the Municipality included being threatened, harassed, bullied and intimidated by either Councillors or administration.

Finally, the financial situation in Crowsnest Pass has been impacted by two trends. The first trend is the loss of industrial tax base in the Municipality. The Municipality recently lost the tax revenue related to the Devon gas plant as the facility has been shut down. Additionally, the property values for a significant portion of Crowsnest Pass residents are decreasing and therefore impacting the tax rate as a portion of the tax rate is related to residential property values.

Almost all participants indicated that they were concerned with the Municipality fundamentally dying. They further wondered why their municipality was failing to thrive, but others were not.

Working relationships

This section of the report focuses on the working relationships between the various groups within the organization. The relationships reviewed include the working relationship between the Municipality of Crowsnest Pass’ Councillors, Council and the CAO, Council and administration, CAO and administration, relationships within administration, and relationships with the union. The comments provided are focused on the current Council and moving forward rather than on past councils. In some cases historical information may be included in the report.

Council

Council's ability to function as a group is a key area that we investigated during this review. A review of Council minutes indicated that there are no irregularities in how Council is voting on issues. As a group, our investigation identified that Council is functioning, however, the relationship between a single Councillor and the rest of council as well as the single Councillor and the mayor was identified as an issue. It should be noted that the issues did not appear to affect decision making by Council. Contributing factors to the degradation of the relationship between the Councillor and the rest of Council and the mayor include the following.

- Perception of the Councillor of being bullied and harassed by the mayor – Our investigation identified that the Councillor felt that the mayor was bullying and harassing him based on the responses that the Councillor received from the mayor. This included comments made to him by the mayor that he perceived as being inappropriate and contravening the Code of Conduct for Members of Council and Council Committees.
- Attendance at Council and committee meetings – Councillors indicated that they were frustrated with the Councillor due to his lack of attendance at Council and committee meetings. In some cases, the Councillor asked questions related to issues that had been discussed in previous meetings. This created feelings of frustration with other Councillor members because they had to rehash the discussion from a previous meeting.
- Use of media – The Councillor ran his own ads in the local newspaper based on his views. Councillors were frustrated because they believed that the issues in the ads should be discussed by Council rather than being discussed through the media which further impacted the relationship between Council and the Councillor.
- Agenda items – The Councillor indicated that his requests for agenda items were being denied by the CAO and the mayor. This impacted the relationship between the Councillor, the mayor, and the CAO. Investigation into this matter indicated that the requests from the Councillor were not being denied by the CAO and the mayor. Further, the Councillor had the ability to put an item on the agenda by asking for this addition at the beginning of the Council meeting. Council would then vote on whether to include the item on the agenda, and the issue could be resolved. In our review of minutes, we noted that the Councillor had utilized this process when he made a notice of motion in the February 15, 2011 minutes in regards to “design a public transportation system.”
- Recording a Council meeting while not attending – The Councillor recorded a Council meeting when he was not in attendance. He left the recording device in Council chambers before the Council meeting started and one of the Councillors noticed that there was a device recording the meeting in the Councillors spot in Council chambers. This incident impacted trust on Council. There are no issues with recording Council meetings while present in the room and there are some municipalities that record all of

their meetings in order to review minutes and/or provide the recordings to the public. There are issues with recording a meeting while not present and not informing anyone that the meeting is being recorded.

The relationship between the Councillor and the rest of Council and administration has degraded to the point where the Councillor has sought legal advice as to his best course of action in dealing with some of the issues that he has identified. Administration has sought legal advice in how to deal with some of the issues that the Councillor has raised. As this is currently under legal advisement, we shall not comment further on this item.

Council and Residents

The relationship between a Council and its residents often has periods of time where there is significant tension created by decisions made by Council. The relationship between Council and residents is a highly complex relationship with two very distinct and opposing views by participants of Council and particularly the mayor. One opinion is a highly negative view of Council which is critical of many of the decisions that have been made by Council as well as how Council functions. The opposing view is supportive of Council and the decisions that they have made indicating that a lot of the decisions made by Council needed to be undertaken and have been identified as long overdue and necessary changes. The following provides a summary of some participants' perception of Council's relationship with residents.

- Perception of the mayor – Some of the participants indicated that they perceived the mayor as a “dictator” who ruled the Municipality with an iron fist. The participants indicated that they felt residents were being ignored by the mayor as well as the rest of Council and administration. The mayor was perceived by various participants as arrogant and pompous to the general public and his messages in the media (newspaper, newsletter) were perceived as putting down the general public mainly due to the perception that they were unable to understand what Council does. One statement by the mayor that seemed to be a focal point for many residents was the reference to “cavers.”
- Perception of Council – Some residents indicated that their perception of Council is that they are intimidated and bullied by the mayor into doing what the mayor wants. The assessment was that Councillors who disagreed with the mayor were taken to task and were required to change their positions. Our investigation indicated that this has not been the case and Councillors are comfortable with disagreeing with the mayor. In some instances Councillors have corrected the mayor or taken him to task when he has overstepped his bounds.

However, it should be noted that some participants indicated that they do not openly speak out against Council for fear of reprisal by either Council or administration. Some

participants indicated that others have spoken out against Council or the Municipality and they have been threatened, harassed and/or bullied by members of Council and/or administration.

- Lack of communication – Some participants indicated that it was extremely difficult to contact Councillors and often feel that replies are not forthcoming and/or timely. Participants indicated that they phoned and/or emailed Councillors and either did not receive a reply or received a reply several weeks later at a point in time when the issue had resolved itself.
- Bodyguards at public meetings – The perception of some participants was that the presence of the RCMP at public and Council meetings was an intimidation tactic used by the mayor on those with opposing views in order to prevent them from providing their point of view. In one public meeting a resident made remarks to the mayor that prompted the mayor to have the resident removed by the RCMP. This was perceived as bullying and intimidation by some of the participants. It should be noted that the RCMP is an independent body from the Municipality and does not take direction from the Municipality. Usually there is a strong relationship between a municipality and the local RCMP detachment as the issues identified by the municipality may involve RCMP or the issues identified by the RCMP may involve the municipality.
- Rate of change – One consistent perception between those that support Council and those that do not support Council is that this Council is responsible for a significant amount of change during their term. In many cases, participants who support Council indicated that the changes needed to be done, but expressed concern in the way that the changes were made, including how it has contributed to the request for an inspection.

In some participant's perspective the way that the change was handled was poor and there definitely could be improvements in how the Municipality handled issues like the dismissal of the Blairmore fire chief and subsequent termination of most of the volunteer fire fighters and cancellation of Thunder in the Valley. In general, the most consistent comment was that there has been little communication as to why the actions taken by Council were completed.

The following is a summary of some participant's opposing view of Council's relationship with residents:

- Communication – Some participants indicated that this Council has been more transparent than any Council in the recent past. Information is available on the Municipality's website, in the newsletter and they were able to contact and speak with Councillors when needed.

- Treatment of Councillors – Some participants indicated that they were unhappy with the way that Councillors were being treated by the residents of Crowsnest Pass. One of their fears was that the current Councillors would not run in the next election and that the new Council would try to undo everything that the previous Council accomplished. It should be noted that some participants indicated that they either signed the petition or have not openly supported Council because they fear reprisal by those who want Council removed. They indicated that there has been intimidation, harassment and bullying towards some residents who have openly supported Council.
- Implementing strategic plan – Some participants indicated that Council is implementing their strategic plan and fulfilling the platform that they ran on when they were elected – a platform for change. The participants indicated that they support Council in their efforts in following their strategic plan and meeting their objectives.

Council and Chief Administrative Officer

The Chief Administrative Officer is Council's one employee and has the difficult role of supporting Council as the governance level of the organization while at the same time being responsible for the operations within the municipality.

The overall relationship between the CAO and Council is good and it appears that administration is working well with Council. One Councillor indicated that he did not believe that the CAO was providing Council with complete information and that other agendas were driving decision making within the Municipality other than the strategic plan. Other issues that the Councillor had with administration were his ability to add agenda items, procedures for in-camera meetings discussing issues related to a Councillor, the validity of the information provided to Council (in particular financial information) and the purpose of meetings involving Council and the CAO. Additionally, Councillors indicated that the financial information provided to them at the beginning of their term was not adequate for their needs but the issue has been addressed and they are receiving the appropriate financial information.

Council and Administration

As a general rule, the separation of roles between Council and administration should always be a key consideration when individual Councillors consider their actions. Some key considerations include:

1. The primacy of council. Only council as a collective body has the authority to govern. No individual Councillor has the authority to direct administration or to commit the Municipality to any course of action or expenditure in the absence of a council resolution.

2. Council acts on a strategic level and is focused on policy and service standards. Administration acts on an operational level and meets the policy requirements and service standards set by Council.

There appears to be a good separation of roles between Council and administration. For the most part Council is focused on a governance and strategic level with the day to day operations left to administration. One of the comments we received from some participants is that Council is too hands off and they do not have enough of an understanding of how administration is running the organization.

In general, the relationship between administration and Council is good, with few issues raised by Councillors or administrative staff. One issue that was raised by a Councillor was the inadequate information provided by administration to Council on automated traffic enforcement within the Community Peace Officer (CPO) program. Council made a decision to accept the CPO program based on the understanding that Crowsnest Pass would be able to offset costs for the CPO program with automated traffic enforcement. The recommendation for automated traffic enforcement was provided in a consultant's report to administration. The Municipality attempted to apply for the ability to conduct automated traffic enforcement, but after further investigation they were denied as Crowsnest Pass did not meet all of the criteria for automated traffic enforcement. This incident was cited as one of the reasons why a Councillor has lost trust in administration and the sufficiency in the information they are providing to Council.

Another issue raised during our review was that Councillors were providing direction directly to community and protective services staff. This is a significant issue as the direction provided to staff is the responsibility of the CAO. If Councillors wish to provide this type of feedback to the organization they should be working through the CAO who will then deal with the issue as appropriate. This type of direction, particularly to protective services staff, can be construed as targeting residents if the direction provided to protective services staff is toward specific residents in the Municipality. There were participants within the inspection process who felt that Council was directing the targeting of residents.

Chief Administrative Officer and Administration

The current CAO received a mixed review from management and staff we talked to. Some perceived the CAO to be difficult to approach, lacking in receptiveness in communicating with staff, and not transparent due to issues "disappearing" in his office without any follow up or explanation. Further, it was suggested that he has not gone into the community enough, whether that be through community events or communication events such as town halls. Others perceived the current CAO to be approachable, hardworking, dedicated, and encouraging a good working relationship within the management team.

As the current CAO has only been with the Municipality since September 2010, it is not surprising that he lacks the history on issues, which is another concern staff expressed. It was noted by staff that it would be beneficial if the CAO and senior management spent more time listening to staff and involving staff.

The lack of receptiveness to staff input has been felt in recent reorganizational efforts. The employees have felt that there has been little to no involvement beyond the management level. While it is important to remember that the management hold accountability for decisions on organizational structure, it is also equally important to take into account how the staff will perceive the changes. There is merit in considering the perspectives of those directly impacted to better ensure a proper alignment between the suggested changes and the reality of implementing those changes. In doing so, staff need to understand that management are ultimately responsible for the decisions made, but that informed input is valued and acted on as appropriate.

There is a strong and particular sense of community within the Municipality of Crowsnest Pass. This has influenced the way that employees perceive the management. Specifically, the fact that the majority of the management do not reside permanently in the Municipality has fed into the belief that the management are not committed to the Municipality. This perceived lack of commitment has contributed to poor working relationships, in general, between the employees and management. While there are exceptions to this generality, we heard a significant amount on this topic from the staff. At the time of the inspection, it does not appear that this relationship is likely to progress in a positive manner without a substantial amount of work on team building from both sides.

Union Relationships

The Municipality has a primary bargaining agent for their non-exempt employees: the Canadian Union of Public Employees (CUPE), Local 812. Up until the last couple of years, we heard that the union-management relationship had been characterized as successful. Although each had differing perspectives, we were told that these were dealt with in a professional manner, with regular labour-management meetings. It took hard work and commitment on the part of those involved to establish and maintain this relationship. Grievances were viewed as a formal conflict resolution, when the informal discussions had failed to reach a mutually acceptable resolve. A joint job evaluation committee was established through a letter of understanding, with management working diligently on creating current and accurate job descriptions. During this time, there were separate roles for human resources and finance/corporate services.

However, concerns started to become evident at the most recent bargaining table during this time. The distinct human resources role had recently become vacant. The union started to pull back from the bargaining indicating, as we were told, that they would no longer continue to

bargain with the Municipality if the Director, Finance and Corporate Services continued to be involved in human resources, labour relations, or any involvement with members outside of direct supervision. Underlying concerns appeared related to the management style of the Director, issues related to perceptions of bullying, increases in harassment or sick leave concerns, and a general involvement in human resources matters that apparently confounded those that were involved given the perception of inexperience or insufficient capability in handling these issues.

In answer to some of these concerns, at least in part, the Municipality, through the current CAO brought on board a human resources consultant to manage the human resources and labour relations aspects and a lawyer to assist with the bargaining on behalf of the Municipality. Further, there was a commitment at the bargaining table with the current CAO, the labour lawyer, and the human resources consultant that the Director, Finance and Corporate Services would not have any direct or indirect responsibilities in human resources or labour relations (in our discussions with the Director, Finance and Corporate Services, it did not appear as though this was formally communicated and/or understood by that employee). We understand that while the bargaining was seen to be a success, the longevity of the human resources consultant was short lived. The latter aspect complicated matters for the union and the Municipality.

From the perspective of the employees, it was felt, almost universally, that the relationship between the union and management was dysfunctional or broken. The issues that were cited included unprofessional tempers, increase in grievances, and an increase in perceptions of harassment, specifically bullying. On the latter issue, the union felt it was important to engage in an anti-harassment session for staff and management. During our review, we heard several different accounts of this process, which suggests that the communication was not as transparent as it could have been. Ultimately, a Respectful Workplace session was hosted by the Municipality for all employees; however, there has not been a specific anti-harassment session as of yet, and staff feel this issue remains unresolved.

It is management's accountability to ensure a safe work environment for its staff. If there is an absence of leadership in this area – whether occupational health and safety, human rights, or workplace safety – it is critical that this leadership gap be addressed. For a unionized workplace where management does not initiate workshops, communication, discussions, or information sessions on sensitive issues, such as harassment, it would not be unusual for the union to fill in the gap by recommending or taking action on these same items for their members, whom they represent. A positive indicator is that the union and management have worked together and hired a consultant to conduct interviews within the organization focused on harassment and communication issues who will be providing a report to the CAO and union on her findings.

Further, where an agreement or understanding was made regarding the removal of a management individual from responsibilities, it is essential to honour that agreement. Regardless of whether there were any timeframes around that agreement, the spirit or intention appeared to be the removal of a negative management influence on employees/members and to gain clarity, transparency, and effectiveness in the areas of human resources and labour relations.

Relationship between the Chief Administrative Officer/Administration and Residents

The responsibilities and performance of major administrative duties for a CAO within a municipality are identified in sections 207 and 208 respectively of the MGA.

Section 207 states:

Part 6, Section 207(a – d) – Chief Administrative Officer’s Responsibilities

The chief administrative officer

(a) is the administrative head of the municipality;

(b) ensures that the policies and programs of the municipality are implemented;

(c) advises and informs the council on the operation and affairs of the municipality;

(d) performs the duties and functions and exercises the powers assigned to a chief administrative officer by this and other enactments or assigned by council.

The perception of the relationship between the CAO and residents as well as the relationship between administration and residents is both positive and negative.

Some participants indicated that administration is extremely difficult to contact, unreceptive to feedback and often did not return phone calls or emails or returned them many weeks after they received the calls or emails. The perception with this group is that administration does not care about the residents and does what it wants without any pretense of trying to understand how it is impacting residents and does not listen to anything that residents have to say. In some cases, participants indicated that the receptiveness of administration was largely due to who you knew and where you did not know the right person or were on the “black list” of the Municipality then the service provided by administration was typically poor at best and vindictive, harassing and bullying at worst. Some participants indicated that they felt targeted, harassed and bullied by administration because they had disagreed or done something that Council or administration disagreed with.

Other participants indicated that it was easy to talk to administration and they received prompt service from the Municipality. Some participants were in support of how administration has been running the Municipality and felt that administration was being vilified by other groups within the Municipality.

We recommend that:

1. Council meets as a group to talk about the issues contributing to the degradation of the relationship between the single Councillor and the rest of Council. Particularly, focus on open and honest discussion about each Councillor's perspective on the issues.
2. The Municipality includes an annual refresher for Councillors focused on use of media, particularly running ads in the local paper.
3. The CAO develop a guide, with timelines, for Councillors to use for submitting agenda item requests to the CAO. The guide should also include the steps required to add agenda items to the agenda at the beginning of the Council meeting.
4. The CAO include a conflict resolution session in the orientation provided to Councillors. The purpose of the session is to provide Councillors with the tools to deal with conflicts within Council, with administration and with the public.
5. The CAO include Council's roles and responsibilities as they relate to municipal staff in the orientation provided to Councillors and review the roles and responsibilities of Council with Councillors on an annual basis.
6. The CAO develop and communicate a formal procedure for the organization highlighting what staff need to do if they are receiving direction from Councillors.

Council Operations

Governance Practices

Municipalities must respect the primacy of council as a decision making body. Only council as a whole has the power to set policy, to pass motions, or to direct the activities of the CAO. Individual councillors have no power or ability to set policy outside of council chambers; only when acting as a part of council as a whole. Section 197 of the MGA requires that council and council committees conduct their meetings in public unless the matter to be discussed is within one of the exceptions to disclosure contained in the Freedom of Information and Protection of Privacy Act (FOIPP). Ensuring that all debates and decisions of council occur in public enhances transparency by ensuring that decisions are not occurring in back rooms or arising from private conversations. Furthermore, it is important that the public be allowed to provide input to the decision making process and that members of council do not reach conclusions before all information is provided and a public debate can occur. Transparency should always be an underlying principle of good governance.

In evaluating the Municipality of Crowsnest Pass' Council as a leadership body, this inspection has looked at several key areas of Council activity.

Strategic Planning

A key function of council is to provide a strategic vision for the municipality and to identify strategic priorities and goals in support of that vision. A strategic plan serves several key functions:

- It provides a sense of priorities for council;
- It support the development of council agendas, allowing council to act proactively, and not simply reactively as issues arise;
- It set priorities for administration;
- It provides a framework to evaluate the success of both council and the CAO in meeting the agreed-upon strategic priorities; and
- It provides a framework for operational planning and budgeting.

Crowsnest Pass's strategic plan is divided into four distinct pillars: (1) Governance and Management; (2) Economic Sustainability; (3) Community Identity and Quality of Life; and (4) Environment and Infrastructure. The strategic plan was developed in 2011 and reaches out to 2014 where applicable. All of the strategic activities identified by Council are captured under these four pillars. For each strategic activity the plan identifies the following:

- The action required to meet the strategic activity;
- The step or steps that need to be taken;
- Comments about the activity;
- Identify if the actions are the responsibility of Council;
- Budget implication of the action; and
- Budget impact for the next three years, if applicable.

Our review of the strategic plan identified one area for improvement. We recommend that the column that identifies Council's responsibility is reframed as "assigned responsibility" and that Council, the position, or the department responsible for the action becomes the identified party responsible for the action. This allows for a link between the strategic plan and operational plans used by individual departments and will provide management with clear directions from Council.

One issue raised by some participants is that Council is following its strategic plan regardless of the financial impact on the Municipality. Some participants' perception is that Council is not

considering the financial impact of the strategic plan on the Municipality, spending money that they do not have, leaving the residents to carry the tax burden of the spending. It is difficult for some residents to handle increased taxes because a significant portion of residents in Crowsnest Pass are seniors and the majority of their income is fixed. Some participants indicated that they feel that their feedback to Council and administration is being ignored by Council when making decisions on spending.

Council Decision Making

Council decision making is a key governance process within any municipality. At the outset of any key decision making process, council should ask a series of key questions:

1. Is this decision time sensitive or do we have time to engage in a detailed decision making process?
2. Do we currently have the information we need to make a decision?
3. What sources of information or professional advice are available?
4. Has our administration provided us with a recommendation based on their expert opinion?
5. What stakeholders are going to be affected, and do we have a responsibility to consult with impacted stakeholders?

Our review of Council minutes and interviews with Council indicate that, in general, Council is following a good decision making process. Administration provides Council with a request for decision document that includes a recommendation for Council, background information, possible alternatives and budgetary impact to the Municipality. A recommended improvement for the request for decision document is to include a section that identifies which pillar under the strategic plan the recommended decision falls within.

Council's practice of conducting meetings outside of regular Council meetings, such as the Governance and Priorities Committee meeting (GPC), is an issue raised by some participants in the inspection. Council has a Governance and Priorities Committee meeting held once a month in advance of Council meetings. GPC meetings are open to the public and official minutes of the meeting are taken. The purpose of the GPC meeting is to provide delegations with an opportunity to present to Council, and Council with the opportunity to discuss an issue as well as pose additional questions to administration as needed. This type of meeting is an acceptable and encouraged practice where Council is able to make resolutions at the meeting with quorum present as per s.181(2) of the MGA as long as s.197(3) of the MGA as identified below if followed.

Sections 192 through 200 of the *Municipal Government Act* define the responsibility of Council with respect to meetings. The applicable points within legislation are:

- 197(1) *Council and Council Committees must conduct their meetings in public*
- 197(2) *Council and Council Committees may close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1 of the Freedom of Information and Protection of Privacy Act*
- 197(3) *When a meeting is closed to the public, no resolution of bylaw may be passed*
- 198 *Everyone has a right to be present at Council meetings and Council Committee meetings conducted in public*

Section 24(1) of the *Freedom of Information and Protection of Privacy Act* allows for discretionary meetings of local public bodies that are not open to the public. Guidelines provided by the Government of Alberta state:

This section provides a discretionary exception to disclosure that is intended to foster the candid exchange of views in the deliberative process involving senior officials and heads of public bodies, and their staff, as well as among officials themselves. This exception applies to information generated during the decision-making process, not to the decision itself.

Ensuring that all debates and decisions of council occur in public avoids a perception of bias by ensuring that decisions are not occurring in back rooms or arising from private conversations. Furthermore, it is important that the public be allowed to provide input to the decision making process and that members of council do not reach conclusions before all information is provided and a public debate can occur. Transparency should always be an underlying principle of good governance.

Our review of GPC meetings indicate that in general Council is respecting the intent of GPC meetings and are not conducting straw polls during the meeting. There is a perception by residents that all of the debate about issues occurs during the GPC meeting and there is little or no debate at Council meetings. Another issue that was identified by some Councillors is that the mayor has, in the past, tried to conduct a straw poll of Councillors during a GPC meeting. Further probing into the issue indicated that a Councillor indicated to the mayor that taking straw polls is in contravention of the MGA and that he is not able to do this during a GPC meeting.

Additionally, administrative meetings are held on an infrequent basis with the purpose of allowing the CAO and administration to brief Council on emergent issues. The purpose of the administrative meetings is for information only and to provide Council with an opportunity to ask questions of administration. This type of meeting is acceptable as long as Council does not engage in debate or make decisions about any issues being presented by administration. It

should be noted that Council and the CAO are currently undertaking a review of the GPC and administrative meetings and plan to make some changes to the meetings. Some Councillors indicated that Council is making decisions/taking a position about an issue during administrative meetings.

Another issue identified during the inspection was focused around Council's decision related to the Community Peace Officer (CPO) program. A Councillor indicated that one part of the decision to move to the CPO program was based on a consultant's report on the ability of Crowsnest Pass to use automated traffic enforcement. The report indicated that automated traffic enforcement and the CPOs would be a cost neutral program due to the estimated fines related to automated traffic enforcement. Council made its decision based, in part, on the information provided in the report. Once administration tried to implement the automated traffic enforcement program it was discovered that Crowsnest Pass would not qualify for the program and therefore was not able to conduct automated traffic enforcement. This was raised as an issue by interview participants, as well, since Council indicated that the CPO program would be cost neutral rather than costing tax payer dollars. This further eroded some resident's trust in Council and particularly the mayor and CAO.

Council Confidentiality

Section 153(e) of the MGA states:

Part 6, Division 3, Section 153(e) – General Duties of Councillors

Councillors have the following duties:

to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public;

Rules of confidentiality generally apply to information discussed in-camera. It appears that in some cases information from in-camera sessions has been leaked to residents in the community. Some Councillors indicated that residents discussed information that was shared in-camera with them and they should not have had knowledge of the information.

Meetings of Council

Council for Crowsnest Pass meets twice a month – first and third Tuesday of each month. Council meetings are held on evenings and generally start at 7:00 pm. Council also holds a Governance and Priorities Committee (GPC) meeting usually on the same day as the second Council meeting of the month. Our review of council meetings identified the following:

- During Council meetings we observed that the Mayor is responding to Councillor comments made by Councillors during debates. The role of the chief elected official is provided in section 154(1) of the MGA:

Part 5, Division 3, Section 154 (1-3) – General Duties of Chief Elected Official

154(1) A chief elected official, in addition to performing the duties of a Councillor, must

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

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

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

(3) Despite subsection (2), the chief elected official may be a member of a board, commission, subdivision authority or development authority established under Part 17 only if the chief elected official is appointed in the chief elected official's personal name.

Additionally, Bylaw No. 791, 2010 – Procedural By-Law Part II states the following:

11. No member shall speak more than once to the same question without the leave of the Council, except to ask a question or in explanation of a material part of his speech which may have been misconstrued, and in doing so he is not to introduce a new matter. A reply is allowed to a member who has made a substantive motion, but not to any member who had moved an amendment, the previous question or any instruction to a committee, and no member without the leave of Council shall speak to the same question, or in reply, for longer than ten minutes.

The chief elected official has the same powers as any councillor elected to council and therefore should not be providing comments on all of the statements made by councillors during debate and discussion in council meetings.

- We observed a procedural issue during Council meetings, specifically when a member of administration is making a presentation and requests comments. The questions from

Councillors should constitute clarification of the information presented rather than engaging in argument/comment/deliberation on the issue without a motion for debate/deliberation.

- Some Councillors and participants in the inspection indicated that they found it difficult to get onto a Council agenda as a delegation, which is required in order to present to Council. Bylaw No. 791, 2010 – Procedural By-Law states the following related to delegations:

Part III 1(g) Delegations: Delegations are to be assigned to the Governance and Priorities Committee, unless it is determined by the Chief Administrative Officer to be an urgent or emergent nature that requires an appearance before Council.

2a) A person or a representative of any delegation or group of persons, who wish to bring any matter to the attention of Council, or who wish to have any matter considered by the Council shall address a letter or other communication to the Council outlining the subject to be discussed. The letter shall be typewritten or legibly written, signed by the correct name of the writer delivered or mailed to the office of the Chief Administrative Officer so that it arrives no later than 4:30 o'clock p.m. on the Wednesday immediately preceding the meeting at which it is to be presented and it shall contain the full mailing address of the writer. If he or she wished to appear before Council it shall be so stated in the letter.

2b) When a communication contains a request for an appearance to address the Council, the Council by resolution may hear the person, refer him to a Committee or, if the Council deems the matter to be urgent, deal with it at once but such person shall not speak for more than ten (10) minutes allowing for a ten (10) minute question period, unless the time is extended by a unanimous vote of Council.

Our investigation identified that delegations are usually presented to Council in the Governance and Priorities Committee meetings rather than at Council meetings. This is an acceptable practice as the Governance and Priorities Committee meetings are a committee of the whole and the information being presented by delegations is for information only. Decisions and debate about the information presented by the delegates should occur in Council meetings rather during the GPC meetings. The reason provided for putting delegations into the GPC meetings is to ensure that there is enough time for delegations to present their information to Council. However, by moving all delegations to the GPC meeting, this has contributed to the perception that delegations cannot participate in official Council meetings.

An interview participant provided additional issues concerning the ability for residents to present to Council as a delegate. After having presented the CAO with what the delegate thought was the appropriate documentation to be added to the agenda at a Council meeting the participant arrived at the meeting where they were approached by the CAO and told that they were not on the agenda for that evening. Even though the participant thought the documentation was presented to the CAO, the CAO indicated that he had not received any documentation and therefore had not added the participant to the agenda. The perspective of the participant is that they provided the appropriate information to the CAO to be added as a delegate. This further contributes to the perspective that it is extremely difficult to get on to Council's agenda as a delegate and highlights the confusion as to the process that residents need to go through in order to be added to the agenda for a Council meeting. There is clearly a need for the development of a step by step manual, with appropriate forms, for residents to reference and use respectively in order to be added to the agenda as a delegate. Considering, in this instance that the participant is at odds with the Municipality it is easy to understand their perspective that they were purposefully being screened off the agenda by the CAO and mayor.

- One Councillor indicated that his proposed agenda items were not being added to Council agendas. The mayor and CAO review Council agenda items and make a decision on which items should be included on the agenda and which items should not. Further investigation identified that the reason for the review of agenda items between the mayor and CAO is for the CAO to ensure that the mayor understands what is on the agenda relative to running the upcoming Council meetings. The CAO indicated that he does not filter formal agenda requests and that Councillor agenda requests are added to the agenda when requested. The CAO did indicate that he has discussed potential agenda items with the Councillor and in one case recommended not including the item on the agenda. Additionally, the Councillor retains the ability to add agenda items to the meeting at the beginning of each meeting. Council would then vote on whether or not to include the meeting item. Further research of the minutes indicates that the Councillor has had notices of motions added to the agenda in the past.
- A Councillor left a recording device in a Council meeting while he was not present in the meeting. There are no issues with the recording of Council meetings by those present; often media records the meeting to ensure that they are accurately reporting what is said during meetings. Council has the option to ban all recording devices from its meeting but this has to be included in the procedural bylaw and the appropriate process followed to amend the procedural bylaw to incorporate this direction. The main issue is that this recording was done "covertly" without the knowledge of Council.

Minutes of Council

Minutes of Council are identified as one of the major administrative duties for the CAO in section 208 of the MGA. An examination was conducted of the Municipality's minutes from 2010 to the present. Minutes of council should:

1. Identify agenda items;
2. Provide the exact motions of council;
3. Indicate motions as "Carried" or "Defeated"; and
4. Be free from comment or quotes.

As part of our inspection we completed a detailed review of Council minutes and identified the following:

- The minutes of Council are available online on the website as well as paper copies are kept in the office. Currently administration has been posting the minutes on the website before they have been approved by Council. While this approach provides immediate feedback on Council meetings to the public there is an issue with the minutes not being official minutes. The Municipality should not be posting unofficial minutes as there may be errors in the unofficial minutes that could lead to misinterpretation of Council's motions.
- The MGA – section 208, subsection 1(c) – requires that minutes be provided to councillors by the CAO and adopted at a subsequent council meeting. It appears that Council approvals of previous minutes were typically well followed and the minutes of the previous meeting are approved in the subsequent Council meeting.
- Minutes and agenda packages are placed online on the Municipality's website and are accessible to the public. These are well documented and organized. The minutes, if unsigned, indicate that the original is signed.
- The format of Council minutes has been generally consistent
- The package provided to Council prior to meetings contains an appropriate amount of information and meets the needs of Councillors.
- Council decisions are preceded by a motion and the vote on the motion is recorded in the minutes. The expectation of a council is that there is debate on motions and that there will be motions that are not supported by all councillors. However, once the motion has been voted on the expectation is that all councillors will support the decision made by council. We identified an issue in the notes, specifically in recording the difference between motions that are "carried unanimously" versus a motion that is noted as "carried".

When recording the difference between motions carried unanimously versus a motion that was not unanimous, it demonstrates the cases where Council was split on a motion. This provides a clear signal of when all Councillors are in agreement and potentially could create a perception of the Municipality that if a motion is not carried unanimously then it is not as important as one that is carried unanimously.

- The motions in Council minutes have a unique numbering system to identify the motion.
- The minutes contain notes and comments of the discussions undertaken by Council. According to section 208(1) of the MGA one of the major administrative duties of the CAO is:

Part 6, Section 208(1) – Performance of Major Administrative Duties

208(1) The chief administrative officer must ensure that (a) all minutes of council meetings are recorded in the English language, without note or comment;

An example of the issue from the June 4, 2013 minutes is:

Mayor Decoux advised that by this fall he would like to see all instances of the Council meetings either viewed on the website or available on the website

Another example from June 4, 2013 minutes is:

Mayor Decoux noted that Council should be better informed prior to making a decision on the group's request for support

- The meeting minutes capture multiple examples of issues that are discussed and a Councillor or Councillors provides a suggestion that the CAO complete an action based on the Councillor's suggestion. Direction from Council to the CAO needs to come through the form of a motion rather than a comment during Council meetings. An example of this issue is in the June 4, 2013 meeting minutes where:

Mayor Decoux requested that the 2013 Capital Infrastructure Project Status Report, and similar reports, be placed on the Municipal website for public information. Mr. Besinger advised that a Power Point presentation on 2013 Capital Infrastructure Projects will also be placed on the website.

In reference to the delayed Sentinel and Hillcrest Bridge Replacements, Councillor Mitchell recommended that Alberta Transportation be advised that it is their responsibility to inspect these bridges.

Mayor Decoux advised that by this fall he would like to see all instances of the Council meetings either viewed on the website or available on the website.

When providing direction from Council without motions, one issue is the inability to track the suggestion to determine if the requested action has been completed. Additionally, it is difficult for the CAO to determine Council's needs from administration if direction is given ad hoc throughout the meeting rather than through formal motions. As well, direction provided to a CAO that is not through motions could, technically, be ignored by the CAO as he is required to meet the motions of Council. We recognize that it is unlikely that a CAO would ignore these types of directions but the relationship between administration and Council could be impacted when a Councillor perceives that his suggestions are not being followed while another Councillors suggestion are being followed.

- There are cases where a motion made by a Councillor was left open and the motion was neither withdrawn nor voted on. An example of this type of issue is:

M#-6366-11 Councillor Mitchell moved to accept the recommendation of the Subdivision and Development Authority to reappoint Dale Paton to the Subdivision and Development Authority for a three year term.

Motion Not Withdrawn

This is an issue as the motion has not been closed off formally. Motions of Council need to have a resolution of some type even if that resolution is withdrawal of the motion.

We conducted a random review of the minute binders of Council. We noted that these were located in a secure and fire-safe location. The binders were well labelled. We noted the meeting minutes were signed, dated, and stamped with the Municipal seal. There were minutes in the binders for regular meetings, special meetings, GPC meetings, and triennial budget meetings.

Council Bylaws

All bylaws of a municipality must be properly written, recorded, passed, and indexed. Maintaining the integrity of a municipality's bylaws is a key responsibility of the CAO, as is informing council of their responsibilities under the MGA as they relate to the passing of bylaws. Section 208(1) identifies the CAO's responsibilities as they relate to bylaws.

Part 6, Section 208(1) – Performance of Major Administrative Duties

208(1) The chief administrative officer must ensure that

(d) the bylaws and minutes of council meetings and all other records and documents of the municipality are kept safe;

Municipalities are expected to maintain a bylaw register containing each current bylaw. During this inspection, we conducted a review of the Municipality of Crowsnest Pass' bylaws and recent Council minutes to examine the passing and maintenance of bylaws.

One of the issues raised during the review was the lack of communication of bylaws and lack of participation with residents and businesses impacted by the bylaws in the bylaw development process. Some participants indicated that there was little communication and involvement of residents in the development of bylaws. This was perceived as Council "doing it to them" rather than Council working with residents to find solutions to issues in the community. Additionally, some business representatives indicated that some of the fees incorporated within the bylaws were hindering their ability to run a successful business in the Municipality.

The following comments are for the bylaws developed and passed during the time period that the current CAO has been employed.

- Some participants indicated that they were upset with new bylaws that were developed by the Municipality. There were several issues identified around the bylaws including the following:
 - Animal control bylaw: number of cats/dogs/animal units – Limitation of the number of dogs/cats and animal units that are allowed in Crowsnest Pass. Some participants indicated that there is not a need for this type of restriction in Crowsnest Pass.
 - Animal control bylaw: wildlife attractants – During the review there was a significant amount of misinformation about this section of the bylaw – particularly section 9.2 of the bylaw. Some participants were indignant that they would not be able to put bird feeders up because of the bylaw. The wording in the bylaw indicates that owners or occupants of a premise cannot have birdseed outdoors from April 1 to October 31 if the birdseed is deemed an animal attractant. Further investigation with the Municipality indicates that the intention of the bylaw is that if there is a wildlife animal incident with a bird feeder then the Municipality would ask for the wildlife attractant to be removed.

Some participants indicated that they believed that the Municipality would be targeting specific residents to remove bird feeders because the resident disagreed with Council or administration. This reaction to the bylaw further highlights the lack of trust that some residents have in Council and administration

and the perception that Council and administration are vindictive and will use any means necessary to get their way and punish those that disagree with them. Additionally, this issue highlights the need for greater clarity in communicating the intent of a new bylaw and the impact of the new bylaw on residents. The current process needs to be reviewed and strengthened if possible.

- Bylaw penalties for offenses – Some participants indicated that they believed that the penalties for breaking bylaws were excessive and punitive. One area in particular was the penalties assessed for licensing of animals, animals off leash and having too many animals. A common statement made by those participants who were against penalties is that the bylaws were “big city bylaws” and there is no need for them in a small town like Crowsnest Pass.
- Bylaws are properly written, recorded, passed, indexed and available to the public on the Municipality’s website; however, the Municipality could ensure that all bylaws are available on the website, as it appears that the website has primarily the more common-use bylaws posted.
- The different readings of bylaws have been observed and recorded within minutes of the Municipality.
- Section 187 of the Municipal Government Act requires that all bylaws have three readings and states that a proposed bylaw must not have more than two readings at a council meeting unless the councillors present unanimously agree. The intention of separating readings across council meetings is to allow for sober thought and public input. In some instances, three readings of a bylaw occurred in one Council meeting and Council followed the appropriate procedures for passing a bylaw in three readings. Many bylaws are not contentious and can be passed in a single council session and a review of minutes indicates that for some bylaws the third reading of the bylaw was deferred because Council did not unanimously pass the motion.
- New bylaws or updated bylaws include a section indicating that the previous bylaw has been repealed. Additionally, the date of each reading is included, along with a section indicating when a bylaw has been amended, the date of each reading, and a reference to the amendment. This provides residents with a road map to track the changes to bylaws they are trying to reference.
- There are multiple copies of bylaws on the municipal website. An example is the animal control bylaw which is listed as bylaw 672, 2006 and as 864, 2013. This is an issue as old bylaws should be repealed and removed from the bylaw registry including the bylaws

provided on the Municipality's website. This can cause confusion for residents as to which bylaws are valid.

- The animal control bylaw 864, 2013 does not contain a section repealing the earlier bylaw 672, 2006 of the same name. This is a significant issue in that both of the bylaws would be considered to be in force at the same time and there may be inconsistencies between the two bylaws that would make either of the bylaws unenforceable.

In reviewing the Municipality's policy binders, we noted that the Municipality was in the process of a document management change-over. There are currently two binders, one being more historical and the other being more recent. The historical binder contained valid policies, but these had not always been updated or reviewed recently. Within the Document Management function in Finance and Corporate Services, the process for merging these binders, developing a review schedule, and uploading the documents onto a software system (DocuShare) is underway. When this is complete, the documents (policies and bylaws) will be available to the public on the Municipality's website. The timeline for completion is set for end of September 2013.

The review process for both bylaws and policies is being undertaken by a policy committee that was developed about two years ago. The policy committee reviews both policy and the bylaws where significant changes may be required. Once reviewed, the suggested changes are taken to the GPC, where Council members discuss the changes prior to the Council meeting. Assuming the changes are passed, the policy or bylaw will then be brought to the next Council meeting for approval by motion of Council.

Considering the optical failure perceived by some members of the public, the concerns that were brought forward include the lack of public transparency and/or lack of public debate, specifically as it relates to bylaws. There is a perception that there is very little debate that goes on at the GPC where the documents are made available to the public, since most concerns were discussed and vetted at the policy committee level. And, while the policy committee meetings are open to the public, with no public access to the documentation at this meeting, it was suggested that there was a lack of transparency and ability for the public to participate in a meaningful manner.

In reviewing the policy binders, we noted that there were indices in the binders. We found all policies that were indexed. We noted that not all policies were numbered, specifically the "miscellaneous" categories, and not all policies were numbered consistently. We could not locate an index for the taxation policies. In the more current binder, there was a policy on how to create a policy, which we understand is now being followed to address any of the inconsistencies or gaps in the past.

In regards to the bylaw and policy development schedule, we commend the Municipality for its efforts in this area. We saw a schedule that started in October 2011 and progresses forward. We do note that there are not always specific dates set for the review, but rather broader months in which the bylaw or policy is to be reviewed. We would encourage the Municipality to set a specific date for completion rather than setting a broader target to attempt to avoid too much slippage or drift in schedules.

We reviewed the bylaw binders, which were located in a secure and fire-safe location. We saw evidence of a bylaw index from 1979 to present. The index noted the bylaw number, date of final reading, whether the bylaw was repealed or amended, and a description. We did note that there was use of “repealed”, “replaced”, and “defeated”, which are typical; however, there was also use of “cancelled” and “did not proceed”, which we were unable to gain clarity on how these related to the prior three categories.

There were also notes when a bylaw number was missed or issued more than once. The bylaw numbering system is now controlled through the Executive Assistant to the CAO, with a back-up as the Director, Finance and Corporate Services when the Executive Assistant is away. This is meant to avoid confusion, identify numbers that were set aside to be used but were not, and to prevent duplication of bylaw numbering. There was one bylaw number that was issued twice, and is being addressed by Council in the repealing of one and creation of a new bylaw with the correct numbering. These are specifically bylaw number 824/11 from July 5, 2011 (Designation of Orpheum Theatre as Municipal Heritage Resource, repealed) and December 6, 2011 (Heavy Truck Route bylaw).

A random audit of bylaw binders showed that the bylaws were in order, corresponding to the bylaw index. We also noted that each bylaw was signed by the Mayor and the CAO on the last page of the bylaw indicating that it was given three readings and passed, along with the consistent use of the Municipality seal. The Municipality is in adherence with Section 187 of the Municipal Government Act, which requires that all bylaws have three readings and there must be no more than two readings at a council meeting unless the Councillors present unanimously agree. The premise behind the separate readings is to allow for sober thought and public input.

We further noted, that much like in the meeting minutes, the use of “carried” versus “carried unanimously” on the bylaws. We would strongly encourage the Municipality to record that the bylaw was carried only, and to refrain from using unanimously in its documentation. The repealed bylaws were also contained within the bylaw binders. This is typically not advisable as the Municipality needs to ensure that there is an official copy of only the active bylaws, free of any confusion as to which are active and which are not. However, as there is an indexing system that notes whether the bylaw is active or repealed, this is less of a concern than it might be otherwise.

CAO Performance Evaluation

A strongly designed performance review on a CAO can serve several key functions, including:

- Setting measurable and achievable objectives – quarterly and annually – for the CAO to achieve that directly supports the strategic direction of the municipality;
- Monitoring and identifying the measurable ways in which the CAO’s performance contributes to the organization’s goals;
- Monitoring and identifying the ways in which the CAO’s performance needs to improve to meet the organization’s goals, including ways in which council can support the CAO’s efforts;
- Allowing council to review essential job functions with the CAO, and update his/her job description accordingly; and
- Providing documentation of performance that supports salary increases, disciplinary actions, or termination.

Once the strategic direction of the municipality is determined, it follows that the performance objectives of the CAO will directly support and enhance the opportunities of successful implementation of that plan. In order to assist with this, a general guideline would be for reviewers to focus roughly 40 percent of the observations and comments on past work and 60 percent of the observations and comments on what needs to be done moving forward. The development plan or actions that the CAO needs to take to become successful need to be within his/her control, and should ideally focus on both the “what” and the “how” when these objectives are achieved. As in all performance appraisals, the feedback and monitoring of success is often perceived as more relevant when there are timely discussions, at least once per quarter, with at least one session set aside for determining the objectives for the new performance/fiscal cycle and one session set aside for a formal wrap up of the annual objectives.

At a minimum, performance should be reviewed annually. This is further supported by Section 205 of the MGA, which outlines the requirements of a CAO performance appraisal as follows:

Part 6, Section 205(1) – Performance Evaluation

- (1) A council must provide the chief administrative officer with an annual written performance evaluation of the results the chief administrative officer has achieved with respect to fulfilling the chief administrative officer’s responsibilities under section 207.*

We were able to review one performance appraisal for the current CAO. The performance evaluation document allowed for four measures – exceeds standards, meets standards, fails to meet standards, and unable to rate – on several questions. The questions covered topics such as communication with council, implementation of council policy and long-range plans, staff support for council, staff relations, financial planning and administration, personal and professional development, effective delivery of services and community relations, and intergovernmental relationships. Further, it provided for the overall assessment of the CAO's performance as either satisfactory or unsatisfactory. The evaluation allowed for commentary on the CAO's accomplishments, the strengths and areas for improvement, and the goals for the next year.

The performance appraisal was not dated or signed, however, it appears that Council is satisfied overall with the CAO's performance. The areas for improvement do address the perception issues that were identified throughout our inspection and report.

While the performance appraisal does cover the basic requirements, we would recommend that Council consider the following in future evaluations:

- A direct linkage to the strategic plan and the annual objectives for accomplishment of the plan;
- Clear linkage between the job description, the evaluation criteria, and the strategic plan;
- Comments should be timely to allow the opportunity for course or behavioural corrections and to avoid any rater challenges or biases; and
- A future plan outlining the goals and objectives for the following year should be detailed including when follow up will be required.

Pecuniary Interest and Conflict of Interest

Section 170 of the MGA states that a Councillor has pecuniary interest if:

Part 5, Division 6, Section 170 (a-b) – Pecuniary Interest

(a) the matter could monetarily affect the Councillor or an employer of the Councillor, or

(b) the Councillor knows or should know that the matter could monetarily affect the Councillors family.

In the event that a councillor has pecuniary interest he or she must:

- Disclose the conflict prior to the discussion,
- Abstain from discussion on the matter,

- Abstain from voting, and
- Leave the room until discussion and voting are concluded.

During our observation of Council meetings, Councillors excused themselves from the meeting due to a pecuniary interest. The Councillor identified that he had a pecuniary interest in the matter at hand and left the meeting room. However, we did note that there was a procedural issue with the declaration of pecuniary of interest by the Councillor. Specifically, the Councillor declared that he had a pecuniary interest but did not formally disclose the pecuniary interest before exiting council chambers. The Councillor declared his pecuniary interest before any discussion on the issue was undertaken. A review of minutes indicates that Councillors have not provided a formal declaration of their pecuniary interest in most cases. This is an issue as section 170 MGA indicates that Councillors must disclose their conflict prior to discussion. The Councillor met the spirit of the Act by declaring the pecuniary interest and in the future we recommend that Councillors clearly disclose the conflict and the disclosure be recorded in the minutes.

Orientation

Orientation is a critical process for returning and new councillors who are stepping into the new and unique role of elected official. Some common council orientation topics include:

- Governance – Roles and responsibilities, principles of effective governance, policy based governance, the role of committees and their function and policy based decision making.
- Planning documents – Budgets, capital plans, strategic plans, municipal development plan, area structure plans and documentation related to significant projects that are underway within the municipality.
- Policies – Key policy documents include the land use bylaw, procedural bylaw, council code of conduct (if it exists), financial control policies, council remuneration policy and any other policies that administration identifies to be critical.
- Administrative Processes – Key processes for a new council include logistics such as accessing email, buildings, etc., how to fill out forms, and any other processes related to conducting Council sessions and participating in committees.
- Engaging with the Public – Answering questions and requests for information, role of council at public forums, and media training.

Council members indicated that their orientation met their needs.

Code of Conduct

A code of conduct is a document adopted by a council that identifies the manner in which council and individual councillors will conduct themselves while carrying out the responsibilities of public office. While municipal councils are not required to have a code of conduct, it is a good practice to have one in place. A code of conduct can be reviewed, updated, and adopted by each new council following election.

Council has adopted a code of conduct and appears to be following the code of conduct in general. A Councillor indicated that there was an issue with the conduct of the mayor towards him which, from his perspective, was in violation of the code of conduct. The Councillor indicated that the mayor spoke to him in a manner that he feels breached the code of conduct. The code of conduct states the following:

6.7 Treat Every Person with Dignity, Understanding and Respect

Members shall abide by the provisions of the Human Rights Code and, in doing so, shall treat every person, including other Members, municipal employees, individuals providing services on a contract for service, students on placements, and the public, with dignity, understanding and respect for the right to equality and the right to an environment that is safe and free from harassment and discrimination

The Councillor indicated that he felt harassed by the Mayor due to his comments and this impacted his respect for the Mayor. Further investigation into the issue indicates other participants in the meeting do not recall the mayor making this specific statement.

Boards and Committees

As part of his duties the mayor is an ex officio on all boards and committees of the municipalities. Council often appoints additional councillors to boards and committees as representatives of council who are voting members of the committee or board. Additionally, the municipality advertises for positions on committees and boards for representation by the public and these positions are appointed by council. The number of committees and boards directly under the control of the municipality is determined by council. There are mandatory committees and boards such as the subdivision and development appeal board (SDAB) that are required to be in place in the Municipality.

Crowsnest Pass has several Boards and Committees in place including the following (as of April 3, 2013):

- Agricultural Services Board with five members, one of which is a Councillor appointed to the board;

- Crowsnest Pass Senior Housing Board with seven members, two of which are Councillors appointed to the board;
- Culture and Heritage Committee with seven members, one of which is a Councillor appointed to the committee;
- Economic and Development Committee with eight members, one of which is a Councillor appointed to the committee;
- Family Community Support Services (FCSS) with eight members, one of which is a Councillor appointed to the committee;
- Municipal Planning Commission with seven members, two of which are Councillors appointed to the commission;
- Municipal Ski Hill Authority with seven members, one of which is a Councillor appointed to the authority and the organization also has a manager for the ski hill;
- Subdivision Development Appeal Board with seven members, three of which are Councillors appointed to the board;
- Municipal Library Board with seven members, one of which is a Councillor appointed to the board; and
- Sports and Recreation Committee with seven members, one of which is a Councillor appointed to the committee.

Other boards and commissions within the community that are independent of Council (no council representation) include:

- Community Policing Commission with seven members; and
- Municipal Heritage Board with eight members.

Our review did not find any issues with the boards and committees that the Municipality has in place. One of the issues raised concerning boards and committees was the integration of the pool board into the sports and recreation committee. It should be noted that Council has the ability to add or remove committees and boards as it sees fit. Section 145 of the MGA states the following:

Part 5, Division 1, Section 145 (a, b) – Bylaws - Council and Council Committees

145 A council may pass bylaws in relation to the following:

(a) the establishment and functions of council committees and other bodies;

(b) the procedure and conduct of council, council committees and other bodies established by the council, the conduct of Councillors and the conduct of members of council committees and other bodies established by the council.

The integration of the pool board into the sports and recreation committee is not an issue as this is well within Council's roles and responsibilities.

We recommend that:

7. In the strategic plan, reframe the column that identifies Council's responsibility to "assigned responsibility". The responsible party in this column becomes Council, a named position, or a named department. This allows a link between the strategic plan and operational plan for departments and provides for clear directions to management from Council.
8. The organization develops a resident communication that clearly identifies the costs associated with the strategic plan versus the costs for the day to day operations. This type of report provides greater clarity to residents as to what are the costs to provide the current level of services in the Municipality and the impact of Council's vision of the future.
9. The CAO and Council review the use of the Governance and Priorities Committee meetings and administrative meetings to ensure that they are being used in the most effective and efficient manner.
10. Administration conduct greater research into consultant recommendations related to a new area of business when Council is making decisions that are heavily reliant upon a consultant's recommendation about a new area of business for the Municipality.
11. The mayor discontinues his practice of responding to other Councillor's comments during Council meetings.
12. The Councillors focus on asking questions for clarification of information presented by administration rather than engaging in argument/comment/deliberation on an issue without a motion.
13. Council and CAO review the practice of putting delegations in the Governance and Priorities Committee meetings rather than including them in the Council meetings. The CAO develop a resident's guide providing direction as to how the residents can become a delegate and provide the guide on the website and provide paper copies at the municipal office.

14. Administration refrains from posting unofficial minutes on the municipal website. All minutes must be adopted by Council before posting.
15. Administration discontinues the practice of recording votes on motions as unanimously carried or carried. All motions should be recorded as carried or defeated.
16. Recording of notes and comments within the meeting minutes be discontinued.
17. All direction provided to the CAO be provided through motion rather than through comments from Councillors during Council meetings.
18. The CAO review the motion tracking system and ensure that all motions are either withdrawn or a vote is held on the motion.
19. Administration review and take a proactive role in its communication around bylaws with a focus on increasing participation and communication with residents/businesses most likely to be impacted by new bylaws.
20. Review the bylaws provided on the website and remove all bylaws that have been repealed. In the case where there are multiple amendments determine if there is a need to amalgamate the amendments into one bylaw.
21. Administration and Council review the use of the Governance and Priorities Committee meeting with a focus on increasing transparency.
22. Discontinue the practice of recording if a bylaw was carried unanimously versus carried and only record if a bylaw was carried or defeated.
23. When conducting the CAO's performance review, Council consider identifying direct links to the strategic plan and annual objectives for accomplishing the plan, identify clear links between the job description, evaluation criteria and strategic plan, provide timely comments and develop a future plan highlighting the goals and objectives for the following year including a timeline for follow up.
24. When Councillors have a pecuniary interest they clearly state, for the record, what the conflict is rather than only stating that they have a pecuniary interest.

Administration

The administration section covers all of the operations of the Municipality. The Municipality of Crowsnest Pass has a finance and corporate services department, a planning, engineering and

operations department, and a protective and community services department. Additionally, there is a Manager of Operations in planning, engineering and operations and a Fire Chief in the protective and community services departments.

One of the issues that we have observed with administration is the high rate of turnover in the CAO position in Crowsnest Pass. There have been fourteen CAOs in Crowsnest Pass in the past seventeen years. A high rate of turnover in the CAO position can significantly impact the leadership, management and corporate knowledge of an organization. Each CAO has a different leadership and management style and it takes some time for staff to understand and respond to a different approach by the CAO. During this time of change efficiency is impacted as staff begins to relearn or change processes to respond to the new leadership and managerial style of the CAO. Additionally, corporate knowledge, an understanding of the history of the community and the organization itself is significantly impacted because of the high rate of turnover and the CAO would have little or no organizational history to draw upon. The management team, with the exception of the Director of Corporate Services, is relatively new to Crowsnest Pass and therefore does not possess the corporate knowledge and history of the community.

All of these factors have impacted the organization's ability to move forward on some recommended changes provided to the Municipality. It is difficult to implement a high level of change in an organization when the leadership and management of the organization are turning over on a regular basis.

Departments

Planning, Engineering and Operations

The staffing within the planning, engineering and operations department consists of the following:

- There is a full-time Director of Planning, Engineering and Operations;
- There is a full-time Manager of Operations;
- There are 36 permanent FTEs;
- There are 6 casual/temporary FTE; and
- There are 5 vacancies to be filled in this area.

The planning, engineering and operations department includes responsibility for the water, electricity and sewer infrastructure. The department is also responsible for the electrical distribution system, street lighting and signage, maintenance of streets, sidewalks, parks and trails, athletic fields, bridges and planning and development.

Operations Coffee Breaks

One of the issues raised during the review was the practice of operations staff to travel back to an operations shop to take coffee breaks. In some instances, we were provided with examples where an operations employee would drive around the community picking up public works staff from their equipment and drive them back to the shop for coffee. Once the coffee break was over the operations staff would then drive everyone back to their machines to continue working. The participant who related this incident indicated that the equipment sat idle with no one in it for over forty-five minutes because of the distance to the operations shop and the number of stops needed to pick up and return everyone to work. It is reasonable to assume that operations employees who are working close to a shop would go to the shop for coffee. It is not reasonable to assume that employees who are working on equipment a significant distance from a shop would be picked up, driven to the shop and then driven back to their equipment for a coffee break. Coffee breaks are allocated 15 minutes and if the staff person cannot go back to the shop, take a coffee break and return to their equipment, on their own, then they should be taking their coffee break at their location. It is unclear if this is a common occurrence but, in light of the example provided, there is a need for a formal policy to be developed to provide clear guidance to staff about expectations around coffee breaks.

Work Order System

A new work order system for operations has been developed and is in the process of being implemented. There has been significant resistance to the new work order system and the lack of implementation highlights the poor relationship between staff and management within the organization. The work order system is a change to the previous process used to track and report work for staff but has been identified as an area for improvement by management. The directive for the work order was given over one year ago and the perception of the work order system is that management is trying to spy on staff. The new manager of operations continues to work on implementing the work order system and creating buy-in from staff.

Rationalization of Operations

Our review has identified a need for the Municipality to continue with the rationalization of operations. The Municipality had undertaken some rationalization around operation workshops and reduction in the duplication of equipment and tools within the Municipality. As in the case of the rationalization of the volunteer fire department, there is an opportunity for cost savings for the Municipality, and therefore a reduction in taxes for taxpayers, through further rationalization within this department. Rationalization of heavy equipment within the Municipality could provide future savings for the Municipality. Administration has indicated that pieces of heavy equipment, such as loaders, will not be replaced once they have reached the end of their useful life in order to reduce the number of heavy equipment used in the Municipality. Issues identified by participants related to operations and operational equipment includes the following:

- Purchase of a trackhoe – Some participants indicated that it did not make sense for the Municipality to purchase a trackhoe because of the limited amount of use of the trackhoe. The Municipality had been renting a trackhoe when they needed this piece of equipment in construction. Further investigation indicates that a cost/benefit analysis was completed and the results of the analysis indicated that it was more cost effective to purchase a new trackhoe rather than continue to rent a trackhoe.
- Purchase of a trailer to haul trackhoe – Some participants indicated that the Municipality purchased a trailer to haul the trackhoe that was inadequate and required significant work and cost to outfit the trailer to haul the backhoe. Further investigation indicates that management discussed the requirements of the trailer and the specifications of the trailer being purchased with the appropriate experts to ensure that the trailer was adequate for the trackhoe. The additional work done on the trailer was to provide additional support and safety beyond the minimum specifications for hauling the trackhoe.
- Installation of snow gates on graders – The Municipality installed snow gates on the graders and staff indicated that the gates would be tore off of the machine if they were installed. Further investigation indicates that snow gates are used by multiple municipalities within Alberta and are not routinely torn off of the equipment. Operational staff has not bought in to the use of snow gates. This further illustrates the poor relationship between management and staff and the need for greater communication and change management within the organization in order to begin to repair the relationship between staff and management.
- It is management’s job to make decisions such as buying snow gates and attaching them to the equipment but the staff who will be using the equipment need to understand the rationale and be willing to use the new equipment at the least and refrain from trying to damage it at the worst. Some participants indicated that they believed that operational staff would deliberately wreck equipment that they did not want to use or not use the equipment at all. This issue is similar to the work order issue identified above.
- Culture within operations – There continues to be staff who consider themselves employees who only work in Coleman or Blairmore, etc. and do not and will not work in other areas within Crowsnest Pass. This approach is an impediment to the efficient use of resources within the Municipality and furthers the perception that Crowsnest Pass is not a united community but rather a disjointed community consisting of distinct individual communities. The refusal to work in other areas within the Municipality further highlights the poor relationship between staff and management, in general.

Legacy Issues

One of the issues identified during the review was the number of legacy issues that the current administration and Council has to deal with. There are a number of development, agreement and contract issues that need to be cleaned up or mitigated by the current administration. Some of these issues include development issues where the amount of security was inappropriate for the type of development, lease agreements with organizations where the Municipality does not have the lease agreement and cannot find the agreement, agreements where the Municipality is unaware that an agreement exists and contracts where the conditions of the contract do not adequately cover the Municipalities risks and liabilities. Many of the legacy issues are discussed in this report but it should be noted that the current administration has worked to address and mitigate these issues.

Protective and Community Services

The staffing within the protective and community services department consists of the following:

- One full-time Director of Protective and Community Services;
- One full-time fire chief;
- There are 13 permanents FTEs;
- There is one casual/temporary FTE;
- There are 23 pool and ski hill seasonal employees;
- There are 5 student (formerly STEP program funded) and 2 agricultural students;
- There is one contract Deputy Fire Chief position that ends at the end of this year; and
- There are 54 paid on call volunteer fire fighters.

The protective and community services department is responsible for emergency services (fire and rescue, bylaw enforcement, animal control, agricultural services and safety codes. On the community services side the department is responsible for family and community support services (FCSS), recreation, ski hill, pool, library and other community services. This department has a unique mix of responsibilities with protective services and community services. Typically, these types of services are not in the same department as there is little in common between the two except the education and prevention component of protective services. The management style of the Director of Protective Services was perceived as aloof and hands off by some of participants. Some participants indicated that they felt their input to the Director was disregarded and not considered when decisions are made.

Some staff in the protective and community services department indicated that there have been incidents where Councillors have given them direction directly through email. Some staff

indicated that they were uncomfortable with receiving direction from individual Councillors but did not think that they could refuse to complete the task given them by Councillors and continue to be employed. This is an issue due to the separation of roles between the governance body of the Municipality – Council and the administration of the operations of the Municipality – CAO and administration. Some of the staff perceived that the direction that they were being given was “targeting” specific residents.

Bylaw Enforcement

One of the issues raised throughout the review was bylaw enforcement, the hiring of two Community Peace Officers (CPOs) and the costs associated with hiring the CPOs. The CPOs provide another level of enforcement within a community that is focused solely on the community itself. The RCMP have a much different mandate than CPOs and do not answer to a municipality in determining their priorities for enforcement. CPOs, on the other hand, typically enforce bylaws and traffic within the community that is employing them and are provided their strategic priorities from the CAO and management based on the priorities set by council. The Municipality has a memorandum of understanding with the local RCMP detachment to provide support to the RCMP and receive support when needed. The following table provides a summary of the enforcement activities completed by the CPOs from July 19, 2012 to May 14, 2013.

Type of Enforcement	Number of Enforcement Activities
Municipal Bylaws	
Bylaw Complaints	531
Complaints Closed	492
Complaints Open	39
Unightly Premises	
Identified	139
Completed	51
Remaining	88
Compliance/work orders issued	61
Compliance/work orders completed	50
Compliance/work orders remaining	11
Animal Control	
Dogs impounded	26
Barking complaints	25
Lost dog	19
Surrendered dog	3
Provincial Statutes	
Speeding offenses	592
Petty trespass	1
Miscellaneous traffic offenses	134
Liquor tickets	47
Mandatory court appearances	30

In this time frame the amount of fines given out by the CPOs totals \$101,949. There are further fines expected to come out of court appearances that are not included in this total. While the purpose of hiring CPOs is not to generate revenue, rather to provide a safer municipality, the fines generated help to offset the cost to the taxpayers.

Additional bylaw enforcement issues include the following:

- One of the participants that we interviewed indicated that a nearby neighbor had turned his property into a parking lot for his logging trucks and equipment. This is in violation of Municipal bylaws and the participant indicated that there was a significant increase in the amount of runoff from the property into his property due to the parking lot. Additional issues include loose tires rolling down the hill and damaging his property. He has informed the Municipality who took action and issued a cease and desist order. Further actions were taken with the issue eventually ending up with a court appearance and the case was thrown out of court. The issue started in 2006 and has not been resolved to the participant's satisfaction. The CAO indicated that they are aware of the problem and monitoring the area to ensure that the resident is no longer using the area as a parking lot for his vehicles.
- One of the participants indicated that heavy trucks were banned from parking on a vacant lot by order of bylaw. The participant indicated that this was an issue as trucks were no longer allowed to be parked in the Municipality and there were no other areas where heavy trucks could be parked in the Municipality. The participant indicated that the ban on trucks has contributed to the loss of at least eighteen families within the community because they thought the truck ban was unreasonable and could no longer live in the community. Other participants indicated that the truck ban is not universally applied and it appears that some residents can park their heavy trucks on the street without any repercussions. The allegation is that these residents are connected to Council and therefore do not have to worry about enforcement. Our investigation did not find any evidence of favoritism by the CPOs.
- One of the issues identified during the review is the handling of on call for CPO officers. Our investigation identified that there is a CPO officer on call all the time. This can have a significant impact on work life balance for the CPOs and creates a less than desirable work environment. Further investigation into the issue indicates that the Municipality has a memorandum of understanding with the RCMP that indicates they will provide coverage for the municipality when CPOs are not available. While RCMP have a much different mandate than CPOs, they have provided coverage in the community in the past and there is an opportunity to work with them to ensure that CPOs are not always on call. It appears that there is an unclear understanding of the memorandum of understanding with the RCMP and how this impacts workload for CPOs.

- The cost of the CPO program and the purchase of new vehicles for the CPOs was identified as an issue by some participants. The CPO program is a provincial program where a municipality has to meet the standards set by Alberta Justice for its CPOs. The type of vehicles and the equipment required for a CPO is included in this standard and there is a cost associated with the vehicles and equipment required for this program. The purchase of new vehicles for a new program is not unusual and the lifecycle for vehicles used in a CPO program is typically shorter than the lifecycle of other vehicles within the municipality. The amount spent by the Municipality is not unusual for a CPO program.

Pool Board

The Municipality has changed the structure of its boards relating to recreation within the Municipality. The pool board is now dissolved and has been included as part of the sports and recreation board. Further, the Municipality has taken back operational responsibility of the pool and the Director of Protective and Community Services is now in charge of operations. Some participants raised issues with the removal of the pool board and the process used to remove the pool board. These issues include the following:

- Moving responsibility of pool operations back into the Municipality – Some participants indicated that they do not believe that the Municipality has the expertise and knowledge required to run the pool and therefore the responsibility for operations should continue to sit with the board. It is within the rights of a municipality to delegate operational responsibility to a board for recreational properties and it is within the rights of a municipality to re-take operational responsibility. The CAO indicated that the Municipality had concerns with the pool and therefore took back the management and operations of the pool from the board. Some reasons provided for the change were that the pool board had exceeded the budget provided for them and that the pool board was hiring employees for the pool without involvement of the Municipality.
- Hiring of pool manager – In the transition from the pool board to the sports and recreation board, a pool board member was hired as the Manager for the pool. Participants had issues with hiring a pool board member because there was an employee from the previous year that they considered the right person for the position. Discussion with the CAO indicates that the Municipality reviewed resumes and chose the pool board member as the Manager because that individual best fit their needs. There had been issues in the past that made the Municipality leery of hiring a less experienced manager.
- Communication with the Municipality – Some participants indicated that it was difficult to communicate with the Municipality and there was little communication throughout the transition of authority from the pool board back to the Municipality. Additionally, participants indicated that they received little response from the CAO when they tried to

contact him to discuss the issues around the transition of operations back to the Municipality.

Cost of Fire Department Vehicles and Equipment

An issue identified by some participants during the review related to the costs associated with the vehicles and equipment purchased for the Fire Chief, Deputy Chief and fire department. Additionally, some participants indicated that the fire department was getting rid of fire equipment that could still be used within the department. Our investigation did not identify any issues with the purchase of vehicles or rationalization of the fire equipment being undertaken by the Fire Chief. With the closure of one of the fire department buildings and amalgamation of control over fire equipment to a single fire chief there is likely to be a reduction in the amount of equipment kept on hand by the fire department because of the reduction in the number of fire halls.

Finance and Corporate Services

The staffing within the finance and corporate services department consists of the following:

- One full-time Director of Finance and Corporate Services;
- There are 11 permanent FTEs; and
- There is one Health and Safety Officer.

The Finance and Corporate Services department is responsible for finance, accounting, developing and supporting budgets, economic development, collection of fees, and other corporate services such as human resources and IT.

Management Style of Director

One of the issues raised by some participants is the management style of the Director of Finance and Corporate Services. Some participants indicated that the Director has been verbally abusive and yelled at staff within administration in the past. Additionally, the perception of some of the participants is that the Director has her own agenda, actively works to remove staff that are an impediment to her agenda and that she can easily turn on staff if they get in her way. Further discussions related to this issue identified that this is not a universal perception of the Director of Finance and Corporate Services and some participants indicated that she is integral to the success of the Municipality. They did not have a perception that the Director had a “black list” of employees or that the Director actively worked to remove employees. Additionally, it appears that there are staff members where there is a personality conflict between the Director and staff.

Hiring Practices

An issue was identified with the hiring practices of the Municipality. The Municipality was in the process of hiring a staff person to cover off a leave within the organization. There were difficulties in hiring a person for the position which created a timing issue as the leave for the staff person was rapidly approaching and the Director wanted to have the person leaving train the new person. An applicant was identified as being a potential fit for the position and the Municipality hired the person. As part of the hiring process potential employees are screened for drug use. The applicant was hired before the test results were provided to the Municipality and, unfortunately, the test results were positive for drug use. The employment contract clearly states that the new employee has to pass the screening in order to continue as an employee. In this case, the new employee left the organization.

Another issue related to this incident is that the fact that the new employee failed her drug test became common knowledge within the organization. The Director and another staff member were accused of leaking confidential information. To be clear, we do not have any evidence that suggests the Director or staff member leaked information. The CAO conducted an investigation into the matter and his findings were inconclusive as to how the information was leaked to the rest of the organization. The CAO indicated that in the future they will be waiting for the results of the screening before hiring a new employee. Additionally, the accusations made of the Director and the staff member further impacted the relationships between the Director and some staff within the organization.

Relationship between the Director and Union

In general, the relationship between unionized staff and management is a poor relationship. Some participants indicated that having the Director of Finance and Corporate Services in charge of the human resource function within the organization was a significant issue because of the lack of trust in the Director. This issue was highlighted during negotiations with the union where they offered to drop a grievance against the Director if the CAO promised that the Director would not be involved in human resources related to union staff – particularly grievances. The CAO indicated that he would take on these functions. Our investigation indicates that the CAO has taken on these functions as much as possible but the Director continues to participate in the HR function which has further impacted the relationship between the union and management and union staff and management.

Accounts Payable

Some participants indicated that the Municipality, before the inspection, had taken a significant amount of time to pay its accounts payable. In some cases, participants indicated it could take longer than four months to receive payment for services provided to the Municipality. Further investigation indicated that the CAO was aware of the issue and they have worked to correct the

problem and accounts payables are now current. The CAO indicated that the lag in payment in accounts payable was driven by staff turnover with long serving staff leaving the organization and new staff having to learn the job. This issue highlights a need for succession planning and cross-training within the organization, particularly in finance, to ensure that there is a smooth transition if staff leave the organization or go on holidays.

Morale in the Organization

A consistent message provided throughout the review was that the morale among staff in the organization was very poor and in some cases referred to as toxic. Some of the factors contributing to the poor morale in the organization included:

- The perception that staff were unable to disagree or speak out against management because they would then be targeted by management and either be pushed out of the organization or management would do everything possible to put them in a poor work environment.
- Some participants indicated that the way that management dealt with conflict with employees also contributed to poor morale and a lack of respect. The perception of staff is that management will yell, threaten and harass staff who are considered “trouble makers” and try to push them out of the organization.
- The lack of trust between staff and management and between staff within the organization. Some participants indicated that there is a lack of trust between staff and management and between staff in the organization. The perception of favoritism and being on a “black list” contributed to the lack of trust. Additionally, some participants indicated that in some cases management has made agreements with staff that they either had to back out of or deliberately lied to staff about.

Harassment in the Organization

A consistent theme that surfaced throughout the investigation is the perception of harassment within the organization. There is a perception that management will harass staff that they believe are troublemakers and want out of the organization. There is also a perception that certain groups and individuals within the organization will harass fellow staff members if they do not agree with what they are doing. In order to address this issue the union and management have hired a consultant to conduct interviews of staff and management focused on harassment. At the time of writing of this report the consultant was working to complete the final interviews and generate a final report on her findings.

We recommend that:

25. The Director of Planning, Engineering and Operations develop a communication plan for staff that clearly outlines a coffee break policy. The Director should include the Manager of Operations, union representatives and operations staff in the development of this policy.
26. The CAO, Director of Planning, Engineering and Operations and Manager of Operations develop an implementation plan that addresses the resistance they are receiving from operational staff. It is imperative that the CAO and Director provide the Manager of Operations with the support and resources required to break through the change barrier to implement this system.
27. The municipality continues to rationalize its operations, particularly its equipment, to a level that is more in line with comparable municipalities.
28. The municipality continues to communicate the workload, types of infractions and monetary impact of the Community Peace Officer program to residents and the public to address the perception of the program.
29. The CAO and Director of Protective and Community Services, in collaboration with Council, develop a strategy for addressing legacy issues related to bylaws such as the issue described in the bylaw section of the report (page 43).
30. The Municipality develops a strategy to meet and discuss heavy truck parking with residents within the municipality in order to address the perception of a lack of parking.
31. The Director of Protective and Community Services provide direction to Community Peace Officers regarding on call and the available options for coverage when neither Community Peace Officer is available for on call.
32. The municipality includes a focus on conflict resolution and how to deal with conflict as part of the standard training for all management staff.
33. The municipality refrains from officially hiring any new employee until the results of their pre-employment testing is available.
34. The municipality hires a part-time or full-time senior human resources person to take over all of the human resources roles other than the financial and accounting roles associated with human resources such as payroll, benefits, etc.

35. The municipality begins to address the morale and relationship issues within the organization, particularly the union, by conducting regular meetings with union representatives and leadership to discuss issues.
36. Management holds regular meetings with their staff to discuss Council direction as well as to gather feedback from staff about the work environment. It will be critical to provide staff with an understanding of how their input will be used and how decisions about their input will be communicated back to them.
37. The CAO hold a regular meeting (anywhere from monthly to quarterly) with all staff to discuss Council direction, issues/concerns identified from the last meeting and gather feedback from staff about issues/concerns they are having. As with the management meetings it will be critical to provide staff with an understanding of how their input will be used and how decisions about their input will be communicated back to them.

Budget Process

The Municipality moved to a triennial budgeting process in 2012. The triennial budget process involves forecasting the budget for a three year period with an annual review to adjust and update the budget in order to incorporate the impact of the past year events on the budget and reaffirm budget forecasts going forward. The triennial budget fits with the length of a Council's term although it should be noted that going forward the term for Council will be four years rather than three years. In general, the feedback received from the budgeting process and the use of the three year budgeting process was positive.

One of the issues raised during the inspection was around how budgets were allocated. Some participants indicated that budget dollars were allocated to individuals but the individuals had no control over the expenditure of the budgets. In one example, a participant indicated that when he went to review his budget dollars he found out that a significant amount of budget had been moved from his area to another area without his knowledge. This is an issue as the purpose of a budget is to capture the expected costs to the municipality for the following year or years depending on the budget process. Moving budget amounts around after the budget has been finalized should not be happening. If there is a significant change in the budget in one area, the easiest way to identify the issue is through a variance report based on the original budget information. The variance report is an important piece of information as it provides management with a snapshot in time of the current budget position of their area as well as highlighting areas where there is a significant different in budget (positive or negative).

We recommend that:

38. The municipality ensures that budget dollars are not being moved between general ledger accounts and the full variance is being captured in the variance reports.

Human Resource Practices

The following sections outline the findings that relate to administration's Human Resources practices.

Management Capability and Proficiency

During our employee workshop sessions, we heard that employees are proud that they are able to do a successful job with limited management involvement. In follow up to those comments, it became apparent that employees were concerned, however, that management was not involved, and felt that they would benefit as employees and as a municipality if their management were more involved. The types of involvement requested included the development of policy and overall leadership, communication on changes and information (Council, intra-departmental, inter-departmental), more consistent management decisions and communication (operational, discipline), management support on employee safety concerns, and more guidance provided to staff.

Additional comments indicated that the management team had once been a more cohesive group; however, over the last couple of years, the management team has turned over, such that most are new to the organization (turnover is discussed in more detail in the section on staffing levels and turnover). However, this is contrasted with the management interviews we conducted, where we were told, fairly consistently, that they felt that they worked well as a team.

Staff further indicated to us that they perceived that the current CAO and management team as being reluctant to own decisions and actions, to lay blame at the feet of those who have left the municipality or those who have lost support of the CAO or management, and to lack honesty and/or integrity.

Organizational Design

The CAO of the Municipality has five direct reports: Economic Development Officer (contracted); Director Finance and Corporate Services; Director Protective and Community Services; Director Planning, Engineering, and Operations; and an Executive Assistant. We have no concerns with this span of control for the CAO. For 2013 year-to-date, the number of permanent full-time equivalents provided to us from the Municipality included the following:

- Finance and Corporate Services (including CAO and Executive Assistant) – 11

- Protective and Community Services – 13
- Planning, Engineering and Operations – 36

It is important to note that the paid on-call volunteer fire staff equates to an additional 54 full-time equivalent positions within Protective and Community Services. The seasonal staff for the pool and ski hill adds a headcount of approximately 23, with an additional headcount of 7 with various students. These numbers (totaling 30) are seasonal at various times of the year. As of the time of the report, we understand that there are currently 5 vacancies: Building Inspector, Electrician, Operator III, and Operator II.

The notable gap in the organizational structure is the gap in the human resources function. We understand that the Municipality is considering hiring a less than full-time position that would likely report to the CAO. We concur that this is a sound management decision. We would encourage this position to be designed at a senior professional level. The potential candidate should be able to function reasonably independently in the execution of human resources strategy as determined by the CAO. Administrative human resources and/or payroll work would then reside with an existing administrative role, or if needed, an additional position.

During the review we received comments and observations from the employees under the Director, Protective and Community Services that they do not see the connection of the various functions that have been placed there. There is nothing inherently wrong with the placement of these functions together; however, since the employees perceive this as a disjointed combination, it is important to ensure that regular communication and “group building” activities are incorporated into this department.

Human Resources Function

The current human resources function appears to be shared between the Director, Finance and Corporate Services and the CAO. The day-to-day human resources issues appear to be residing with the Director, but there is history within the organization that necessitated the CAO to take over the human resources function for a period of time. This, as discussed below, has caused a substantial amount of confusion within the organization as to “who is HR.”

There was a surprising amount of employee distrust of the Director, Finance and Corporate Services. This distrust seemed to stem from four distinct aspects:

- Perception of a lack of education and/or experience in human resources, which is a key responsibility of the current Director role. The current Director has, we understand, a post-secondary diploma in Business Administration, a certificate in local government and municipal administration, and various professional development courses (health and safety, respectful workplace, organizational design, etc.). In prior roles outside of the

Municipality, we understand that the Director had payroll, benefits, and human resources in her portfolio.

With respect to the perception of a gap, if the organization hires a human resources professional and where this work no longer is within the responsibility and accountability of the Corporate Services and Finance function, the gap, real or perceived, will not remain an issue. Where the reorganization of duties is not accomplished, then this gap needs to be addressed during performance appraisal with the Director, through a developmental plan with feedback and a 360 degree review. Either way, this situation does need to be resolved.

- The Director was required to be removed from the HR function in an agreement with the union. We understand that a grievance was filed against the Director. We understand that the grievance was dismissed by the union in return for an agreement with the current CAO that the current incumbent in the Director, Finance and Corporate Services role was to have no involvement in matters pertaining to human resources or labour relations. The current CAO was to assume accountability on these items. However, we understand that as of the time of the inspection, the current incumbent in the Director, Finance and Corporate Services role is involved in human resources and labour relations matters. We further understand from employees that they are very confused as to who is in charge of human resources matters. When discussing this with the Director, we observed that there may not have been enough transparent discussion and/or feedback with the Director on this particular topic. This situation needs to be resolved.
- The Director's husband is employed by the Municipality in Public Works and it is felt that confidentiality has not been respected. While we are not in a position to definitively confirm or deny these concerns, we can say that feedback from various angles was provided to us with this perception or concern. Optically, this issue requires a response from management outlining steps taken to address. Further, it is important to work jointly with the union on putting a letter in place for the Director that addresses the concerns and that progressive discipline will be applied in cases where legitimate concerns are brought forward.
- Perception that the Director does not respect employees or their concerns. A 360 review used to evaluate the performance of the Director, with feedback and coaching provided to address the gaps. This may be an activity that the Municipality would benefit from contracting in.

We understand that from approximately February 2009 to July 2011, there was a multiple focus role of Director Human Resources/Legislative Executive Assistant/Communications (Director, Human Resources) that was filled by an incumbent who later left the employment of the Municipality. We were told that there was friction between this individual, the Director of

Finance, and the change-over of the CAOs that were employed by the Municipality during this time. The prior Director, Human Resources indicated a deep concern over the allegedly unprofessional work behaviour of the Director, Finance. Further, over time, the Director of Finance purportedly started assuming human resources functions, which put both incumbents in a conflict situation that we understand was left unresolved by the CAO at the time. We were provided with a context of this time that demonstrated a divided management team, with limited and/or conflicting communication, and management political skirmishes.

We inquired into a plan or strategy for the human resources function and were told that this was a gap that the Municipality needed to work on. There is a 2013 Operational Plan for Finance and Corporate Services, which has a segment devoted to Human Resources. The key objectives included re-establishing the job re-classification program, establishing updated job descriptions, establishing a performance development program for non-management staff, and establishing a formal employee orientation program. Most of these objectives are either underway or completed. The plan should support the overall strategic direction of the organization – workforce planning, development, succession, staffing, and compensation planning. It would be better to see the linkage between the operational objective and the strategic objective.

We understand that there is an organizational need for more of a disability management or wellness management focus within the Municipality. Currently, the Director, Finance and Corporate Services handles the LTD and WCB, including return to work and/or accommodations. Historically, there has been an underdeveloped focus on the management of the healthy workplace attendance of employees. It would be advisable to develop a strategy on this, work with the union to gain their buy-in, and then manage that plan with the insurance provider, WCB, and managers to ensure that employees are healthy and working. This should be folded into either a Health and Safety role, or more appropriately, within the newly created human resources senior professional.

Salary Grid

We were provided with three salary ranges for the non-union employees of the Municipality: management, administration (directors), and CAO. We noted that there was no overlap on the salary grids, and that the differential between each level was approximately 11 percent and 17 percent. The range spread or differential between the minimum and maximum of the salary ranges are approximately 19 percent, 14 percent, and 14 percent. We understand that the Municipality currently has no policy or process in place for merit adjustments relative to performance appraisals. The adjustments for non-union employees are based on the subjective assessment of the CAO. We would recommend that this be addressed.

For any salary or wage grid development and maintenance, it is important to consider the internal equity (job to job worth internally to the municipality), the external job equity (job to market competitive wages), and how employees progress from one level to the next internally along with how much of a salary increase are they getting when that salary grid level change occurs. These questions determine the philosophy of the municipality on compensation, and should guide the decisions made during the collective bargaining and any pay determination exercises.

Overtime

Use of overtime in an organization is typically not encouraged, both due to the evidence of lack of management planning and proper risk management and through the increases of costs to the employer. From an employee’s perspective, overtime is undesirable when it is a loss of what would otherwise have been personal or non-work time, but may be seen as at least partially desirable depending on how much the compensation for overtime is seen to be an economic benefit. It is dangerous to allow excessive overtime, as this will often be perceived as either an entitlement by employees whereby they essentially bank on the overtime payments as a form of base salary pay period to pay period, or it can be so negatively perceived that when a legitimate labour push is required, employees essentially refuse to work the overtime being asked by management. Neither situation reflects a healthy work environment.

Our review brought forward several concerns regarding the use of overtime. In reviewing the overtime summary provided to us by the Municipality, we noted the following (figures rounded to nearest dollar):

	Paid Out	Banked and Time Taken	Total
2007	\$75,609	\$58,709	\$134,318
2008	\$88,878	\$55,646	\$144,524
2009	\$63,875	\$66,310	\$130,185
2010	\$46,458	\$58,883	\$105,341
2011	\$60,009	\$52,445	\$112,454
2012	\$89,482	\$56,435	\$145,917
2013 YTD	\$80,325	\$47,191	\$127,516

Not unexpectedly, we see that the overtime total has not had a smooth trend up or down. Overtime varies according to the needs of the organization. For instance, in 2013 year-to-date, we see a higher amount of overtime incurred as a result of the state of emergency over June and July, which will likely contribute to a higher than average total overtime within this year than in prior years.



The practice of paying out overtime appears to be prevalent within the Municipality, rather than banking or taking overtime as time in lieu. This is not unexpected as it aligns with accepted practices within Employment Standards and the collective agreement.

Concerns were raised during this review that overtime is being incurred in a way that could demonstrate favouritism and/or inconsistent practices across the organization. We noted that the highest users of overtime typically were Operations/Utilities, with Office/Administration and Community Services fluctuating as the second and third highest users of overtime. This is not unexpected given the work that is performed.

According to our discussions with the Municipality, overtime is driven by three things: 1) the change in the organizational structure and the process of how work is handled, 2) staffing levels due to vacation, state of emergency, and being short staffed due to vacancies, and 3) tight turnarounds in service levels. We encourage the Municipality to continue to examine its use of overtime and challenge its management to consider the work planned as compared to the available staffing to determine where changes may need to be made.

WCB Rates

During our employee workshops, we heard from participants that were worried about the increase in WCB claims and rates within the organization. We requested and received the following information from the Municipality, summarized in the table below.

	2010	2011	2012	2013
Rate \$/\$100	\$1.31	\$1.56	\$0.96	\$1.58
Claims-Lost Time and Medical				
Number of Existing Claims	1	1	3	3
Number or New Claims	1	5	5	2
TOTALS	2	6	8	5
Claims per Department				
Operations	2	4	5	2
Electrical		1		
Office		1		
Ski Hill			1	2
CPO			1	
Recreation			1	1
TOTAL	2	6	8	5

Based on this information, we do see an overall increasing trend in the number of WCB claims by employees. Currently, we understand that the Manager, Operational Services is responsible for proactively managing claims. A comprehensive and proactive plan for the health, safety,

and wellness of its employees that is centrally managed by a human resources professional and partnered within the organization addresses the prevention of claims (new claims), but also manages claims with WCB to get workers back to work as quickly and safely as possible (existing claims). Continuing to involve and work with the Operations management would be advisable.

As the WCB rates are an averaging, these dipped in 2012 due to a loss of heavy claims in 2009 and were further impacted positively with the addition of the credit in 2012 for the partnership in injury reduction. This reversed itself in 2013 due to 2011 being a heavier claim year.

Employee Grievances

We asked for and were provided with an overview of the grievances filed by union members toward the Municipality since 2010. Over that period, there were a total of 19 grievances, with 2010 having one filed and carried over to 2011 which had a total of four grievances, all that were resolved. In 2012, there were seven grievances filed and resolved. For the year-to-date 2013, there have been eight grievances filed and only one resolved as of the time of this report being written. The grievance trends were for contracting out and perceived violations within the process of posting positions, filling vacancies, and determining the successful candidate (seniority versus qualifications driven).

There is an increasing trend of filing grievances in the Municipality. While grievances are not inherently wrong, they are an indication of a break down in the communication and trust between employees within the union and their management. It is an indication that the organization is not as healthy as it could be when it comes to matters relating to human resources or labour relations.

Employee Records and Files

As a matter of sound administrative procedure, municipalities need a complete file for each staff member. It is recommended that the files contain the following:

- Offers of employment, letters of transfer, letters of promotion, letters of demotion;
- Changes in job levels, departments, and salary;
- Other written agreements with an employee, such as, but not limited to: confidentiality agreements, non-compete agreements, vehicle allowances, etc.;
- Dates and paperwork related to leaves;
- Government paperwork – T4, ROE, payroll, salary, and tax information applicable to the employee;
- Emergency contact information (if not kept electronically);

- Recent job description;
- Completed performance evaluations (annual);
- Formal and documented progressive discipline documentation related to performance;
- Awards, training plans, and certificates/education received; and
- Termination paperwork.

We were able to confirm that the files were located in locked and secured cabinets. The files were segregated into “personnel” files and “payroll” files. Each filing system had active and non-active employees separated. A random employee file audit revealed that the “personnel” files had the following as information filed within: driving records, resume, reference letters/reference notes, interview notes, WCB, LAPP, benefits information, disciplinary letters, performance letters, letters of offer, and notices regarding any organizational (job, pay, department) changes. We noted that there were multiple files for the “personnel” files – driving records, WCB, LAPP, and a master employee file. Payroll files had the expected information related to rates of pay, vacation, and government paperwork.

We noted that the Municipality did have a tendency to file notations or communications in employee records that pertained to more than one impacted employee. The information was highlighted for the impacted employee in their record; however, the accompanying employees and/or their information was not black lined. It is important to remember to protect the employee confidentiality and privacy and ensure that this information is not visible in other employee records.

We had heard rumors that there were updated letters of offer for management positions where there were enhanced severance clauses included. We were told this happened shortly after the Inspection was announced. A review of the management files did not produce any evidence of these updated letters. The letters of offer that were reviewed did not include any language around severance, outside of the need to pay back the relocation amounts if the employee were to terminate within two years of commencing employment with the Municipality.

Performance Reviews

The CAO and the senior management are responsible and accountable for conducting performance reviews on all municipal employees. Properly conducted performance reviews serve several key organizational functions:

- Setting measurable and achievable objectives – quarterly and annually – for an employee to achieve that directly supports the strategic direction – and operational plans – of the municipality;

- Monitoring and identifying the measurable ways in which the employee's performance contributes to the organization's goals;
- Monitoring and identifying the ways in which the employee's performance needs to improve to meet the organization's goals, including ways in which the CAO and/or management can support the employee's efforts;
- Allowing the CAO and/or management to review essential job functions with the employee, and update his/her job description accordingly; and
- Providing documentation of performance that supports salary increases, promotion, Performance reviews need to be conducted, at a minimum, annually and with a consistent format.

Potential difficulties that arise if consistent and regular reviews are not conducted include the following:

- Performance problems are not identified and addressed in a consistent manner;
- Termination can be challenged if employee performance is not documented and the employee is not made aware of the corrective actions required;
- Employee recognition for a job well done is undocumented and possibly overlooked;
- Employees are not given opportunities to correct their behaviour; and
- Performance problems are misdiagnosed as behavioural when they are training related or vice versa.

We have understood that historically, CUPE has been reluctant to agree to a performance appraisal for its members in the Municipality. As a result, there have been no formal goals, objectives, or appraisals on these conducted with the union members and the Municipality. Recently, there have been discussions to conduct a "Development Appraisal" with the union members. In reviewing this form, which we understand is in draft, the document focuses on the training and development needs of the employee, both currently as well as within their career path. There is an assessment of the employee provided within this document as it relates to the training and development of the individual within the expectations of the role. It is important to note that if the expectations are not laid out to the employee, assessing their progress against these expectations may be seen as unfair and/or contested. We would advise that the joint union-management committee work collaboratively to find a solution that meets the needs of the organization and its employees.

For management or non-union positions, we understand that performance appraisals conducted by the CAO are through a self-assessment worksheet. The employee completes the worksheet and it is then used by the CAO as the basis for the evaluation. The form considers the

objectives and results that are to be achieved in the position, comparing the achievements against the planned objectives. The form also considers the accomplishments of the individual and how that contributed to the team or organizational goals, the behavioural competencies of the individual, the areas of strength and/or improvement, and a determination of the upcoming objectives. We noted that there were no measures or scales to identify whether the individual met, exceeded, or needed development in any area being assessed. This would be advisable.

A strong performance management system is conducted, at a minimum, quarterly. The understanding is that objectives for the review period are set and then met on a minimum of three times throughout the year (more where possible). The relevancy and recency of the feedback are critical in order for an employee to be able to enact the necessary changes to be successful, both as an individual, and for the team or organization. We would encourage the Municipality to consider this in its performance process.

Job Descriptions

The municipality has a number of job descriptions for each of the departments listed on the organizational chart. We were able to review documentation for the majority of positions. The documents did have an inconsistent format and included some that were descriptions and others that were internal job advertisements or postings. The municipality would benefit from a consistent format and/or template. We noted that there were inconsistencies in the use of titling between the organizational chart, the descriptions, and the collective agreement “Wages” article 22. For the sake of clarity, it is important that these titles align.

During the employee workshops, we heard a number of concerns and perceptions relative to job descriptions. We have provided below a summary of these issues and what we were able to validate.

- *Multiple role jobs.* There are a number of roles that appear to have multiple focuses within their descriptions, especially within the Finance and Corporate Services area. It is important that the municipality does not rely too heavily on multiple-focus roles without properly ensuring the descriptions demonstrate a balance of time (to a total of 100 percent) and where the key focus areas are within those roles. It is also important that the municipality monitors its administrative or clerical roles to ensure that these are not diluted to the point where those around them do not know what they are responsible for or who to for what.

Where multiple roles are combined into one position, it is advised that the municipality create a description for that role and ensure that there is wage alignment within the CUPE collective agreement. It is also recommended that the union is advised of this to ensure good working relationships.

- *Qualifications for the Equipment Operator III, II, and I.* A review of these descriptions, as provided to us by the municipality, indicated that the years of experience and qualifications appeared to be appropriate and staggered in what appeared to be supportive of escalating responsibility.
- *Director Finance and Corporate Services.* The qualifications in the November 2011 version provided to us includes a post-secondary degree in Business Administration and Finance, along with a recognized municipal or accounting designation (CLM, NACLAA, CMA, CGA), and five years of experience in a senior management capacity relating to municipal finance, human resources, operations, and legislation. It is uncommon to find this combination within the market place, and it does not appear to be a practical fit within this organization.

We further noted that the description indicates that this position is accountable for supervising the Manager, Protective and Community Services/Fire Chief, but does not appear that way on the organizational chart. There does not appear to be strong organizational design rationale for this reporting relationship.

- *Records and Document Management Clerk.* Staff indicated concern about the need for an arts degree for this position. In reviewing this position, it appears that this position is technical administrative in nature. The qualifications stipulate a high school diploma supplemented by a post-secondary certificate or degree in records management, communications, arts, or related discipline. It further asks for two to three years of working experience providing administrative support relative to records and document management and communications.

We agree that the implied requirement for a “degree” (in any discipline) is on the high end as a requirement. It is not unreasonable to have expected a certificate or diploma in records management. A search in the marketplace for positions such as these indicates that a post-secondary diploma related to records management, library studies, or archives management may be more typical. Even more specific, the knowledge required includes the principles of records management, forms management, and privacy legislation. In the future, it would be advisable to ensure that there are requirements (will not recruit a candidate without these) and that these are set aside from those that are assets or nice-to-haves.

- *Building Inspector.* According to the description dated October 19, 2011, the Inspector is to have a grade 12 diploma or equivalent, with a preference for a graduate of a post-secondary institution. The Inspector is also to be a certified Journeyman Carpenter with five years of in-field construction experience, a Safety Codes Certification in Building Group A Level 1, Fire Group B Level 1, and a valid Class 5 Alberta Operator’s license.

In discussion with the Director, Finance and Corporate Services, we noted that this position was filled, but with a developmental or under qualified individual. The Municipality did attempt to provide the training to the individual that was lacking; however, this was unsuccessful and the employment relationship was terminated. It was noted that, while the Municipality recognizes the need to bring a capable individual into a critical role such as this, it has acknowledged that training an under qualified individual is more difficult than was originally anticipated.

Recruitment

When it comes to the recruitment of position vacancies, staff expressed a number of concerns that seemed focused around transparency of information and timeliness of information. Specifically, employees feel that they are being told that there have been no applicants (internal) on a posting, which is why they are required to go externally to the market; the employees are distrustful of management and of this information. Although we have seen limited evidence of this, as discussed above, employees perceive that the job qualifications are being inflated to recruit the candidate that the management wants and/or are written in a way to suggest that the lower level positions have larger qualifications than the higher level positions in which they work under or alongside.

In discussion with the Municipality, we confirmed the process for recruitment for union positions; each position is posted through email notification to members, bulletin boards, and Municipal website (if posting is open to external candidates). There have been changes to the process; historically, the positions for the union were posted internally first, then, if no qualified candidates were interested, the position was posted externally. This added to the overall length of time a position was open for recruitment. To be more effective, the Municipality has taken on the practice for placing both up. It is possible that the negative perceptions of employees has stemmed from this change in practice and clause 8.06(b), which indicates that if no permanent employee accepts a permanent position, then where a temporary employee has completed 3,120 hours, they shall be given first consideration for any permanent vacancies that become available, if deemed qualified. Better communication transparency and possibly working this issue through the joint union-management committees would be advisable.

Further, we noted that as the collective agreement appears silent on the development of qualifications it is assumed that this is a management right and responsibility. As such, it would not be within the control of the employees. However, it is advisable that the municipality ensure that they are not inflating qualifications, but rather stipulating what is a requirement and what is an asset.

According to article 8.07 in the collective agreement, "Job postings shall be filled by qualified Employees on the basis of seniority". Article 8.10 indicates, "In the base of job opportunities

requiring higher qualifications than those held by any interested Employees, consideration for promotions will be given to the senior Employee interested, who is preparing for qualifications or willing to undertake qualifications...” As such, it appears that the municipality must fill a vacancy based on both qualifications and seniority and where there are neither, the municipality and the union have agreed to provide an **interested employee** who does not meet the qualifications with an opportunity to fill the position on a trial period (with the ability to revert where the trial is not successful) if the interested employee is undertaking the training and/or willing to undertake the training. This, in combination with the need to write reasonable qualifications for a position, may be where the municipality could benefit the most in terms of transparency and flow of information to the employees. Joint union and management information sessions where they educate employees/members on the process, may also be useful.

When asked, the Municipality indicated that it takes, on average six months to one year to fill trades positions. It takes approximately six months to one year as well to fill non-union or management positions. As there is a perception concern by employees, it would be advisable to communicate with employees by means of monthly or quarterly statistics to let staff know the progress made.

Policy

In reviewing the human resources policies provided, we noted that most policies generally appeared to have a policy number (although, not always consistent from one group to the next), a title, date approved, date revised, and information on which policy it may have superseded. None of the policies we were provided with had signatures. We further noted that the policy index that was provided was very confusing, as there were two, and there were policies that were outdated, but not removed from the index, and other policies that were draft and remained listed. We further noted that there was no format consistency; it appeared as though the policies were developed in different time periods and not updated to the change in format.

The following is a brief discussion on a few key policies that were referenced in our interviews or workshops during the inspection.

- Employee Code of Conduct policy (1803-01) effective October 2, 2012. The policy is accompanied by an attachment outlining the details of the Code of Conduct for employees and a handbook and guide for employees. The documents are reasonably straight forward and cover the expected topics in most Codes of Conduct, including a “frequently asked questions” section with each of the key topics discussed in the guide. There does not appear to be any document that is signed by employees.
- Internal Harassment Policy (HR-012) effective April 7, 2009. We understand that there is a perspective that this policy is followed. However, given the recent concerns on the

bullying and harassment complaints, the Municipality would do well to consider more communication, training sessions, coaching sessions, and overall adherence to the execution of the education and/or disciplinary measures within the policy, as there is a perception amongst employees that this is not followed consistently. Based on our review, it is advisable that the education consider the roles, responsibilities, process, and consequences contained within the policy from two perspectives: employee-to-employee and management-to-employee.

- Discipline policy and procedure (1800-01) effective December 6, 2011. This policy applies to all employees. The CUPE collective agreement also covers the discipline and dismissal procedure in article 6 and applies to the CUPE members. We understand that this is being adhered to. However, with the employee perceptions of favouritism and inconsistent application by management, it is advisable for the Municipality to consider a more complete communication plan and process with its employees and management. Offering training and/or refresher sessions for managers which provide scenarios or cases that can be discussed and learned from would offer more consistent application and better supervisory or managerial skills for the managers. Further, the opportunity to do a joint union-management information or question and answer session with employees and managers will provide an open forum to dispel the myths and allow for open dialogue on what is discipline and what it is intended to address, as well as how it assists in correcting misaligned behaviours.
- Equipment Operator Training policy (1804-01) effective May 3, 2011. The premise on this policy is that the Operator III being the most senior and qualified position would provide on-the-job training to the junior operator positions (I and II) in the Municipality, which is then compensated at a higher rate for the training time. However, practically speaking, it appears that the Municipality is struggling to operationalize this policy. It also appears that there is a general sense of confusion as to why this is not being implemented in an effective manner. We encourage a review of this program, including talking with the Operators at all levels, with joint union-management discussion on possible solutions. Some possible difficulties are workload, the confidence of knowledge that grandfathered Operator IIIs have, or additional training of the 'trainers'. It is important that these difficulties be clearly determined and an agreed plan, with timeframes and action items assigned to staff on how to address this.
- Training and Educational Development policy (1806-01) effective June 7, 2011. We understand that this policy is perceived to be followed; however, employees feel that this is an area where management is demonstrating favouritism towards some employees. We encourage the Municipality to consider a refresher discussion with managers on how this is applied throughout the organization, with the CAO being mindful of the training that is approved quarterly and annually. Where this is not already occurring, it would be advisable to report at a department level the training budget dollars being spent on

option training opportunities for employees. It would also be advisable to see a linkage between the job description, the training and development needs of the employee in that job, and the development plan and budget dollars available to each.

- Hiring policy (1807-01) effective June 15, 2010. There were concerns raised by employees that the Municipality appeared to only hire “friends of friends”. In reviewing the hiring policy, there was no language that prohibited or addressed in any specific way nepotism or other favouritism. The policy addressed employment screening, costs for candidates related to employment screening, privacy, and employee responsibilities. It may be advisable for the Municipality to consider the optics of who is hired for which positions. While there are limited options in changing the minds of those that feel that there is favouritism, it is important to acknowledge that this perception is harmful to the overall morale or culture of the organization.

Classification Manual

The Municipality of Crowsnest Pass and CUPE, Local 812 have within the collective agreement (article 29) a joint job evaluation plan. In reviewing the classification manual provided, it appears that the process is well designed. There is a questionnaire for employees and management to complete, which appears to cover the more important aspects typically considered.

It was noted that some of the descriptions that were submitted for review had responsibility percentages (which should total 100 percent) assigned to key duties that were less than ten percent. It is advisable to aggregate key duties when preparing these descriptions. (When the Municipality is maintaining its job description records, it is advisable to include the percentage break down for the key responsibilities in all positions.)

The joint process indicates that there are to be two management and two union representatives on a joint job evaluation committee. There are currently three of each, two primary members and one back up or alternate member. The documentation further indicates that a committee member is excused from the process if there is a conflict of interest within their department, which is a strong governance practice. The manual indicated the intention to start a three year review, where 12 positions are reviewed annually, commencing January 1, 2014 and continuing to 2016. We have not seen any operating plans for this process; however, we are in support of this process and we understand that the Municipality is aware of what it needs to do in order for this to be carried successfully. We would suggest that the newly created senior human resources professional be brought on board, oriented, and put in charge of ensuring that this is carried through with. It is advisable to inform the employees ahead of time and ensure that there are question and answer sessions available for employees and managers.

Where an employee has an appeal, the appeals committee was initially comprised of an independent consultant and a CUPE National representative. We understand that the independent consultant, who both participated in the design of this system and sat on the appeals committee, has moved on to another opportunity. The CAO or his designate and the Union local president currently make up the appeals committee.

It was evident through the workshops and interviews conducted with staff, that there is a general sense of confusion around when positions are reviewed, how long it takes to review a position, and what to do if there are questions about the process. This is something that the Municipality and the union should look into and resolve. Additional communication and clarity are required.

We recommend that:

39. Management create and adhere to a communication plan on such organizational aspects as policy changes, bylaw changes, re-organizational efforts, Council decisions or direction for the organization, and organizational priorities. The communication plan should include an overview of the issue/project/etc., key messages, key impacts on employees or the organization, as well as the responsible individuals in terms of questions/answers, communication sessions, and follow through of activities. It is advisable that there are manager or employee briefing documents that are created to support the communication plan.
40. Develop manager workshops or sessions where management practices are discussed for consistent application and/or learnings. Include in this the application of policies, such as training and development and discipline.
41. Conduct management appraisals for coaching, training, and development purposes primarily. These appraisals would be supported by a 360 degree survey to staff, supervisor, and colleagues. The CAO would develop a training and development plan for each of the reporting managers that address the areas of improvement noted; this would not be linked to salary decisions.
42. Engage a third party to develop and conduct an employee survey that covers topics such as employee engagement, employee satisfaction, and employee-manager working relationships. Choose the top three to four key areas to develop an action plan and communicate to employees.
43. Hire a permanent part-time or full-time senior professional human resources position. Duties would include those identified in this report.

44. The CAO conducts quarterly coaching discussions with Director of Finance and Corporate Services, based on observations and the 360 degree feedback. These coaching sessions would be intended to strengthen the people management capabilities of Director of Finance and Corporate Services.
45. Work jointly with CUPE, Local 812 to develop a performance plan where clear expectations are laid out to the public works employee connected to alleged breaches of confidentiality, specifically on any perceived or real transgressions in information being passed along to anyone not authorized to have this information, including any progressive discipline that is to be applied.
46. Develop a policy and process addressing the rules of conduct when family members, relations, or friends work within the Municipality.
47. Develop an overall human resources or people strategy that supports the Municipality's organizational strategy.
48. Develop a policy and process for non-union salary adjustments, including how the performance of an employee is connected to or influenced by the performance assessments (meeting of the goals, objectives, and behaviours).
49. Determine the pay philosophy and overall labour relations philosophy and approach.
50. Continue to partner with CUPE, Local 812 in joint management-union meetings. Develop a proactive interest-based relationship. Consider bringing in a neutral outside source with expertise in this area to assist in the continued development of this relationship.
51. Examine the use of overtime within the Municipality. Consider the number of staff, time off requests (vacation), vacancies, service levels, and projects undertaken. Develop a workforce plan that addresses the capacity of the organization. Discuss with Council where there are needs to adjust workload, service level, or staffing levels.
52. Address the change management issues of recruitment and seniority versus qualifications within the joint labour-management meetings. Third party assistance may be required to facilitate the discussion and resolution with both parties. The objective will be to reduce the concerns employees have relative to management's practices.
53. Remove recruitment documentation from employee records. Establish filing systems for the recruitment of positions. Adhere to Alberta's Freedom of Information and Protection of Privacy Act regarding records maintained and destroyed.

54. Memos or emails indicating changes to employee records (pay, vacation, jobs, etc.) are addressed with the single employee impacted and filed in the single employee record. Where multiple employees are listed, ensure that non-relevant information is blacked out or removed from the documentation prior to filing in an employee file.
55. For non-union employees, conduct, at a minimum, annual performance reviews. Include the finalized documentation and any communication to the employee in the employee file.
56. For unionized employees, work with CUPE, Local 812 in the development of a full or partial performance or development review. Taking the longer horizon view, consider identifying the skills and competencies required to support the organization, determining the gap for individual employees for both at the job level and potential succession planning.
57. Ensure titling consistency with job descriptions, union collective agreements, and organizational charts.
58. Ensure format consistency for all job descriptions. Consider the organization of key duties into three to five key areas, with approximate percentages of time associated with each (totaling 100 percent), and the key supporting activities under each. Where there are multiple focus roles, ensure that descriptions are developed and aligned within the compensation system. Where there is job knowledge, skills, or experiences stated on a job description and/or advertisement/posting, utilize the differentiators of “asset” (nice-to-have) and required (absolute minimum to hire).
59. Develop and post a monthly or quarterly report indicating the status (not personal details of those applied) of an active recruitment competition. Place in an area or on the intranet where staff can access.
60. Continue with the policy review committee established and ensure that policies are reviewed and updated on an agreed on schedule. Ensure that the policies are reviewed every three to five years, at a minimum.
61. Establish additional workshops for staff and management on issues related to harassment, code of conduct, respectful workplace, and discipline respecting violations. Work with the union on this in a joint manner.
62. Conduct staff and management surveys and/or interviews for those directly impacted by the Equipment Operator Training policy. Determine the underlying causes of the dissatisfaction and gaps. Develop a plan to address the gaps.

63. Assign the classification process, including the three year review, to the newly hired senior human resources professional. Develop a communication plan for the employees and the managers impacted.

Benchmark Comparisons to Peer Municipalities

The Municipality of Crowsnest Pass was compared to the public information available of 10 peer or comparable municipalities. While it is recognized that Crowsnest is in a unique situation relative to its classification as a specialized municipality and its geographic orientation of five adjacent populations along the Crowsnest Pass highway (a result of the amalgamation in 1979), we chose the 10 comparators based on similar population sizes (plus or minus 14.98 percent, or 5,000 to 6,610) and revenues (none exceeded 1.5 times that of the Municipality of Crowsnest Pass). The comparators included the following towns: Blackfalds, Bonnyville, Devon, Peace River, Ponoka, Redcliff, St. Paul, Stettler, Vegreville, and Wainwright. We recognize that the number of hectares of land in the Municipality of Crowsnest Pass outpaces that of its comparators (as summarized by the data table below).

Given the uniqueness of the Municipality of Crowsnest, our early analysis considered two additional potential comparator groups. Specifically, we considered the four other specialized municipalities in Alberta – the Municipality of Jasper, Mackenzie County, Strathcona County, and the Regional Municipality of Wood Buffalo – and the municipal districts with similar population sizes – County of Barrhead No. 11, Beaver County, Municipal District of Greenview No. 16, Kneehill County, County of St. Paul No. 19, County of Stettler No. 6, and Municipal District of Willow Creek No. 26. In the cases of the specialized municipalities, there were populations that were substantially larger or smaller, a larger number of full-time employees, more hectares of land, and revenues and expenses of the majority that far exceeded the scope of Crowsnest Pass. Likewise, the municipal districts were rejected as comparators due to concerns of substantial differences in total number of hectares of land and/or revenues as compared to the population sizes, thereby providing unfair comparisons.

We have provided summaries of the data from 2011 to 2009 below. In comparing the Municipality of Crowsnest Pass to the 10 municipalities, we were specifically interested in where the Municipality measured up relative to the comparator group (percent rank) as context to the overall trend in the group, as well as the calculated median (50th percentile) and average. The former was inclusive of the Municipality, while the latter two were exclusive of the Municipality. The data is summarized in the table below.

We noted the following as a result of the benchmarking comparisons:

- The population in the comparator group has increased over the 2009 to 2011 period; however, the population of Crowsnest has remained unchanged. This has caused the overall percent rank of Crowsnest to fall from 30 percent to 20 percent over this time.
- The number of full-time staff, as reported to Municipal Affairs in its annual financial and statistical information returns, has increased at the average and median levels over 2009 to 2011, whereas the Municipality of Crowsnest Pass has remained unchanged.
- Revenues increased for the Municipality from 2009 to 2010 by 6.2 percent, but fell in 2011 by 28.3 percent. Expenses for these same periods increased by 2.9 percent and 1.5 percent, while tax rates were decreasing for both non-residential and residential/farmland.
- The comparator group's revenues, on average and median, were increasing at a faster pace, thereby placing the Municipality at a materially lower percent rank from 2009 to 2011, falling from 90 percent to 20 percent in that period. The expenses for the comparator group, while rising during this period, did not change the relative percent rank of the Municipality among the comparator group over the 2009 to 2011 period.
- In 2009, the Municipality was in a net financial debt position of (\$348,871). This reversed itself in 2010 and 2011, ending with a healthy net financial asset position of roughly \$1.1 million. During 2009, 2010, and 2011, 20 percent of the comparators were in a net financial debt position.
- The Municipality's long term debt amount decreased a total of roughly 9.9 percent from 2009 to 2011. The comparator group, on average and median, had a general increasing trend in their long term debt during this time.
- The expenses attributable to the Municipality's council and other legislative items decreased dramatically from \$267,427 in 2009 to \$136,530 in 2011, resulting in the percent rank of the Municipality moving from 80 percent to 20 percent.
- The salaries, wages, and benefits expenses for the Municipality remained relatively constant throughout the 2009 to 2011 period. The data for the comparator group followed a similar trend allowing for no change in the percent rank of the Municipality. The Municipality was near the top of the data set for this group at a percent rank of 80 percent.

Summary Table – 2011 to 2009 – Municipality Comparisons

	2011				2010				2009			
	Municipality of Crowsnest Pass	Percent Rank to Comparators	Median (50th Percentile) *	Average *	Municipality of Crowsnest Pass	Percent Rank to Comparators	Median (50th Percentile) *	Average *	Municipality of Crowsnest Pass	Percent Rank to Comparators	Median (50th Percentile) *	Average *
Population	5,749	20%	6,079	6,047	5,749	30%	5,839	5,969	5,749	30%	5,839	5,949
Hectares	38,039	100%	1,548	1,548	38,039	100%	1,548	1,537	38,039	100%	1,360	1,459
Full-Time Positions	52	70%	47	50	52	70%	45	49	52	70%	43	49
Revenues	\$13,934,802	20%	\$16,317,756	\$16,052,099	\$19,437,623	80%	\$17,736,083	\$17,217,488	\$18,297,036	90%	\$15,389,836	\$15,688,747
Expenses	\$14,587,656	60%	\$13,496,730	\$15,350,371	\$14,370,726	60%	\$13,408,949	\$13,611,019	\$13,972,303	60%	\$12,524,238	\$12,905,777
Net Financial Assets (Net Debt)	\$1,049,310	20%	\$2,009,734	\$2,422,192	\$561,777	30%	\$3,393,382	\$3,253,361	-\$348,871	20%	\$3,502,322	\$3,959,571
Long Term Debt	\$1,578,507	10%	\$4,219,693	\$5,281,068	\$1,633,248	10%	\$4,066,908	\$3,944,963	\$1,751,989	20%	\$3,672,540	\$3,666,677
Council and Other Legislative (Expenses)	\$136,530	20%	\$178,434	\$203,854	\$184,362	60%	\$171,016	\$199,674	\$267,427	80%	\$154,733	\$281,356
Salaries, Wages, and Benefits (Expenses)	\$4,989,507	80%	\$3,776,435	\$4,165,306	\$4,923,486	80%	\$3,670,861	\$3,993,056	\$4,572,803	80%	\$3,483,202	\$3,792,973
Fire (Expenses)	\$352,841	50%	\$347,274	\$440,681	\$455,628	70%	\$301,342	\$403,154	\$360,557	60%	\$269,942	\$429,037
Non-Residential Tax	10.1813	60%	9.2470	11.0864	10.2971	60%	9.5889	11.1775	9.9972	60%	9.1634	10.8657
Residential Tax	5.6272	20%	6.0534	6.0551	5.7474	50%	5.8505	6.0954	5.5800	40%	5.6839	5.6953

Staffing Levels and Staff Turnover

The Municipality of Crowsnest Pass has a uniquely challenging environment in which to attract and retain staff. While it is not uncommon for there to be difficulties in attracting or retaining staff when the employer is in a more remote location, the Municipality has seen an increasingly negative reputation over the years. This, in combination with the stagnant growth in population, has produced difficult conditions in which to attract and retain qualified and motivated staff and management.

Within any organization there will be a certain level of staff turnover. It is not uncommon in the current job market for employees to stay at one organization for less time. Staff turnover in itself is not a bad thing; it can allow for internal employee succession or movement throughout the organization, it can allow for new ideas or ways of doing business to penetrate an organization and its culture, and it can increase the overall qualifications and/or experience within an organization. However, turnover can also contribute to negative staff morale, impact the relationship between management and employees, and with too much turnover and/or turnover in the “wrong” spots, it can be difficult to maintain organizational knowledge.

The following are the turnover numbers provided to us by the Municipality for the period of 2010 to 2013 year-to-date (permanent employees, with voluntary quits or involuntary dismissals initiated by the Municipality):

	Voluntary Resignations	Retirements	Employer Terminations	Number of Permanent Employees (Municipal Affairs General Statistical Return)	Total Turnover
2010	1	1	2	52	7.6 %
2011	4	2	2	52	15.4 %
2012	5	5	0	60	16.7 %
2013 YTD	3	0	1	58	6.9 %

These numbers do not include the voluntary resignations of the fire fighters in 2012 due to the consolidation of the fire department. This would have increased the total terminations to 87 rather than 10. (We have not recalculated the total turnover rate as the base number of employee would need to be adjusted in each year to include a total headcount, rather than the General Statistical Return definition used for Municipal Affairs.)

Voluntary resignations are typically a realignment created by an employee when that employee is dissatisfied and seeking a change. An employee is often dissatisfied with the culture of an organization, their management, the type or volume of work being performed, or possibly how

they are being compensated for the work they are performing (perceiving the compensation to be unfair relative to something else – other employees, their performance, or the market). These are worrisome such that there are underlying employee engagement or satisfaction issues that may not be getting the attention that they require. Retirements are worrisome only to the point where workforce planning and succession planning have not been properly considered for the impacts of organic turnover or attrition that could have been reasonably foreseen. Finally, employer instigated terminations are concerning as these indicate a poor match in the recruitment process. It is important for organizations to properly take the time to ensure strong behavioural, skills, and aptitude fit with its culture, its strategy, and its operational needs.

The Municipality provided to us the number of new hires as follows (excluding election workers):

	Number of Permanent Employees	Number of Seasonal Employees	Number of Casual or Temporary Employees	Totals
2010	4	58	1	63
2011	5	57	5	67
2012	29	57	9	95
2013 YTD	14	28	3	45

In 2012, the Municipality saw the greatest increase in number of staff hired, specifically in the area of permanent staff. This was the year that saw the greatest number of permanent employees, as seen in the table below, as well as the highest year for turnover as seen in the table above.

We were provided with the following summary from the Municipality on how the numbers reported to Municipal Affairs reconciles with the number of permanent full-time equivalents excluding and including the fire department compare. There is an assumption that one fire fighter is considered as one full-time equivalent in this case. The Municipal Affairs numbers are permanent full-time staff who work 29 hours or more per week.

	Number of Permanent Employees (Municipal Affairs General Statistical Return)	Number of Permanent Full-Time Equivalent Employees Excluding Fire Department	Number of Permanent Full-Time Equivalent Employees Including Fire Department
2010	52	54.3	161.3
2011	52	57.8	164.8
2012	60	58.5	103.5
2013 YTD	58	60	114

Generally, the staffing levels have grown between 11 and 15 percent over this period, when considering the Municipal Affairs General Statistical Return reporting. The growth between 2011 and 2012 was as a result of hiring five contract fire fighters, a Manager of Protective Services, and two bylaw officers. Excluding the radical changes in staffing levels when including the fire department, we are not concerned with the fluctuation in staffing levels using either the Municipal Affairs numbers or the full-time equivalents.

The review made us aware of the tremendously high turnover of CAOs for this municipality over the last several years. We were provided with the following summary:

- 1995 to 1999 – There were four CAOs, two were full-time, two were interim;
- 1999 to 2001 – The Municipality had two CAOs, one interim and one full-time;
- 2001 to 2004 – There were three CAOs, two interim and one full-time;
- 2004 to 2010 – The Municipality employed two CAOs, one full-time and one interim;
- 2010 to 2011 – The Municipality employed two CAOs, one full-time and one interim; and
- 2011 to 2013 – The Municipality has employed one CAO in a full-time capacity.

These numbers are concerning, as they demonstrate a substantial amount of management instability in the last 12 years, with eight CAOS, and over the last 18 years, with 14 CAOs.

In reviewing the benchmarking staffing levels, as reported to Municipal Affairs, for the 10 comparator municipalities, we found the following:

- The comparator group's average and median full-time position numbers increased over the three years. The range of the numbers spanned between 50 and 58 over the reporting period, with the highest reported as 88 and the lowest as 30 (both in 2009). This large variability in number of employees does complicate the comparison of staffing levels for the Municipality. The Municipality did remain at the 70 percent rank within this overall data set, at a reported full-time staff of 52.
- Between 2009 and 2010, 30 percent of the comparators had a decrease in full-time staff count, ranging from just below one percent to just over seven percent. Fifty percent saw an increase ranging from roughly two percent to 22 percent. Twenty percent saw a net change of zero.
- Between 2010 and 2011, 40 percent saw a net change of zero, 50 percent saw an increase ranging from just under one percent to 10 percent, and one saw a decrease of roughly four percent.

- Over 2009 to 2011, respectively, the strongest comparators in full-time staff were as follows (staff counts in parenthesis): Bonnyville (52, 53, 57), Devon (39, 44, 45), Ponoka (44, 45, 45), St. Paul (41, 50, 48), Stettler (45, 45, 48), and Wainwright (42, 43, 44).
- Putting these staff counts into further context, the reported salaries, wages, and benefits for these six comparators ranged from 10 to 33 percent below that of the Municipality of Crowsnest Pass over these three years. The populations of these towns were roughly between five percent smaller to 14 percent larger than Crowsnest Pass.

We recommend that:

64. The Municipality develops a workforce plan that addresses the skills required and the skills gaps in the organization. The plan should also include the considerations for turnover that is anticipated and to identify the key positions that could be at risk if turnover occurs, including the internal succession plans and/or external recruitment that may need to be considered.
65. Conduct exit interviews with those that are departing the employment of the Municipality. Determine where there are gaps in the organization – managers, employment practices, culture, etc. Develop a plan to address the top three or four concerns, including timelines and responsible parties.
66. Develop and link the strategic and tactical priorities of the organization with the staff that are within each department. Where there are concerns within the organization, address these through a communication document, such as a frequently asked question document and/or key messages briefing that can be shared with managers and discussed with employees where there are concerns. The objective is to address the optical concerns by employees and to demonstrate openness and to build trust within the organization.
67. To address the concerns employees have on the rift between employees and managers and where managers do not reside in the community, develop team activities that address team building, trust, and communication.

Financial Status

Section 208 of the MGA assigns responsibility for the financial affairs of the municipality to the CAO. Maintaining financial records, ensuring revenues are collected, managing deposits, paying for expenditures, budgeting and tracking performance against budgets, applying for and managing grants, and investing municipal reserves are all responsibilities of the CAO. Council has a responsibility to ensure accurate reporting to council on the financial affairs of the

municipality occurs, to review and approve budgets and tax rates, and to ensure an effective audit process occurs.

In order to develop a better understanding of the financial position of Crowsnest Pass and the financial processes used by administration our firm obtained copies of the financial records of the Municipality and the most recent auditor letter. Using these financial records our consultants:

- Reviewed the Municipality's audited financial statements for 2011 and 2012;
- Reviewed the Municipality's unaudited financial records for 2013; and
- Reviewed available policies and procedures relating to financial transactions.

Our review did not identify any issues with the financial records of the Municipality. The Municipality has developed a triennial budget and Council is provided the appropriate financial information they need to make decisions.

Auditor Letter

The auditor letter provided to the Municipality by their auditor, BDO Canada LLP indicates that, in their opinion, the financial statements fairly represent the financial position of the Municipality and meet the Canadian public sector accounting standards. One of the issues brought forward by some participants is that the Director of Finance and Corporate Services was influencing the independent auditor into changing their opinion on the financial statements. Our investigation did not find any issues with the audit process.

Significant Impacts on Crowsnest Pass Mill Rate

There were several factors that significantly impacted the municipal tax rate for Crowsnest Pass. These factors include the following:

- Loss of a significant industrial tax base – The closure of the Devon gas plant significantly impacted the industrial tax base of the Municipality. The impact to the tax base was a loss of approximately \$250,000 due to the closure of the gas plant.
- Reduction in the assessment base – There was a greater than anticipated reduction in the assessment base in the Municipality due, in part, because of a reduction in a significant portion of property values. The Municipality received the assessment values from their assessor very close to the deadline for passing the mill rate which impacted their ability to provide Council with accurate information in a timely fashion. Some participants indicated that the inability to predict what the assessment base would be was an indication of mismanagement by the Municipality. The difference between the values provided by the province and the expected values for the assessment base was

significant but our investigation did not identify any issues with the Municipality's approach.

- Reduction in population – The population within Crowsnest Pass is declining which has an impact on the residential tax base within the Municipality. As the population decreases within the Municipality, a bigger portion of assessment base is carried by the residents within the Municipality. This can have the effect of increasing the amount of money collected for property taxes for each resident.

It should be noted that Council required administration to find additional savings to offset the impact of the lower than expected assessment base as well as trying to offset the loss of the Devon gas plant.

Overall Financial Position

The following is a description of the Municipality's financial position based on the information provided to Municipal Affairs and taken from the 2012 audited financial statements. Any information taken from the unaudited actual amounts recorded in the Municipality's 2013 financial statements will be noted in the description.

- The residential mill rate for the Municipality increased compared to the prior two years, from 5.627 in 2011 to 5.871 in 2012 and 6.094 in 2012.
- The non-residential mill rate for the Municipality increased compared to the prior two years, from 10.181 in 2011 to 10.539 in 2012 and 11.056 in 2013.
- In 2011 the expenses for the Municipality were \$14,587,656 with an increase to \$15,487,021 in 2012. The largest expense increase was related to protection services with an increase of \$524,816.
- The Municipality's net financial asset position improved from a positive position of \$1,049,310 in 2011 to \$2,333,416 in 2012. Financial assets are comprised of cash or items that will eventually be turned into cash such as long-term investments or land for resale.
- Long term debt for the Municipality decreased from \$1,578,507 in 2011 to \$1,173,765 in 2012. The current portion of the long term debt amounts to be repaid in 2013 includes \$404,741 in principal and \$36,932 in interest with a total of \$441,673 for the year. The long term debt as of the 2012 consolidated financial statements will be repaid by the end of 2015. The Municipality has an authorized overdraft with a limit of \$1,000,000 to cover operating expenditures and was undrawn as of December 31, 2012.
- The Alberta School Foundation Fund (ASFF) residential/farm mill rate for 2012 was 2.7164 with a tax levy of \$2,165,572. In 2013 the residential/farm mill rate was 2.7683 with a tax levy of \$2,124,586. It should be noted that the tax levy collected by the

Municipality on behalf of the ASFF is not under the control of the Municipality and the amount is set by the province and the tax levy passed on to the province.

- The Municipality's assessment decreased from \$969,106,470 in 2012 to \$918,428,460 in 2013. One of the factors affecting the assessment was the difference in the residential assessment.
- The Municipality had a total debt limit of \$19,877,436 in 2012 with a total debt of \$1,173,765 amounting to 5.9 percent of the total debt limit available to the Municipality. This left a total of \$18,703,671 in debt limit unused. The debt servicing limit of the Municipality was \$3,312,906 in 2012 with the Municipality servicing a total of \$442,673 of debt amounting to 13.4 percent of the Municipality's debt servicing limit.
- In 2012 the Municipality reduced its cash position from \$2,090,661 in the beginning of 2012 to \$770,325 by the end of 2012. The change in cash position was largely due to changes in tangible capital assets.

The Municipality has considerable space available in its debt servicing and debt limits to deal with emergent issues if further financing is required. The decrease in the Municipality's cash position reduces the liquidity of the Municipality's assets and may impact the ability of the Municipality to cover short term emergent issues due to their cash position.

The Municipality has a strong financial position although that position is weakening with the reduction of its tax base. The tax base is largely carried by residents through residential taxes and the diversification of the tax base was one of the issues raised by participants during the inspection. The Municipality has taken steps to diversify the tax base and add to the tax base through the demolition of the old hospital and the potential development of a new hotel and possibly ancillary businesses. These are positive steps for the Municipality in diversifying its tax base.

The petition signed by residents for this inspection states "...*We the taxpayers feel that the mismanagement of the municipalities resources have resulted in an unfair tax rate*" Our review of the tax rates within the Municipality identifies that the residential mill rate for the Municipality increased compared to the prior two years, from 5.627 in 2011 to 5.871 in 2012 and 6.094 in 2012 and non-residential mill rate for the Municipality increased compared to the prior two years, from 10.181 in 2011 to 10.539 in 2012 and 11.056 in 2013. The increase in residential mill rate is an 8.3 percent increase in mill rate. Crowsnest Pass's mill rate in our comparator group was at the 20th percentile in 2011. It is clear that that mill rate within Crowsnest Pass has increased over the last three years. The increase in mill rate has translated into an increase in the amount of taxes that residents are required to pay, particularly if the increase in franchise fees are included in the calculation. Our review has not identified mismanagement of resources

by the current administration, but we are sensitive to the impact of an increase in the amount of taxes that residents have to pay considering the following factors.

- A significant percentage of the population within Crowsnest Pass are seniors who are on a fixed income and it is very difficult to deal with an increase in expenses;
- There is a declining trend in population within Crowsnest Pass which reduces the number of properties available to spread residential taxes over;
- There are significant costs associated with legacy issues (such as issues with developments) left over from previous Councils and administrations; and
- The Municipality has lost a major industrial business who contributed a significant amount of tax dollars to the Municipality.

All of these factors have impacted the mill rate and therefore property taxes within the Municipality.

We recommend that:

68. The Municipality continues to explore opportunities to increase its industrial and commercial tax base in order to diversify the tax burden currently being borne by residents.
69. The Municipality continues to rationalize its operations looking for opportunities to create greater efficiencies and effectiveness not only in operations but in administration as well.
70. The Municipality develops a thorough explanation of its roles and responsibilities as they relate to property tax, the components that are included in property taxes (education mill rate and senior's contribution) and provide the explanation to residents on their website and through appropriate media.

Communication

One of the issues we identified during our review is communication within the Municipality. There were multiple examples of misinformation that interview participants provided to us as well as issues with the way that Council and administration communicated with the public. Council and administration use several channels to communicate with the public that include the Municipality's website, social media, a newsletter and the two local papers. One of the biggest impediments to communication is the lack of trust in the information provided by the Municipality to residents. In particular, the comments made by the mayor about residents have significantly impacted the relationship and trust between some residents and the mayor. Throughout the

inspection some participants indicated that the mayor was arrogant, pompous and a dictator in his approach to the community. Some participants indicated that residents resent the tone of the mayor's statements in the paper and in the newsletter and felt that he was trying to imply that the residents were not smart enough to understand what Council is doing.

A consistent message that was provided throughout the inspection is that it is difficult to contact Councillors and administration and receive a response. Some participants indicated that they phoned and/or emailed Councillors and management and did not receive a reply. The municipality has a phone system in place that tracks and provides a report to management of the calls received by the Municipality. It appears that this system is failing due to the multiple times that this issue was raised by participants. This is in contrast with the perception of Councillors and the CAO who indicated that they are rarely contacted by the public. There is clearly a gap in this process and the municipality needs to review and revamp its approach to responding to public requests through email and phone, particularly at the management level.

Communication, on multiple levels, within the organization was also raised as an issue. The issues include:

- Lack of communication about Council decisions – Some participants indicated that staff was often unaware of Council decisions that impact their day to day work. In the past there had been meetings to discuss Council and management decisions but participants indicated that they have not had these types of meetings recently. In some cases, participants indicated that staff meetings started again after the inspection was announced.
- Lack of communication between staff and management – There were some incidents during the review where the lack of communication between staff and management was highlighted. In each case, the staff person was unwilling to approach management for direction in dealing with an issue that should have been dealt with at the management level. This is an issue as staff needs to feel comfortable in approaching their manager for direction when the issue being dealt with needs a decision from the management level.
- Lack of communication across departments – There is little communication across departments within the organization. While this is not unusual, there is an opportunity to increase understanding and awareness of what is going on within the organization by fostering greater communication between each department.
- Communication by the CAO – In our discussions with the CAO, he indicated that developing relationships and better communication with management and staff is one of his priorities moving forward. He indicated that it has been difficult to address the issue due to the number of significant emergent issues that he has had to address as the CAO.

It should be noted that some of the participants in the inspection indicated that this Council and administration is the most transparent and has provided the best access to information than any other Council and administration.

We recommend that:

71. The CAO and management develop a communication strategy for communicating with the public and internally to staff that focuses on not only creating awareness but understanding of the direction and anticipated outcomes of the changes in the Municipality.

72. The CAO develop a strategy and implement the strategy to address the communication gaps with staff identified within the report.

Additional Areas of Interest

Crowsnest Pass Volunteer Fire Department

Some of the most significant issues to participants that were raised throughout the inspection were related to the volunteer fire department. It appears that the termination of the Blairmore Fire Chief was one of the driving issues for the petition. Our inspection included a review of past reports developed for the Municipality. One of the common themes among these reports was the rationalization of the fire department and hiring of a full-time Fire Chief. The Municipality has moved to rationalize the volunteer fire department by hiring a full-time Fire Chief and eliminating one fire hall. The following issues were identified as being related to the rationalization of the fire department.

- Restructuring of the volunteer fire department – Some of the participants indicated that they felt that administration excluded the volunteer fire fighters in the development of the master plan for the restructuring. Further investigation indicates that the Municipality did include some members of the volunteer fire department in the development of the plan, but the process was impacted by a high rate of turnover during the development of the plan and rationalization of the fire department. It is clear from our investigation that while the communication process between the volunteer fire fighters and the Municipality could have been improved during the development of the master plan, there was communication from administration to the volunteer fire fighters. The relationship between administration and the volunteer fire department is made more difficult by the fact that many of the volunteer fire fighters are also Municipal employees.

- Termination of the Blairmore Fire Chief – The termination of the Blairmore Fire Chief was identified as an issue by some of the participants during the inspection. The Municipality is responsible for providing fire coverage within its boundaries, at a minimum, and in many cases a municipality utilizes a volunteer fire fighting force to provide fire coverage. The responsibility for staffing the volunteer fire department, determining the staff count, and terminating volunteer fire fighters falls to the Municipality and specifically to the CAO. The CAO is responsible for operations within the Municipality, the structure of the fire department, the number of employees, and the way in which fire coverage is provided. The operations and implementation of any plan falls to the CAO and his staff. After the full-time Fire Chief was hired, the Blairmore Fire Chief was terminated from his position. The reasons for his termination will not be included in this report as this is a labour matter and should be confidential.
- Resignation of the volunteer fire fighters – After the termination of the Blairmore Fire Chief almost all of the volunteer fire fighters turned in their pagers to administration in protest. There are several important and often differing perspectives that were mentioned in the review of this incident, including:
 - Full-time fire fighters as a stop gap measure – From the Municipality’s perspective they were now left without a fire department and did not have fire coverage within the Municipality. Immediate action needed to be taken to ensure that there was fire coverage within the Municipality. In order to address this issue, the Municipality hired full-time fire fighters as a stop gap. Fortunately, the Municipality was able to secure a grant that covered the cost of the full-time fire fighter salaries and therefore the impact on tax payer was cost neutral in terms of dollars.
 - Solidarity would not interfere with duty – Some participants indicated that the volunteer fire fighters, while showing solidarity for the Fire Chief, would have responded if there was a fire in the Municipality.
 - Perception of pre-meditation – We heard from some participants that the response of the Municipality of hiring full-time fire fighters after the resignation of the volunteer fire fighters had to have been pre-planned because of the speed in which the Municipality responded. Our investigation did not identify any evidence to indicate that the Municipality had planned for the volunteer fire fighters to resign and therefore require them to hire full-time fire fighters as a stop gap measure.
 - Resignation of the volunteer fire fighters – A few participants indicated that at least some of the volunteers did not intend to resign, but received letters from the Municipality accepting their resignation, nonetheless. In one example, a person who was away from the volunteer fire department on the day that the pagers

were turned in was given an acceptance of resignation letter. Our investigation indicates that the Municipality provided acceptance letters based on a list of fire fighters who indicated that they were turning in their equipment. It is the perspective of a number of the participants that some volunteer fire fighter's names were included on the list without their knowledge. Additionally, several participants indicated that at least some of the volunteer fire fighters felt pressured to support turning in their pagers and were fearful of what would happen if they did not provide their support. Since the incident, the Municipality has provided all volunteers with the option to reapply to be a volunteer fire fighter at any time.

- Return of municipal equipment – The CAO indicated that some of the former volunteer fire fighters continue to retain some of the equipment that they were assigned while they were volunteers. The volunteers have been asked to voluntarily return the equipment to the municipality.
- Involvement of the Office of the Fire Commissioner with the ratepayers association – One of the issues identified during the inspection was the invitation provided to the Office of the Fire Commissioner for one of their staff to attend a rate payers meeting by a few of the volunteer fire department staff. There was a misunderstanding about who had called the meeting and who the representative from the Office of the Fire Commissioner's representative (Regional Officer) was meeting with. The Regional Officer realized the misunderstanding after arriving at the meeting with the ratepayers association and immediately took steps to mitigate the matter with the Municipality. The Regional Officer remained neutral in the discussions and informed the Office of the Fire Commissioner about the issue immediately after the meeting. The Municipality received a letter from the Executive Director of the Office of the Fire Commissioner indicating that the use of the Office of the Fire Commissioner to unduly influence a ratepayers association and hence Council of the Municipality is unacceptable. The Office of the Fire Commissioner then removed direct access to the Regional Officer and provided an outline of how the office will communicate and be involved with the Municipality.
- Access to fire halls after resignation – A number of the participants indicated that the volunteer fire fighters were denied access to their personal belongings after their resignation was accepted by the Municipality. The volunteers who resigned were locked out of the fire halls as they were no longer Municipal employees although a few volunteers did have an opportunity to gather their personal belongings. Administration indicated that this happened without their knowledge. Access to the Blairmore fire hall was further complicated by the issues around the Smoke Eaters Society and will be further discussed later in the report.

- Impact of the changes on fire insurance grading – One of the issues raised during the inspection was the impact the changes in the fire department would have on fire insurance rates. There were a few participants that indicated that they expected a significant increase in fire insurance rates because of the change in the fire department. Further investigation into the impact on fire insurance identified the following:
 - The Public Fire Protection Classification (PFPC) is a numerical grading system scaled from 1 to 10 that is used by commercial line insurers. Class 1 represents the highest grading possible with Class 10 indicating that little or no fire protection is in place. The PFPC grading system evaluates the ability of a community's fire protection programs to prevent and control major fires that occur in multi-family residential, commercial, industrial, institutional buildings and course of construction developments.

The fire underwriter's survey indicated that there is an improved level of fire protection provided within the Municipality with PFPC 4 being published for the Municipality. This is a significant change from the previous PFPC 7 and 8 previously being published. The Director of Protective and Community Services indicated that the Municipality's grade has improved significantly, in part, because of the level of training provided to the volunteer fire fighters by the Deputy Fire Chief.
 - There is no change in the residential rating for the Municipality, due to the ratings that a volunteer fire department can achieve as compared to a full-time fire department. Administration indicated that this policy is currently being reviewed and there may be a significant improvement in the Municipality's residential rating if the policy is changed.
- Cost of the fire department – One of the issues raised during the inspection was the cost of the fire department. The costs identified were the salary of the new Fire Chief and Deputy Chief and new vehicles for each of them. The operational costs and capital costs together for the fire department have decreased in part due to the removal of a fire hall. This has reduced some capital and operational costs associated with the fire hall. The proposed budget for fire and rescue as of February 5th, 2013 is \$473,993. In 2011 the budget for fire and rescue services was \$515,236. It should be noted that the Deputy Fire Chief position is a contract position with the contract expiring at the end of the year. We also noted as part of this inspection that the volunteer fire department currently has 54 volunteers in the department with a fire chief and a deputy fire chief.

We recommend that:

73. The Municipality review all of the information gathered about the firing of the Blairmore Fire Chief and document the incident and develop a lessons learned section to be used when similar types of issues occur.
74. The Municipality provides regular updates of the overall cost of the fire and rescue services. The update should include work volume and variance report versus budget in order to re-establish trust within the community.
75. The Municipality provides the fire underwriters report to the community along with an explanation of the impact to fire insurance.

Deferral of Thunder in the Valley

The deferral of Thunder in the Valley was raised as an issue by a few of the participants, specifically as it impacted the Municipality financially, as well as concern that the pretense of a safety issue – for those in attendance and for the Municipality – was falsely used to cancel the event. Our investigation identified letters from the RCMP and CP Rail (CPR) related to this issue.

One letter from CP Rail on May 18th, 2012 indicated that CPR supported Council’s decision to defer Thunder in the Valley for safety and financial burden reasons. CP Rail indicated that there had been a high level of trespassing occurring during the event and CPR was required to bring in extra CPR policing resources in order to protect CP Rail’s right of way. CPR indicated that they would no longer be staging trains if the event occurs the next year, requested a detailed safety plan and indicated that if they were required to bring in additional policing resources for the event they expected reimbursement for the costs that they bear for the event. The letter was provided by the Senior Manager of Community Relations and Aboriginal Affairs in CPR.

The RCMP letters were provided by the District Commander of “K” Division, Southern Alberta District of the RCMP. The letter received on January 17th, 2012 from the RCMP indicated that the RCMP could not and would not support the Thunder in the Valley event in its capacity at the time. Their concern dealt with the Thunder in the Valley portion of the Rum Runners weekend. The RCMP felt that the fireworks display exceeded all reasonable risk parameters. A second letter received on April 18th, 2012 supported Council’s decision to overhaul the event and the event processes and the Crowsnest Pass and Southern Alberta District would continue to provide support in all aspects of community safety initiatives.

It is clear from the letters provided by CP Rail and the RCMP that there were serious safety concerns with the Thunder in the Valley event from their perspective. The request for a change

in the event as well as a detailed safety plan indicates that there needed to be a significant change in how the event was handled. However, by cancelling the event, it did have the unintended impact on local businesses due to a loss of revenue.

The first Rum Runners event held after the deferral of Thunder in the Valley had little attendance. A few of the factors contributing to the low attendance that were identified by participants included the deferral of Thunder in the Valley, the issues with the Smoke Eaters Society, and a perspective from at least some participants that they felt that they would be threatened, harassed and targeted by other residents within the community if they attended the event. Council has tried to create a committee to look at the Rum Runners event in order to address attendance and determine what the event should be; however, there have been difficulties with finding volunteers. We asked participants why they thought there were few volunteers and some indicated that they were afraid that they would be targeted if they supported the Rum Runner event in any way.

The net cost to the Municipality for both Thunder in the Valley as well as Rum Runner days was \$46,238 in 2010, \$45,190 in 2011 and \$54,355 for 2012. The in kind costs to the Municipality for use of municipal equipment, facilities and supplies are not included in these costs and were not provided to us by the Municipality.

We recommend that:

76. The Municipality continue to explore options for providing the Rum Runner Days event with respect to its current form and options for expanding the event, if desirable, in the future.

Smoke Eaters Society

The Smoke Eater Society (the Society) is the group that provided the subject matter expertise to store, build and detonate fireworks at the Thunder in the Valley event. The Society has been in the Municipality for a long period of time and has put on the Thunder in the Valley event for many years. There were multiple issues identified around the Society including the following:

- Storage of fireworks – The Society leased a section of the Blairmore Fire Hall where they created and stored their fireworks. The Society indicated that their fireworks were stored within the fire hall in an appropriate container. Storage of fireworks and the potential liability associated with this type of activity on municipal property is a significant issue. Regardless of whether the fireworks were stored and handled following the appropriate safety measures, it is difficult to understand why a municipality would incur the risks and liabilities associated with the handling of fireworks on municipal property.

One of the areas of misinformation that was identified during the review was whether the Municipality knew that fireworks were present in the fire hall. The Municipality provided the Society with the money to buy the fireworks materials before the Thunder in the Valley event and after the event the Society would repay the Municipality the money. The Municipality obviously knew that the Society was purchasing firework materials and therefore knew that the Society had firework material. Administration indicates that they were unaware that the Society was creating, handling and storing fireworks within the fire hall. One of the contributing factors to this misunderstanding is the high turnover within management in the organization and the loss of corporate knowledge due to the turnovers. Additionally, there were strong links between the Blairmore Fire department and the Society and therefore not a lot of scrutiny from management.

After the dismissal of the Blairmore Fire chief and the discovery of the facility in the leased sections of the fire hall, the Municipality decided to terminate its lease with the Society and remove the fireworks due to safety concerns. The fireworks were removed by a bomb squad due to safety concerns. This point is contested by the Society members we interviewed as they viewed the containment facility and the area where the fireworks were being created as meeting regulations and being safe.

- Society status – The status of the Smoke Eaters Society was another issue raised during the inspection. It appears that the Society’s status had lapsed due to missing an application deadline during the period of time when these events were taking place.
- Lease agreement with Society – The lease agreement between the Society and the Municipality was also an issue. Administration indicated that they were unable to find an official lease agreement with the Society and therefore were unsure of the status of the lease agreement. This created an issue as the Municipality cancelled the lease agreement with the Society because of the safety issues with the fireworks.
- Seizure of assets – After the cancellation of the lease agreement with the Society the Municipality locked the Society members out of the fire hall and quonset on municipal property and seized all of the physical assets on sight. The seizure of these assets and dealing with the assets is currently under legal action and therefore we will not be commenting on the issue.

We recommend that:

77. The Municipality identifies and reviews all lease agreements that are currently held with the Municipality in order to understand the current lease agreements held by the Municipality and the risks and obligations related to the lease agreements.

Demolition of the Old Hospital

One of the issues identified during the inspection was the demolition of the old hospital. The Municipality tendered out the demolition of the old hospital in order to free up the land for new development. Through the tendering process Council accepted the bid from Medican Construction Ltd which included demolition of the old hospital. One issue that was raised by participants is that Medican had recently been in receivership. At the time of the contract Medican was not in receivership and therefore there are no issues with accepting their bid. One of the conditions of the demolition of the old hospital was confirmation that a franchise for a hotel had been obtained.

The franchise for a Best Western was applied for by another organization. Receiving the franchise took more time than expected and Medican lost the investors in the project. This caused the contract with Medican to default. The Municipality had the appropriate conditions on the contract with Medican to deal with this issue and is now exploring its options to move forward with a new tender for the project.

The removal of the old hospital with the development of a hotel and other possible ancillary businesses is a positive step in increasing the commercial tax base for the community. It appears that administration is working with the businesses involved to address recent issues and positively support the project moving forward.

We recommend that:

78. The Municipality provides a clear explanation (excluding information protected by FOIPP), over and above Council meeting notes, to residents of the events and timeline leading to the cancellation of the contract with Medican and the intended next steps to continue to demolish the old hospital and develop the land.

79. The Municipality provides regular updates to residents on the project and its anticipated completion.

SPCA

The relationship between the SPCA and the Municipality was identified as an issue during the inspection. The SPCA is located in a municipal building and has recently used funds to build an addition to the building. The Municipality would like to work with the SPCA to provide a pound for the community. The SPCA has been using the municipal space without a lease agreement and the Municipality is currently trying to put a lease agreement in place. Currently, the SPCA has refused to sign the lease agreement. Additionally, some participants indicated that the SPCA would not take in dogs. When asked, the SPCA indicated that this was untrue.

The Municipality may need to explore other options for providing pound services to the area such as contracting the service.

We recommend that:

80. The Municipality either establishes a lease agreement with the SPCA to work as a pound or explores other options for animal control.

Franchise Fees

The Municipality has franchise fees with Fortis and ATCO Gas. The franchise fees are essentially rent or reimbursement for the use of the public's right of way. The increase in franchise fees was raised as an issue as the fee increase is passed directly to residents by the service providers. The Fortis Franchise fee increased from 8 percent in 2011 to 14 percent in 2012 and 16 percent in 2013. The ATCO Gas franchise fee increased from 15 percent in 2011 to 20 percent in 2012 to 25 percent in 2013. These increases result in an expected increase of \$114,455 in revenue from the franchise fees.

Crowsnest Mountain Resort

One of the issues raised during the review was focused around the proposed Crowsnest Mountain Resort. The developer has sold residential lots, including one lot where an owner has built a house, but the developer has subsequently been unable to complete the development by providing adequate infrastructure including sewer, water and power. The developer holds other land that he would like to subdivide to raise the funds to solve the current issues.

The reasons as to why the Municipality is not in a position to allow the developer to further subdivide are:

- The development is currently under a boil water order from Alberta Environment. The area is fed by a natural spring that was proposed as the water source for the area; there are water quality issues with the water source, prompting the boil water advisory.
- The house that has been built on the existing development is being provided power from the developer's existing electrical infrastructure on the property and has not been connected directly to the power grid.
- There are multiple encumbrances on the developer's property and the Municipality is worried that the money received for selling additional lots will not be used to correct the infrastructure issues.

It is likely that the Municipality will have to take on completing the development of the subdivision in order to provide the residents who have purchased lots with the infrastructure

required. The Municipality has researched and assessed possible options if this appears to be the case. This is an example of a legacy development project that has a significant impact on residents and the Municipality that needs to be addressed by the Municipality.

We recommend that:

81. The Municipality develops a plan to deal with the developer of Crowsnest Mountain Resort and determine what the Municipality should do to address the issues in regards to residents who bought land in the development.
82. The Municipality ensures that all new development agreements meet or exceed current standards for these types of agreements within Alberta.

Hillcrest Lagoon

There were several issues identified with the development of the Hillcrest sewer lagoon. The issues included the following:

- The Municipality has a utility right of way agreement with the landowner requiring the Municipality to maintain the access road to the owner property. The road is also used by municipal trucks to flush out the sewer line on an annual basis. In discussion with the CAO he indicated that he was unaware of the Municipality`s commitment to maintain the land owners road. When shown the agreement, from 1975, he indicated that he was unaware of the agreement. The land owner indicated that he has approached administration multiple times over the years with his issues and has not had success with this issue.
- The Municipality has not returned the pipeline easement created for the sewer line to its natural condition. The Municipality has tried to address the issue with the pipeline easement on several occasions. In each case, the method used to address the issue was insufficient, in the opinion of the land owner, and the area disturbed as part of the pipeline easement has not been returned to its natural state.
- The Municipality damaged a fresh water drain pipe installed to drain the water flowing from the natural aquifer under the lagoon into the river. The result of the blockage of the drain pipe is the pooling of water on the owners section of land rendering the land unfit for use. The Municipality is aware of the issue with flooding at the lagoon and has worked with multiple engineering companies to try and address the issue. The land owner has indicated that every time there is a change in Council or administration he has to start over again in trying to have this issue addressed. The CAO indicated that they may have a solution for the problem, but there is significant cost associated with

fixing the problem. It is clear that the Municipality has caused an issue on this landowner's property rendering the land useless to the owner and needs to be addressed as soon as possible, particularly considering that the issue has existed since 2009.

We recommend that:

83. The Municipality addresses the road maintenance issue by meeting with the landowner and establishing a procedure for road maintenance.
84. The Municipality finds the pipeline easement agreement made with the landowner, review the agreement and address any gaps in the agreement.
85. The Municipality develops a strategy for addressing the flooding issues on the landowners land, provide the strategy to the landowner (including a timeline for completion) and bring closure to the issue once addressed.

Relationship with the Media

Crowsnest Pass has two newspapers that report on administration and Council. During the review some participants indicated that Council and administration had a strained relationship with the media. In some cases, participants indicated that the Municipality threatened to remove their advertising from the papers because of the stories that were printed in the paper. The poor relationship included the mayor and the CAO as well as senior management within the organization.

Various participants indicated that the papers printed stories that were untrue and that some of the stories were politically motivated due to relationships between the paper and other residents or between the reporters and other residents.

Our investigation identified that there is a strained relationship between both papers and the Municipality and that the relationship fluctuates over time largely due to what is printed in the paper about administration and Council.

Mismanagement of Municipal Resources

Mismanagement of municipal resources was a concern raised by various participants during interviews. This issue was one of the focuses of the inspection. Our inspection identified little evidence that the municipality is mismanaging resources given the geographic nature of the municipality, its service requirements and the legacy issues that the municipality has had to address. There are other factors that have contributed to the increase in taxes for residents

which include a loss of industrial and commercial tax base as well as a reduction in property values within the municipality.

Concluding Comments

The inspection identified a number of areas of concern with the CAO and Council. The crucial areas of concern amongst these are:

- The working relationships between management and unionized staff which has significantly impacted efficiency and effectiveness within the organization;
- The current gap in Human Resources which has significantly impacted the relationship between staff and management;
- The costs associated with operations equipment and supplies due to duplication;
- High rate of turnover in management, particularly the CAO, and the impact of the high rate of turnover on the Municipality's ability to provide effective and efficient service; and
- Communication within the organization and with residents which has resulted in a lack of trust in the community and in the organization.

The petition driving this review identified mismanagement of resources and a high tax rate as the impetus of this review. Our final comments on these two issues include the following.

- Mismanagement of resources – During our review, we noted resource mismanagement when a new staff person was hired prior to the completion of the pre-employment process. The CAO indicated that this error would not be repeated and they would wait until the pre-employment process is complete before making hiring decisions regardless of the time constraints. We further noted legacy issues to this Council and administration that could be construed as mismanagement of resources but as they pertain to different Councils and administration we do not consider them as mismanagement of resources within the scope of this inspection.
- High Tax Rate – Crowsnest Pass's mill rate has increased by 8.3 percent in the past two years which is a significant increase in the mill rate. The most significant issue of the increase in mill rate is the impact that such an increase has on fixed income residents. A significant portion of Crowsnest Pass residents are seniors who are on fixed incomes and do not have the flexibility to absorb increases in expenses.

Crowsnest Pass' history, recent issues between residents and the Municipality have contributed to the perspective that Crowsnest Pass is not a great place for new residents or businesses to move to. As stated previously, a consistent message that we heard throughout the review is that "outsiders" were making decisions for Crowsnest Pass. All residents who live within the

Municipality as their primary residence are provided the opportunity to vote for Council and therefore determine who is making decisions for the Municipality. There is a history within Crowsnest Pass of residents who do not agree with the direction of Council or administration to work very actively to remove Council, Councillors or administrative staff. This approach to dealing with Council, Councillors and administration has contributed to the perception that Crowsnest Pass is a difficult place to live and work.

While the municipality has legally been amalgamated into a single entity, the Municipality has never been able to complete the amalgamation of the various communities into a single, united community Pass and this division has impacted the ability for the community to grow together and move toward a common vision. The Municipality is generally well managed with areas that can be improved as indicated in the recommendations throughout the report. A key matter of concern identified is the lack of unity among the individual communities within the Municipality. It appears that this lack of unity is a driving force behind many of the issues that the community faces including the cost to the taxpayer due to the unique geography of the Municipality.

We recommend that:

86. Council requests a viability review by the Minister of Municipal Affairs.

87. The Municipality continues with the rationalization of operations to reduce the costs for equipment and supplies duplicated within operations, and ensure that employee and resident communication plans are in place and implemented.