

**CITY OF GUELPH
CORPORATE REVIEW**

FINAL REPORT: VOLUME TWO

“THE ADMINISTRATIVE CONTEXT”

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MANAGEMENT CONSULTANTS

NOVEMBER 2004

November 17th 2004

Mayor Kate Quarrie and Councillors
City of Guelph
City Hall, 59 Carden Street
Guelph, Ontario
N1H 3A1

Dear Mayor Quarrie and Councillors:

Re: Corporate Review: Report on the Administrative Context

We are pleased to enclose Volume Two of our Report of the Corporate Review of the City of Guelph. Volume Two deals with the Administrative Context as well as its interface with the Council.

This Review is guided by the terms of reference as approved by Council, and responds to the issues raised during our discussions and interviews with members of Council, the administration and the public. This Final Report also incorporates the suggested changes provided to us by the administration that we felt were sustainable based on their experience in these matters. We have not adjusted our thinking relative to what we would view as the broader scale issues but have made numerous changes where we may have misunderstood the messages received in the interview process or through the documentation provided.

We are appreciative of the time spent in helping us with our tasks and, in particular, the staff of the Office of the Clerk and the staff in the Office of the Mayor. We made numerous requests on their time for materials and for assistance in the coordination of our interviews and we are thankful for their cooperation.

While the tone of such a Review can be viewed as overly critical, our task was not to highlight the successes and accomplishments of the organization. We recognize that there have been many and that the employees of the City continue to provide quality service to the residents of the City.

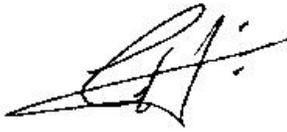
In terms of developing an understanding of the circumstances in Guelph and the legislative framework in which the Council and administration function, we have been able to rely on our Ontario-based Associates as well as seeking clarification

from members of the Guelph administration on issues that we may not have encountered elsewhere.

We appreciate this opportunity to be of assistance in conducting this significant work and look forward to meeting with Council to discuss these salient issues and your observations.

While this is a Final Report, we will continue to make ourselves available to Council and the administration should any clarification be required.

Yours truly,

A handwritten signature in black ink, appearing to be 'G. B. Cuff', with a stylized flourish at the end.

George B. Cuff, CMC
President

c.c. Arliss Liggett, Partner
Doug Plamping, Senior Associate
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1.0 An Introduction to the Administrative Review

As a part of our Corporate Review, we were also asked to assess the administrative structure and processes. These have been presented separately so as to enable a sharper and more focused emphasis to be placed on the governance elements that we were also asked to address. We recognize that any Review of this nature is likely to cause some degree of angst given both the uncertainty of the study itself and the organizational folklore that at times surrounds a study such as this one.

We are appreciative of the useful contributions made by many of those whom we interviewed. A number called us with additional information and insights and others sent notes electronically. We also had unsolicited calls from several people who are no longer working with the City but who may have felt that they had something to contribute in terms of the City's history.

Our purpose was outlined in the terms of reference that we were assigned and which we have provided in this section of our Report. We note that our principal focus was not on the performance of individual staff although obviously, in a study as broad as this, observations are made and comments provided, often unsolicited. Further, the reader should be aware that our terms of reference did not include an in-depth review of the organizational structure. We were not made aware of the content of various departmental reports that were also being completed during the time we were attending to the requirements on us as a result of the accepted terms of reference. (We would presume that the implementation of any such reports would be delayed to provide the new or interim CAO time to assess their implications on the broader scale).

1.1 Terms of Reference

Our purpose in undertaking this assignment is captured in our proposal which states that we were “To undertake a Corporate Review of the governance and operations of the City of Guelph such that the City is provided with pragmatic recommendations which are aimed at strengthening the governance processes and controls of Council and ensuring that the administrative structure and decision-making processes are sound and in keeping with the direction of Council”.

2.0 Key Roles

Effective organizations rely upon clarity of roles. This is essential if those in leadership positions are to rely upon the combined efforts of their administrations in developing policy and program proposals as well as depend on the acumen of their staff to carry out approved decisions of Council in an appropriate manner.

As well, effective organizations also work hard to attract first class staff who bring added gifts and talents that enhance the organization’s capacity and that complement the existing or optimum culture. The nature of local governments makes them highly dependent upon this ability to attract good people. The work does not stop there but rather relies on the fact that effective organizations also seek to put into place realistic and motivational compensation and professional development programs.

While the Municipal Act describes the roles of some of the key players in a local government bureaucracy, the vast bulk of staff are well beyond that radar screen and yet perform functions that are instrumental to whether or not the citizens are able to receive quality services and affordable programs. Nonetheless, it is clear that organizations are lead by those holding very important positions that are critical to how well the municipality is administered.

In addition to the roles defined in the Act, the City is staffed by a host of others whose positions are generally described through position descriptions and

contracts. We view each of these to be integral to how the City functions and believe that any changes that may be proposed must be balanced by the organization's needs and the citizens' willingness to pay.

2.1 Role of the Chief Administrative Officer

Various sections of the Act speak to the roles that the Province views as essential to good government and includes therein reference both to the role of officers and employees. The role of the CAO (chief administrative officer) is also dealt with specifically.

It is our perspective that the organization's ability to function and to respond to the direction of a Council takes its lead from the style and responsiveness of the chief administrative officer (City Administrator and referred to herein as the more generic title of "CAO"). This is a very significant role and carries with it considerable expectations.

Section 227 of the Municipal Act states that "It is the role of officers and employees of the municipality,

- (a) to implement council's decisions and establish administrative practices and procedures to carry out council's decisions;
- (b) to undertake research and provide advice to council on the policies and programs of the municipality; and
- (c) to carry out other duties required under this Act and other duties assigned by the municipality".

Section 229 outlines the general duties of the chief administrative officer

"A municipality may appoint a chief administrative officer who shall be responsible for,

- (a) exercising general control and management of the affairs of the municipality for the purpose of ensuring the efficient and effective operation of the municipality; and
- (b) performing such other duties as are assigned by the municipality.

In retaining a chief administrative officer, the City will normally appoint the individual by bylaw, a contract (or both) and further define the role of the CAO by

a more detailed position description. These documents provide more clarity as to the expectations of the role and the basis upon which the Council evaluates the CAO.

2.1.1 Governed by Bylaw

The position of CAO is governed by By-law (2002)-16837. This important document is supplemented by the position description of the CAO. The actual substance of the role requirements is quite standard to this position across Canada. The functions are in the main described in the most recent position description (dated March 16th 2004) as follows:

- “Responsible for all aspects of the administration through the establishment of a clear vision, mission, values and behaviours in line with the corporate directions
- Responsible for advising the Mayor and Council on all matters relative to City operations and implementing City policies.
- Ensure a focus on quality customer service using a team approach.
- Support and coach team members to achieve expected outcomes through a team approach.
- Ensure sound policies are developed and monitored.
- Establish procedures to ensure work is completed efficiently and effectively.
- Participates actively as a member of the Directors’ Team.
- Support and foster a strong, effective municipal administration.
- Mayor and City Administrator to work together to ensure timely conclusion to Council projects and initiatives.”

(It should be noted that this position description of March 2004 does not make any reference to the roles of the Commissioners referring instead to these positions as “Directors”.)

The responsibilities of a chief administrative officer are far-reaching and very significant. They influence the work of the organization in a profound way, given

that the perception by Council of the administration generally is often a reflection of their views on the performance of the CAO and their confidence in him/her.

2.1.2 Primary Functions

The CAO's work is multi-faceted and includes, as is referenced above, the responsibility of all aspects of the administration; the duty of advising the Mayor and members of Council; ensuring a focus on quality customer service; supporting and coaching team members; ensuring sound policies are developed; establishing supporting procedures; participating as a member of the Directors' Team; supporting effective administration; and working collegially with the Mayor. As we view it, a CAO's ability to carry out these roles depends in large measure on his/her ability to build relationships with those in the organization (particularly at the senior level) and to develop a strong relationship to Council. This is generally a function of his/her ability to advise Council regularly and comprehensively such that the latter is able to develop a high degree of confidence in his/her ability to carry out the tasks involved.

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

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

salient and available information and thus its decisions, regardless of their popularity, are likely sustainable.

Secondly, the decisions being made by a Council on the advice of its CAO are assumed to be relatively “high level” and of substantive impact on the delivery of local government services. As a result, it is imperative that the advice of the CAO is presented in complete confidence. Both Council and the CAO will recognize that the implications of decisions, if they are badly handled or with less than complete objectivity and professionalism, will possibly negatively impact the City in some way. Such decisions may become the matter of lawsuits if not carefully handled (and even if they are) and may cost the City thousands or millions of dollars or untold embarrassment if it is found that the City acted without taking all the steps that would be considered by peers in similar circumstance as “reasonable, logical”.

Thirdly, the role and performance of the CAO impacts the perception that a Council can have of its complete administration and particularly those at the senior management level. If the Council has confidence in the ability of its CAO to make quality decisions, this transfers as well to his/her ability to recruit top quality people for senior level positions as well as being able to make prudent decisions relative to their dismissal. Many jurisdictions across Canada recognize the value of considering Council as a “one employee” organization. This model requires the advice to Council being vetted, approved and signed off by the CAO and any direction to the administration either flowing through the CAO or being subject to the approval of the CAO.

Such an arrangement and philosophy obviously places considerable focus and importance on the quality of relationships beyond the CAO and seeks to ensure that the CAO has the support of his/her senior team and they of him/her. If the advice is to flow relatively unimpeded to Council and to receive the endorsement of Council, there must be confidence by Council that the direction and guidance of the CAO to his/her senior team is professional and apolitical.

2.1.3 Administrative Team Leader

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

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

The CAO also has a delicate balance to maintain in terms of his/her leadership “at the table”. He/she needs to be seen as “in charge” without using the powers attached to the role in such a way as to intimidate his/her colleagues. His/her role as meeting chair is to guide discussions, solicit solutions to issues, encourage respect for the Council, plan administrative response to the Council’s leadership (as expressed through the budget and strategic plan). If the message is one of empowerment and support for a collegial approach, then unilateral decisions should be minimal. (As but one step in fulfilling this expectation, the City encouraged the senior management to be a part of a training program offered by the University of Virginia on developing high performance teams. This was regarded as a useful approach and one that has seen a number of the City’s senior people attending and learning more about how they can impact their own departments in a positive manner).

Commissioners

The CAO, in consultation with an external management-consulting firm, felt that the conditions of the City administration (i.e. size, complexity, need for high level strategic advice, span of control, etc.) warranted a new level of senior management referred to as the “Commissioner” level. This new level of administration was put into place in 2002/03 in two separate stages: the Commissioner of Environment & Transportation (as a result of the review of the Works Department in 2002); and the Commissioner of Community Services (as a result of a similar external review in 2003).

The CAO has referred to this group of two Commissioners and himself as the Executive Group and sees it as having a role distinct from that played by the other direct reporting directors and the indirect reporting directors. This inner circle is expected to be more of the strategic thinking (but no decisions) body providing a focus on the high-level strategy issues that may impact the City of Guelph.

Direct Reporting Directors

The direct reporting Directors (referred to internally as the “Big D” group) consists of those departments who do not report through one of the two Commissioners. This group consists of: the heads of legal services, information services/clerk’s office, finance, human resources, economic development and planning and building services. This body of people carry the responsibility for many significant functions albeit not necessarily any more so than those who are classified into the indirect reporting “little D” directors category.

Indirect Reporting Directors

This group, referred to internally as the “Little D” group, consists of: the heads of engineering, environmental services, public works, transportation, emergency services, recreation, culture, parks. These people all report through one of the two Commissioners and thus are a step removed from the Executive Group.

2.1.4 Corporate Values

The CAO also has a responsibility for leading an administrative process that results in the members of the administration developing a basic concept of the City's corporate vision, mission, values and behaviours. Whereas only Council can establish the City's vision, given its role as policy leaders and representatives of the public, there is a similar requirement or expectation of the CAO that he/she provide the leadership necessary to the administration in the development of an "administrative business plan".

The key to such a plan is the over-arching leadership role of the Council. A part of the responsibility of any CAO is an implied obligation to assist the elected Council in their responsibility of setting the vision and direction for the City's future. Such a process should be orchestrated and led through the combined efforts of the Mayor and Councillors, the CAO and his/her senior management team and possibly an external facilitator.

Based on the guidance of Council, the CAO can then engage his/her administration in a focused effort to not only give "legs" to the Council's vision but also to establish the administrative game-plan within the legislative framework. While this should be the goal, the reality of the local situation may be much different. Where Council is yet to establish their vision and priorities, the CAO still has an obligation to move forward with the administrative framework, in line with his/her understanding of the corporate directions.

This has been the approach followed in Guelph. Because the Council was not prepared to establish their own strategic plan (until over the past few months), the CAO and his team have been working diligently at trying to develop a plan that will enable them to better manage their work and identify the expected results.

2.1.5 Council Policy Leadership

A further requirement of the CAO is the need to assist the Council through ensuring that policies are developed and monitored. This is a very significant

responsibility that enables the Council to fulfill one of its fundamental roles as policy leaders and one that also ensures the administrative independence of the staff. The decisions of a Council effectively become the policies of it. That is, whether the Council decides by way of resolution, policies or by bylaw, its decisions taken together, constitute the policy bank of the City. While policies should preferably be presented to Council according to a set format, the key to an effective Council is the recognition that its decisions become the standard (or base) upon which the administration functions and makes decisions.

We believe that the CAO and his/her administration should be bringing forward to Council key policy issues for Council to resolve which will provide the administration with clear guidance as to how such issues are to be decided in the future. Policies should be developed on issues that are either repetitive or major. That is, if the administration notes that not only a certain matter needs a Council decision but that there will likely be several other matters of a similar nature which will also require a similar policy framework, then a policy should be drafted. If the issue is significant, it too should undergo the rigorous analysis accorded to the development of a governance policy.

The CAO also has a substantive role in bringing about clarity in the separation of policy from the administrative aspects of implementing such policy. He/she needs to ensure that the staff have had sufficient training in the policy development process and thus understand the distinctions between policy and procedure. Part of this role is described in the position description as follows: "Establish procedures to ensure work is completed efficiently and effectively". Such procedures represent the "how to implement" piece of policy development. This aspect is essential as this is what brings about changes in implementation and effects how citizens receive their services.

While the administration can establish "administrative policies", these need to be developed within the broader envelope of a policy framework agreed to by Council. Part of the rationale for the CAO being so committed to this process is the benefit that policy clarity brings to an administration desirous of clarity as to both the authority to act and the flexibility to do so within the procedures established in support of the policies.

As we have advised other clients, “policies are very valuable to any organization in that they:

- ❑ serve to maintain the separation of elected officials charged with setting policy and staff who are expected to carry-out policy;
- ❑ reduce uncertainty on behalf of Council, staff, boards and committees as to what constitutes the "policy" of the day;
- ❑ promote continuity, stability and consistency of decision-making; and
- ❑ save time and effort; the small issues, which are within an existing policy(s), are appropriately handled by staff.”

Policies represent the ‘what we do ‘ of an organization. They provide certainty to the residents in terms of how an issue will be handled and assurance that other situations of the same or even similar nature will be treated with a measure of consistency. It is the role of Council to approve policies and even, at times, to suggest where a policy might be useful. It is the role of a forward-looking administration to recommend policies on repetitive and major issues without necessarily having to be prodded into action by its Council. It is then the mandate of an administration to enforce the policy in a manner consistent with the intent of Council.”

2.1.6 Relationship to the Mayor and Councillors

Regardless of who occupies either the chair of the Mayor or the CAO, there is an obligation on both to make the situation work to the betterment of the citizens of Guelph.

Such a requirement is inherent in the legislation pertaining to the roles of the Mayor and Councillors as well as that directing the responsibilities of the CAO. Again, the latter’s position description speaks to this role when it refers to the “Mayor and City Administrator to work together to ensure timely conclusion to Council projects and initiatives.”

The essence of the relationship between the Mayor as CEO (Chief Executive Officer) and the City Administrator as CAO (Chief Administrative Officer) reflects

the composite and often complex nature of local government. The former is expected to be the community's political leader representing the community will. The latter is expected to assist the Mayor and Councillors in determining their sense of the community issues and how they would like the administration to be part of the team in achieving that agenda.

The responsibilities of the CAO are made that much more challenging due to the core requirement of carefully balancing the duty to advise and assist the Council achieve the mandate on which they feel they have run and the at times contrary requirement to strengthen and support an administration who may not feel they are supported by the Council. This tension ebbs and flows during the course of many terms of office as new elected leaders arrive with their own expectations of what their roles are and what the citizens expect which may collide with the administrative style that seemed to serve the predecessor Council without much complaint.

Based on our experiences across Canada, there is nothing to suggest that a new Mayor will see the need to cultivate a positive, friendly relationship with a CAO or anyone else in the administration. The Mayor's attitude may be "There is a job to get done and while it is nice to be collegial as two arms albeit quite distinct of the same organization, we are expected to deliver." Thus, the relationship may become trusting but different. Or, as has happened in various cities from time to time, there may have been animosity between the current and former Mayors and thus the relationship the former Mayor had with the CAO may be an unfortunate yet real dividing point.

Regardless of the circumstances, the CAO is left with few choices. He/she has to find a way to make the new relationship work if he/she is to be successful as the leader of his/her administration. Quite simply, if he/she is not successful, there is a danger that his/her administration will become a divisive element and a wedge between the legislative (i.e. elected) and administrative bosses otherwise and that is likely to lead to unsatisfactory results.

The relationship between the Council and CAO needs to be characterized by an abiding respect for the distinctiveness of the roles and trust in the desire of the other party to always do what is right and honourable.

This is not to suggest that the CAO has any responsibility to provide anything other than his best professional advice and assistance. He/she should be respected as a professional who is committed to delivering first class advice and carrying out the expressed will of the Council as promptly and cooperatively as his/her role would suggest. Friendship with those in elected office can often become a barrier to effective and professional administrative service. An emotional attachment could form; a political agenda could develop; an ally for this or that cause could result; a sense of favouritism might ensue. None of these characteristics are healthy to a constructive relationship. Indeed, the Mayor has a responsibility to participate with the other members of Council in reviewing the performance of the CAO and a close friendship is likely to impinge on independent judgment.

While the relationship with the Mayor is important, the CAO's duty is to the Council as a whole. The Act is quite clear on this point and places the CAO in a direct relationship with all members of Council as a body. Its policy guidance is what the CAO needs to be sensitive to and not the whim of the Mayor. The direction and decisions of the Council are expressed by bylaw, policies and resolutions and these are what set the platform for action by the CAO.

2.1.7 Responsibility for Recruitment

The current Council in Guelph made a decision (January 19th 2004) to change the procedure in the CAO's bylaw relative to the recruitment of the senior managers reporting directly to the CAO. While there may have been a variety of factors in making that decision, this is one that we feel needs to be re-considered and hopefully reversed.

One of the primary responsibilities of a CAO is the relationship he/she builds with those reporting directly to him. Where the system works well, the Council has confidence in the judgment of the CAO and are ready to back him/her in his choices for people to fill senior staff positions. The linkage for Council with the administration is through the CAO. It is not direct to other members of the senior

management team, even though that seems to be the modus operandi of the Guelph Council.

Most if not all the CAOs we have dealt with across Canada in communities of even a reasonably significant size (i.e. over 50, 000 population) would have the authority to recruit the members of their senior team. This ensures that the onus is placed on the CAO to make sure the selections of senior staff are carefully considered because the only person responsible is the CAO. By involving other people in the selection decisions (including members of Council), the accountability for effective results is watered down and the obligation to make the process “work” is muddied.

The accountability of the CAO is negatively impacted in these circumstances and a collegial decision-making mindset creeps in which does little other than to diminish confidence in the CAO. Regardless of the rationale behind this decision by Council, the CAO deserves the opportunity to function as a professional, independent and trustworthy CAO. Notwithstanding all of the best of intents, and the capability of experienced members of Council involved in the process, Guelph Council would be wise to restore the responsibility for this process to the CAO.

3.0 Essential Elements of an Administrative System

The following highlights some of the key elements that we have reviewed across Canada and that which has also been supported by literature. These elements are required if the City of Guelph’s local government system is to function as expected.

3.1 A Competent and Confident Administration

3.1.1 Key Administrative Components

A City such as Guelph must assure itself that it is served by those who are competent in their roles and educated in the expertise required to perform their tasks. This is a multi-million dollar enterprise requiring an ongoing and growing tax burden to support the delivery of City services on an annual basis. The citizens of Guelph expect that the Council will assure itself that the services the City funds are being carried out in a competent manner.

Further, it is the expectation or hope of most residents that their Council will only expend those funds necessary to deliver needed or requested services. The Council, acting through its CAO, needs to feel confident that agreements being signed or contracts offered are essential to the effective delivery of City business. As well, the administration should be responsive to the demands of the public for service and for a prudent use of tax dollars. Regardless of whether the economy is going through a boom phase or a period of contraction, the staff of a municipality need always to be conscious of the citizens' expectation of first rate service at a cost-efficient price. The role of a municipal employee and Council is that of a steward, holding the hard-earned resources of the taxpayer (i.e. public funds) and delivering services for others.

It also needs to be made clear that the role of the administration is not to support the preferences or bias of individual members of Council, regardless of how involved they become through committees or via attendance at the offices of various City departments. The members of senior management need to develop internal protocols ensuring that the staff are protected from incursions by members of Council into their daily work activities and decision-making. Such a protocol needs to be endorsed by Council as a whole and monitored by both the Mayor and CAO. There should never be any doubt as to whom the administration is directed by in terms of policy choices or administrative decisions.

3.1.2 Our Assessment

- ❑ We were generally impressed by the calibre of the administration with whom we spoke. Most were very interested in the Corporate Review and cognizant of why it had been requested by Council.
- ❑ Many expressed encouraging comments relative to the potentially positive impact that such a review could have on the relationships between Council and the administration as well as within Council. Most as well were helpful to us in our roles as an external review team even though they realized that this review was not one recommended by the CAO or his senior management team.
- ❑ While we did not go into detail with each person we interviewed, we did review with many of them their backgrounds and qualifications as well as their position descriptions that also contained much of this information.
- ❑ While many of the staff report being with the City for an extended period of time, we noted as well (from information provided to us by the City) that four members of the seventeen person senior administration began their employment with the City since the year 2000 and that fully eleven of the seventeen assumed their current positions since 2000. Thus, in a City that has many staff in its employ for decades, the senior team is relatively new by comparison and about to get newer.
- ❑ We were less certain as to the confidence of some members of the senior administration in terms of how their positions add value to the organization. There appears to be some question, as a result of recent reorganizations, as to whether or not their responsibilities could be absorbed in other portfolios. Further, several expressed the view that their position of influence within the organization could easily be relegated based on further reorganizations over which they may not have any influence.
- ❑ Further, we were made aware of positions and personnel that have been released from the City (not in itself overly surprising) and the secrecy

surrounding those decisions (again, likely necessary given the fact that a personnel issue is involved). The larger concern lies in the rationale for the changes being made and whether or not such changes have served the City well.

- ❑ There is a sense by a significant number of the administration that the way in which decisions are often made does not line up with the City's philosophy of being informed, involved and empowered.
- ❑ Others point to incidents wherein Council members have been allowed to take a member of the administration to task over a perceived mistake in judgment or action and there is inadequate support evidenced at the management table.
- ❑ The organization also needs to provide more focus around the issue of succession planning. Some of the demographics suggest that the organization's leaders are, in some instances at least, facing an earlier than later prospect of retirement. A number of senior and seasoned managers expressed concern that the City has not been particularly proactive with respect to identifying the plan of action relative to replacing those positions deemed to be non-expendable.

3.2 *An Administration Supportive of the Council*

3.2.1 Key Administrative Components

It is essential, if Council expects to function in an effective manner, that it be under-girded by a strong, confident, well-trained and respectful administration. Municipal administrations across Canada are expected and indeed trained to be supportive of the elected body regardless of who is elected and what views they espouse. While this may pose difficulties from time to time (and it has in some communities), democracy requires that those working for the government that has been elected be outwardly supportive and helpful.

This does not necessitate the administration to become politicized nor to change their personal principles in order to support the elected governing body. Instead,

there is a long-held principle of separation of the political and administrative roles that affords both the flexibility and independence required to discharge their responsibilities effectively.

It is our view that the local government system in Guelph could be presumed to be working reasonably well from an administrative supportive perspective if:

- The administration treats all members of Council with due respect for their positions
- The administration deals with all members equally and does not see the need to take this one or that one into their confidence
- The administration is cautioned against speaking ill of any member either publicly or in City facilities
- Information is provided to all members on a concurrent basis
- Information is not slanted towards the philosophy/ideology of any particular member or faction on Council
- Information is comprehensive and straight-forward recognizing that members of Council are not expected to be local government experts (as that is the role of an informed administration)
- Decisions of Council are implemented quickly and according to the context of the Council policy or resolution.

3.2.2 Our Assessment

- Rightly or wrongly, it has been the observation and/or perception of the majority of the members of Council that the administration did/has become overly close to members of Council and that the advice presented was not, from time to time, complete or simply an administrative viewpoint. Members of the administration who spoke to the concern that individual Councillors have managed to become a part of the administrative decision-making process and have thus become viewed as supporters rather than the policy-making body, have also supported this observation.
- Each and every Council relies to a significant extent on the cooperation and goodwill of the civic administration. One cannot function well without

the other and perhaps that is why the two components have so much trouble both separating roles and building relationships. The City of Guelph is no exception in this regard. In fact, we believe that the issue of relationship building has been at the centre of much of the struggle that Council and management have had. For a number of largely inter-related reasons, there seems to have been an atmosphere of mistrust from the outset. Regardless of the talents and desire for service that all members (both legislative and administrative) express, it is apparent that rebuilding honest and constructive relationships will take time. Too much has been written into past relationships between Council and administration without the realization that each term of office begets its own sense of colleagues as well as friendships.

- ❑ While members of the administration are encouraged to view Councillors as colleagues in the same enterprise as opposed to friends, there is little doubt that some members of both do become quite close or at least develop a measure of trust and respect for one another. Unfortunately, there are problems experienced on both sides of the table whenever these relationships become so intertwined as to prevent a balanced perspective of performance on the one hand and policy leadership on the other.
- ❑ It is extremely difficult for instance, if a member of Council or even the Mayor is so linked to the CAO, that any objective assessment of his performance on an annual basis is likely to be biased.
- ❑ As was expressed to us, there is a perception that some of the Council's decisions may not have been made with complete access to the potential cost or downside of the ramifications should this or that decision fail to perform as expected. This perception has clouded the relationship between the current Council and its administration with little effort evident to us that would refute or support such views.
- ❑ The early days of this new term did little to convince the new members of Council that the administration was pleased to welcome them on board (i.e. accept the decision of the public and get on with life). While various

senior staff met with the Mayor in the early days to assure her of their support, it has been noted that this style and approach was not necessarily viewed by members of Council as the norm. As was pointed out to us by both members of Council and administration alike, the Mayor was not accorded the level of assistance a political newcomer would need in fulfilling all of the obligations that the office holds.

- ❑ We were also advised that members of the public have also expressed their concern that the information they received either during the election or prior to it was not verifiable and left them with a sense of being misled. This is unfortunate and likely represented the exception as we have been assured that the accepted norm for such communication between the civic administration and the public is the dissemination of accurate and timely information.
- ❑ There is also the perception that the administration does not always treat all members of Council with the same degree of consideration. That is, there is a view held by some members of Council that issues are more quickly or fully shared with individuals on Council rather than with the Council as a whole. This does little to build any sense of rapport or confidence and will continually undermine the efforts of those who are trying to report fully, professionally and concurrently to all members of Council.
- ❑ The Council orientation following the last election was understood by staff to be for the “new” Council members, and generally that is who was there. A separate orientation on the budget process was also provided shortly after the election with Council providing input on last year’s budget process and on what they would like to see changed. It was during these meetings that the Council requested the administration to return to Council with a budget that reflected no municipal tax increase. This resolution was presented after the budget had been prepared and printed. According to the administration, the city budget was presented reflecting a .4% decrease over the previous year. Other local boards and agencies

budgets accounted for a 3.5% increase in the budget with an additional 3.8% increase factored in as a result of the 2003 Council's decision to close the landfill by the end of 2003. (It should be noted that where Council establishes a budgetary guideline early on, the administration could pass that information along to the local boards and outside agencies advising them of the guideline that they too are expected to follow. It is likely that they could be encouraged to be respectful of Council's request in this matter.)

3.3 *An Administration Focused on City Priorities*

3.3.1 Key Administrative Components

The City must be assured that its administration is focused on getting the services and programs delivered in the most effective, efficient manner possible and according to a Council driven vision and plan. Such a plan should be a reflection of what the Council of the day views as the needs and aspirations of citizens as expressed through the ballot box. In the absence of such leadership by Council, the administration is left to guess at what plan will best anticipate the Council and be endorsed by it.

It is obviously incumbent on any CAO to try their best to extract from Council a sense of their priorities given the messages of an election. This may be gained in individual meetings, committee meetings, briefing reports to Council and the like. It should also be incumbent on the CAO to provide every encouragement to his Council to set time aside to take stock of the current situation and outline its vision, values, goals and priorities for the direction of both the community and the administration.

It is never enough for an administration to suggest that they are adrift because their Council has failed to provide the policy guidance expected. Unfortunately, the absence of policy and political guidance is apparent in many municipalities. However, that need not stop a progressive and thoughtful administration in seeking to develop its business plans.

3.3.2 Our Assessment

- If the Council is to be able to see its “agenda” pursued by the administration, then two key steps must occur: firstly, Council must establish the agenda through a strategic planning session(s) wherein their notion of what is important to their citizens is made clear. Secondly, the CAO and his administration will need to ensure that the way in which business is being done is supportive of Council’s concept of what the citizens expect. While this may not always trigger a major review of structure after every election, such a discussion should at least provoke a review of whether or not the methods by which the City’s administration tackle an issue are consistent with the change in Council leadership.
- Departmental business planning has been going on during the course of this year; most departments are new to this process whereas others had begun developing similar plans over the past few years. Some departments are very pleased with the process and felt that all aspects of the department were involved. Staff recognized that the business planning process has been good for morale and team-building. Objectives and actions were developed and pressed down into individual work plans.
- Departments developed their own mission statements within the Departmental business planning framework given that there did not appear to be any progress being made earlier in the year by Council on its Strategic Plan. While most feel that the business planning process has been a step forward, there is also the recognition that improvements are possible for the next time. The administration believes that it will have a better process for the 2006 Business Plan.
- There is concern that while the business planning has gone well, that management and supervisory staff are generating too many expectations and that it will be very difficult to achieve all of the targets.
- A number of staff expressed concern that Council and senior management were not providing strong direction to the organization due to a number of

- factors but in part due to the lack of understanding and trust as to the expectations and roles of each other.
- ❑ Individual members of Council have expressed their concern relative to the absence of a Council Strategic Plan. Such a plan would need to incorporate its view of the key priorities facing the City and their perceived sense of urgency. The first Strategic Plan for Council as a body was developed eleven years ago. Other refinements to that have been developed over the years including in this past term. This Council held one meeting on Strategic Planning in July (2004); decided to hold the completion of such a plan in abeyance until the Corporate Review was completed; then proceeded with work in this area during the late fall, with the most recent sessions held this past week (November 2004).
 - ❑ The administration has viewed Council as not being able to seize the budget process due in part to the relative newness of some members and their focus on the details. This resulted in a budget process that members of Council found to be particularly frustrating and a budget that both raises taxes and cuts into reserves.
 - According to the information provided by the administration, during the 2003 budget forecast, Council was provided with the impact of their decisions on the budget for the ensuing two years. During a budget workshop in June of 2003, Council was presented with a forecast for the 2004 budget year which predicted a 7% increase in the tax rate. The City of Guelph was not unique in experiencing this type of increase in taxation rates. Municipalities have experienced and continue to experience the effect of services and enhancements to existing services that have been shifted from Provincial levels to municipal levels. This has resulted in erosion of traditional municipal services and led to increased taxation at the municipal level. However, the Provincial government reduced the provincial personal income tax levels to all taxpayers in the province. What in effect happened was that taxpayers simply had their tax dollars

- shifted from the provincial to the municipal level to pay for the transferred services.
- ❑ The line-by-line review of budgets by a mix of Council and committees was seen by senior management as largely ineffective and a reflection more of suspicion than an attempt at a thorough orientation or sound budgeting process. Members of both Council and senior management expressed the view that their budgeting processes had to be strengthened.
 - ❑ It appears to be understood that any adjustment by a new Council in terms of its priorities vis-à-vis that of its predecessor will need to be factored in to how the administration responds to internal priorities.

3.4 *An Integrated, Collaborative and Open Administration*

3.4.1 Key Administrative Components

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

The bulk of most municipal costs lie in the compensation paid to its employees. Any effort to make the organization more streamlined and efficient impacts the deployment of resources and sometimes the structure of departments.

The public generally expect their civic services to be user friendly, and designed in such a way to make visits to City Hall as stress-free as possible. They are not expert in how the City is structured but do know that their concerns and ideas should be welcomed by the administration.

A part of the task is for the administration, led by its senior management team, to ensure that it has communications policies that support the provision of

information to the public and that enable the public to gain a feel for what new initiatives or policies are likely to be approved (or have been approved) by Council.

As we have stated previously, an effective organization is premised on the degree of synergy between the component parts and the desire of the leadership to work in a strong, inter-related collegial fashion. There are many instances wherein we sense that this is happening within the Guelph organization. However that is not the case in all areas.

3.4.2 Our Assessment

- The work done on the reorganizations by the external consultant was deemed to be both comprehensive and professional by those most linked to the process and the eventual results. The reviews of the largest departments were viewed by members of the senior management group and others as professional, logical and well-documented.
- The reviews would, in our opinion and in the minds of most of those with whom we spoke, have been of even more value had the CAO felt that he had political support for a comprehensive review of the administrative organization as a first step, followed closely by assessments of individual departments.
- The report on the Works Department indicated that the City needed to consider the importance of clear structure, positions and titles as well as reporting responsibilities.
- The actual redesign of departments has been of less concern than the creation of the commissioner positions. This recommendation/decision was not anticipated by most of the senior staff and a number felt that their roles in the organization were diminished as a result.
- It was felt that the lack of an overall framework resulted in a fractured approach and one that has led to considerable disharmony, that may not

- have been fully appreciated by all members of the senior management group.
- ❑ The fact that the whole organization was not restructured at the same time has left many people with questions as to their perceived status within the system. Simply, the focus of the re-design while it may have been premised on a desire to improve collegiality has had the opposite effect
 - ❑ While we heard comments to the opposite effect, most perceive that the new structure in certain areas has resulted in the need to create additional positions at higher than expected salary levels. In some instances, senior management advise that filling the new positions will likely result in the City having to add new people and raising salary levels to accommodate the perceived changes in responsibility.
 - ❑ There is also some uncertainty as to the need to align departments with each other in order to continue to encourage collegiality and collaboration. Without the scope of a comprehensive review, the organization (and Council) are left with the question as to whether or not the current services are aligned where they should be. That is, if a department is reviewed for its effectiveness, is there the likelihood that some of its functions will be found to fit better with another department?
 - ❑ A function such as Information Services needs to be evaluated in terms of its impact on all parts of the organization. Finance may be a better fit given that it is expected to be one of the functions that acts in a support role to the other departments. As a result, it may provide increased synergies. There were also questions as to the best location for Human Resources which is viewed as a stand alone department in a direct report to the CAO. Is that the best fit given the CAO's plan to place an executive management group together or should HR also be a part of a broader "central services/support" function?
 - ❑ While there is still some need to be reassured that HR is strictly in the helping business and is not trying to manage the affairs of other departments, HR support is seen as improving by those interviewed. The

use of employee testing is an issue that frequently was cited as an area for further discussion. Career development and training opportunities are also given low marks, but HR acknowledges the need to beef up training and is doing so. HR will need to give consideration to the workload and demands of work on others when scheduling training.

3.5 *An Effective, Efficient & Results-Oriented Administration*

3.5.1 Key Administrative Components

There are various ways by which an organization could be judged in terms of its degree of effectiveness and efficiency. While some of these could be open to the criticism that each City does its business somewhat differently, the following criteria would likely be considered germane to this discussion:

- A sense of focus and mandate
- The process of establishing priorities
- The appropriateness of the organization structure
- The number of employees
- The focus on efficiencies by the leaders
- The role of support departments and their impact
- Performance measures and their impact/suitability

While it is not necessary for the administration to continually re-visit the organization structure after every election, it is essential that the structure and the administrative resources are sufficiently flexible so as to respond to any changes in policy direction by a new Council. Often this does not require any substantive organizational change but rather an adjustment of priorities, evidence of sincere flexibility and desire to help the new elected body..

This issue also speaks to how efficiently resources are utilized in the City and whether or not the numbers of employees is consistent with the mandate of the City. While there are always differences between cities and how they are

administered and the services they offer, there still needs to be some degree of comparability in terms of the numbers of employees and whether or not the organizational growth is commensurate with that of the City's growth.

Most residents would not likely either know or care about the internal structure of a department nor would they be overly concerned about position titles. They would, however, be concerned if they became aware of position changes being made that resulted in more monies being spent as a result of position reclassifications which resulted from internal reconfiguration of what appears in certain instances to be much the same responsibilities.

While there is merit in ensuring that supervisory employees only oversee the number of staff that they can reasonably manage, this factor is but one of many in determining whether or not added supervisory levels or staffing are required. A part of being an efficient administrative organization is the development of an internal mindset that plans any change very carefully with an eye on maximizing the use of resources and minimizes the costs to the taxpayers. Such a philosophy ensures that employees at each level are encouraged to challenge any planned organizational changes based on any proposed cost increases that may or may not be justifiable.

There is also a need for support departments like Finance, IT and Human Resources to work with the operating functions rather than assuming a lead role. Organizations that want to be effective will ensure that this relationship is understood and that "support" functions are there to help other managers make informed decisions accessing the best tools available. Thus, there would be little justification for such departments or functions (e.g. Human Resources) to increase their own staffing when the actual work of implementation lies elsewhere.

3.5.2 Our Assessment

There are a number of criteria by which one could examine the effectiveness and efficiency of the administration. These include:

❑ **A sense of focus and mandate; process of establishing priorities**

- The City has embarked on a fairly comprehensive process of business planning in order to develop a better sense of what needs to be done, by who and with what results. This process, according to those whom we interviewed, appears to have been quite well-received. Most of the supervisors were involved in providing their input to the process and most believe that the training and coaching received was professional and helpful.
- Directors and Managers interviewed generally sensed a lack of focus around managing, based on inadequate corporate direction and information, and the corporate direction that they were aware of appeared fragmentary.
- A significant number of those we interviewed felt that their senior management team could be doing a better job of working together to provide strong organizational leadership.
- Similarly, while many of the staff report that the City has a history of being a good employer over the years, there has been a sense of organizational drift over the past several years. The senior management team as a separate body is viewed as colleagues but not necessarily team leaders. Some of the senior management group are well-regarded across the organization and by members of Council.
- Notwithstanding the good work done within departments on the business planning processes, a number of key leaders recognize that the administration needs to develop increased clarity around a corporate focus i.e. what are the priorities for the City as a whole; how do our departmental plans fit those priorities? This stems from the view that the organization lacks a corporate focus with key decisions being made seemingly in isolation

❑ **The appropriateness of the organization structure**

- The current structure has been viewed as ever-changing, lacking certainty and causing morale issues amongst even the more senior administrative staff
- The design is felt to be incomplete and not reflective of a strong corporate model
- Reorganization has resulted in a number of managers over technical functions with small staffs; for example, the Environment and Transportation Group has too many managers overall and some of the technical functions may need to be consolidated into other divisions.
- As another example, the attempts at creating a “culture” department have been diminished due to very real legislative roadblocks and the prevailing view that this initiative is one that should wait for the foreseeable future. While there is no question but what culture is an important element in the City of Guelph, how it is structured needs more consideration before a model is put into place.

❑ **Senior level position descriptions**

- It is apparent to us that the position descriptions for management positions need to be reviewed and developed in such a way as to not only outline the generic aspects of being a senior manager in this organization but also to detail the key aspects of each position that are unique.
- It may be preferable to have a generic position description that is applicable to members of the senior management team (similar to what we were provided) together with a “position specific” description of duties that outlines the actual requirements and expertise necessary to do the job. The latter is an important element in not only defining expectations but also useful in setting the stage for any subsequent recruitment.

- If the revised organization structure is approved by Council, a review of positions would be timely if not essential.

□ **The number of employees**

- The City has witnessed a remarkable increase in the number of municipal employees over the past five years as illustrated by the numbers provided by the City's management. We were advised that this increase was largely due to a variety of factors that the Councils have been regularly advised of and for which approval of resources has been given. The administration advise that the increases have been due to: provincial downloading, enhanced transit services, a 4th fire station, a new branch library, a new recreation centre, new garbage routes etc. Policing has been expanded to maintain the level of service mandated by the Police Act.
- We believe that a Council needs to be fully informed as to any planned administrative structural or staffing changes on an annual basis independent of the budget process such that Council can determine the current and future impact on the overall expenditures of the City. The data provided to us through various sources in the City invites a number of basic questions:
 - a. Is the staffing and administrative burden actually appropriate for a City of this size based on the range of services that it provides?
 - b. Are positions being created throughout the year and then added to the list of approved payroll once the new year begins?
 - c. What type of position control measures are being developed that would enable a committee of Council to gain a comprehensive and accurate assessment of the impacts of departmental growth?
 - d. Has the City been able to maintain the necessary balance in terms of residential/commercial/industrial growth or has this balance been shifted to the residential base?

- According to the information received from the City in response to our Draft Report, “There is policy called: The Approval of New Full Time Positions Outside the Budget process, approved in October 2003, which guides the budget holder regarding the circumstances when approvals are required by Council. There is also a position control list for all full time positions and vacant positions which are salaried which has been in effect since December 31, 2003. A similar list is currently being developed for all full time positions for the hourly staff. The Human Resources department is also leading a project called Position Control, with a view to modifying our current payroll and human resource information systems to both track and report on position information.” As well, the administration report the following responses to our earlier questions:
 - a) “City staff constantly perform best practice reviews to determine that staffing levels are adequate and appropriate.
 - b) Positions are not created during the year and then simply added to the payroll in the new year. All new positions are presented at budget time and discussed thoroughly. In the rare circumstance where a new position arises during the year, it is justified to the Finance and Administration Committee and then must have Council approval.
 - c) All new staff positions must present a business case and staff justification analysis to the Finance Department prior to being forwarded to Council for approval”
- Figures submitted to Council during the 2004 budget process showed that the compensation paid to staff was expected to increase by 17%, from \$58,000,000 to \$68,200,000. This percentage included 3% due to the contract settlement, 4% dues to OMERS benefits cost, and 10% due to increases on other benefits, grid moves and job re-evaluations. While we were advised as to the position controls policies and practices of the City, we continue to express concern relative to the fact that the City can incur such a substantive increase due to “grid moves and job re-evaluations”. Council needs to examine the current policies governing these decisions by management.

- Strong position control systems provide for the central approval of all new permanent and temporary positions, control of the creation and use of temporary positions, the prevention of hidden costs through the annualization of positions, and processes for change of temporary positions to permanent positions only if contained in the budget.
- Members of Council have expressed concern with key indicators changing from year to year. In the 2003 Budget Book given to Councillors a page on staff analysis shows under a column headed “Approved 2003 Including Expansions” 1,114.2 FTE, an increase of 12.1 over 2002. In the 2004 Budget Book given to Councillors page 250 on staff analysis shows under a column headed “2003” 1,144.3 FTE. This is an increase of 30.1 FTE positions between the time that the 2003 budget was approved and the presentation of the 2004 budget. The administration advise that “The thirty positions relate to the change in Transit Spare Board Operators. The positions have been budgeted for in previous years, but because of the nature of the work, were not counted as FTE’s. Because of the introduction of a Budget Position Control System, these employees were now added to the FTE count. This had the effect of necessitating a restatement of the 2003 Staff Analysis Summary but did not involve additional funds required”.
- Based on the input and clarifications we have received from the administration, we remain convinced that Council is not as aware as it should be as to the nature of these expenditures and any potential strategies for controlling costs. While we do not question the fact that the administration has presented the information, either the Council has not been asking the appropriate questions or the future impacts of these initiatives are lost on Council. Council needs to know where its intervention and impact are useful and how through policies it should be able to exercise better control over very significant cost drivers such as new personnel and compensation packages.

- The senior management have been trying to build into the organization a message of innovativeness and creativity. While most embrace this constructive challenge, some express concerns that the impact of each change must be weighed from a fiscal as well as innovative viewpoint.

❑ **The role of support departments and their impact**

- Further, support functions (such as finance, IT, HR) are expected to fulfill the very important roles of providing information, explaining approval processes, and developing the processes involved to expedite decision-making (e.g. recruitment).
- Although individual experiences varied, a majority of managers interviewed expressed concern relative to the style of departments such as Finance and Human Resources which were viewed as being overly focused on control rather than acting in a supportive manner. (As noted later in this report, the departments involved are aware of the perceptions of their colleagues and a serious effort has been made to correct these impressions.

❑ **Performance measures and their impact/suitability**

- A number of staff reported where a particular budget(s) had been exceeded without authorization, and apparently without consequences. This overspending has been reported by staff as having been allowed to continue for a number of years.
- We were advised by the administration that “Training is provided to all new staff by Finance staff on a regular basis in the area of the use of the financial systems, JDE and Synergen, in purchasing policies and procedures, the use of purchase cards, in the processing of accounts payable, accounts receivable, cash handling, and the processing of journal entries and recording of financial information. Training is provided on an ongoing basis to all staff involved in the input and preparation of budgets and variance analysis. All of this training is tracked by Human Resources and training manuals are provided to staff”.

❑ **Fiscal Management**

- It is our understanding that management skills are continuing to improve as staff recognize the need to take additional training. As noted, there is more focus now on the role of a support department with most of the staff seeming to see the need for collegial support rather than acting as the overall brakes for the organization (i.e. presuming to have the authority to delay approval in implementing approved decisions).
- There is an increased emphasis on enabling individual departments to lead the budget process and more expectation for departments to participate on behalf of their own functions and responsibilities.
- Variance reporting is provided by a summary sheet 3 weeks after month end, but detailed variance reports are forwarded only after review by the Finance and Administration Committee delaying this report by a reported 6 to 8 weeks. Detailed variance reports are required during the following month if issues are to be addressed by department management staff.
- Processing of all purchase orders to verify purchasing authority is causing delays in obtaining supplies and is impacting on service delivery by other departments. This process should be reviewed and possibly changed to an audit process as is now undertaken with debit cards.

❑ **Human Resource Concerns**

- There is some support across the administrative structure for the improvements made by Human Resources in acting as a resource and support department. There is increasing degree of support for the efforts being made by HR to add value through a supportive role to department managers.
- Departments were concerned with the support provided by Human Resources in recruitment, and especially in the fact that applications received were simply forwarded to the department to generate their own shortlist of interview candidates. Not centralizing this function results in wasting the time of individual managers in dealing with applications that can be filtered more effectively by a central function; i.e. applications

from individuals who apply for many City positions but who do not qualify due to lack of qualifications, a criminal record, a poor driving record, etc.

- With City staff on duty 24/7 there was concern in the organization that the City needed to be more flexible in terms of its availability to serve the public and its employees. There may be a need here for HR to provide clearer processes for after-hours responses to issues such as serious injury, etc.
- HR believes that it is gradually building a support department in a new direction, to be:
 - more responsive to needs of operating departments
 - move to proactive approach in issue management
 - build strong, effective corporate policies

□ Information Services

- There were a number of positive comments on levels of service from IT although the high turnover in IT staff has impacted the responsiveness of service due to the time needed to orient and train new staff.
- The IT function is very vulnerable without a comprehensive corporate plan. The function feels quite vulnerable without a clear vision in order to ensure that requests for expensive equipment and services are based on a thorough review of how this can be utilized on a comprehensive basis.
- On a strategic level the City may benefit from a new focus in this area via a Chief Information Officer (CIO) position whose tasks would include:
 - a. Evaluating all software proposals and determining how best to serve the entire organization
 - b. Providing guidance to other departments in their need for enhanced technical services
 - c. Coordinating the preparation of IT plans for all departments (which are currently being prepared on a one-off basis).

3.6 *An Administration Supportive of Its Leadership*

3.6.1 Key Administrative Components

Organizations do not function very well if those employed are not working relatively harmoniously with those who manage their functions. Members of administration respond to their leaders if they perceive those in authority to be supported by the level above them (and so on). Leadership and the moral authority to act do not arise simply because of position. There must be evidence of organizational commitment, loyalty, ethical foundation and the ability to move the agenda forward in order for those within the organization to feel that their support is justified.

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

3.6.2 Our Assessment

□ Relationship of Senior Management to Council

- Most commented on the need for a sense of respect between members of Council and its administration whether in Council chambers or in the environs of the office or worksite. The emphasis should be on the need for positive or at least respectful comments exchanged at the Council table between members of Council and the administration with appropriate courtesy being followed.
- This has also spilled over to meetings of the management group with the concern being voiced about the negative impact this has on junior staff.

- Some see the actions of Council in attacking the credibility of some members of management as a spin off of their lack of trust in senior management.
- There appears to be recognition that Council needs full and comprehensive advice on the key issues including the potential downside to decisions. The questioning by Council members on some of the decisions taken by the former Council is viewed as having a negative impact on the acceptance by Council of advice on other matters as well.
- There needs to be a change in the philosophy about just what a Council needs to receive in terms of the depth of information. Senior management needs to be sensitive to the level of information that Council requires to make informed decisions. The notion that senior management should ever be comfortable withholding information from Council that would assist Council in making better policy choices is foreign to the basic governance principle of transparency.
- It has been difficult for staff to function without Council leadership on the community priorities although staff has gone ahead and developed internal business plans. We understood that it is staff's intention to share these plans with Council.
- The position of CAO is critical in that this person has to be viewed by Council and staff alike as the overall administrative leader of the City. Most recognize that this requires a strong managerial team and the appropriate placement of key resources. Without a change in the leadership structure of the City, many feel that the CAO will lack appropriate access to the high level resources he needs to plan for the future.
- There was a general recognition by management of the importance of being viewed by the organization as a whole as being supportive, focused and collaborative. Management needs to be seen as prepared to bend on the issues but not on matters of personal integrity. Members

of senior management act as models for their subordinates and thus need to be very reluctant to withhold information from decision-makers.

- There is praise for the HPO initiative the CAO brought to the City although this needs to be balanced with comments and disappointment expressed that unilateral actions, albeit perhaps necessary at the time, run contrary to the principles of HPO.

3.7 An Effective Decision-Making Structure

3.7.1 Key Administrative Components

There are various “structures” at work in any municipality. Certainly one of them is the formal administrative organization structure that defines who reports to whom and what functions are grouped in what ways.

In addition to the formal structure, there is also a formalized system of making decisions and gathering/sharing information. Such a system depends to a significant extent on the use of managerial meetings wherein the group of employees who are most affected and most relevant are brought to the table for discussion, input and a combined effort to solicit the brightest ideas to resolve a particular problem or to present the most rational arguments.

Effective decision-making relies to a large extent on the ability of the CAO to gather together the best minds on an issue and to ensure that the key options and obstacles have been examined before a report is finally signed off as acceptable for the review and decision of Council. As the chief policy advisor, the CAO needs to be held accountable for consistently providing the best possible administrative advice to Council for the latter to assess, add any political flavour deemed necessary, and make a decision.

It is not incumbent upon the CAO nor his senior management team to try to “second guess” Council and put forward the advice that the Council of the day would find the most palatable. Such a focus would detract from the real role of the administration and politicize any advice that a Council might receive. The fact the Council does not agree with the advice or options of the administration is of

little importance compared with the absolute fundamental requirement for any administration to ensure that it is offering unbiased, unvarnished and unfettered professional opinions.

The best way to get access to such quality advice is for the CAO to ensure that the decision-making processes in place support his access to the advice and expertise. Thus, management teams evolve with specific mandates for moving forward the advice and reports to the CAO and Council. Each department (or Commission) should have established such team meetings and ensure that these are regularly held. Similarly, the CAO needs to ensure that he has established a logical, understood model of meetings that enables him to access and assess the information and advice needed by Council.

3.7.2 Our Assessment

- ❑ Most staff members expressed that they are content to do their work, see some degree of accomplishment, work with varied and interesting colleagues and enjoy their personal lives. They like the fact that they work for the City in which they have chosen to live and they appreciate that there are times that they can see the differences their work has made to how the City has progressed. A number of those with whom we spoke mentioned these characteristics of their work life.
- ❑ At the same time, managers, supervisors and heads of external organizations connected to the City also appreciate the need for clarity in terms of how decisions are made that impact their work, their expectations and their ability to transmit messages to their own employees. The leaders of the key City-funded organizations (e.g. Police, Library, Museum) need a clear sense of their role in the overall context and how they can be viewed as adding real value.
- ❑ One of the key concerns and issues mentioned repeatedly in our sessions was the confusion surrounding the development of administrative decision-making bodies. Some were not aware of what these were and

others regarding what impact these meetings were to have on how decisions were made.

- The following 10 key leadership groups were noted:
- The Executive Group consists of the CAO and the 2 Commissioners. It was originally understood by the direct report Directors to be variously; a “hot issues” advisory group to the CAO, a “corporate issues” advisory group to the CAO, a “sensitive corporate issues” advisory group to the CAO. It appears, however, to have become a “decision-making” group with respect to the highest level administrative decisions – such as compensation strategies and placement of various positions within the salary structure. It may, or may not, make decisions about what budget information and options are presented to Council. We have a document dated January 8, 2003 that purports to describe its role, but have no record of its existence in documentation provided by the CAO’s office. A document provided by the CAO’s office dated, describes this Group as an “Information Sharing” group. It does not note the “Purpose of Meeting” for this Group.
 - The Senior Management Team consists of the CAO and all direct reports (includes the Commissioners and the so-called Big Ds). Its role is to determine what corporate policies are required, to sanction development of such policies, oversee their development and approve them; and to take a similar role with respect to procedures. Those we interviewed felt that this is the primary leadership group that makes administration decisions respecting the budget process and responses to Council’s request for changes/alternatives, etc. (The more recently created Executive Group brings this statement into doubt as it appears to hold a more significant role as the lead administrative strategy body).
 - The Business Planning Team (aka The Directors Group) consists of the CAO, Commissioners and all positions holding the title “Director”. According to those we interviewed, this group is responsible for providing recommendations respecting budget and collective agreement

negotiations. It is also the group that works corporately on the review of departmental business plans. It is also to monitor Strategic Plans (according to a June 2003 document from the CAO's office). (An October 2004 document from the CAO's office identifies a "Project Manager" as a member of this Team but we were not able to find where this person fits in the organization).

- The Management Information Sharing group consists of all members of the Business Planning Team plus the heads of various ABCs. Its purpose is to provide a forum for information sharing. (An October 2004 document from the CAO's office identifies its purpose as Quality/Customer Service, Financial Issues, HR/Education & Training, Recognition, Council relations, Projects/Updates).
- The Management Group consists of all management employees. It is to meet quarterly to share information about corporate initiatives such as HPO, as well as general priorities and projects.
- The Strategic Planning Team is listed by the CAO's office (see document dated June 2003 Management Staff Regular Meetings Purpose & Schedule) as consisting of the Mayor, Councillors, the CAO and all of his direct reports. (An October 2004 document from the CAO's office identifies a "Project Manager" as a member of this Team but we were not able to find where this person fits in the organization). Its purpose is "initiate development and monitor Corporate Strategic Plan". It meets twice yearly.
- The Project Review Committee consists of the CAO, the 2 Commissioners and the Director of Information Services (because of her project management experience). (An October 2004 document from the CAO's office identifies a "Project Manager" as a member of this Team but we were not able to find where this person fits in the organization). Its role is to track major projects according to a set of criteria (see The Project Review Committee – An Overview – February 2002 – Carriere Process Management Ltd.). It determines if proposed projects get into

the 5 year capital budget, and once on-line as projects, this Committee monitors the current projects on a monthly basis, maintaining pressure on the responsible department to improve performance on the progress of the project. We are advised that the PRC can make a decision subject to the CAO's approval.

- In addition to the foregoing, each group, department, and some divisions will have Management Teams that meet on both systematic and ad hoc bases. These teams are responsible for adding value to the internal decision-making processes and planning activities of their respective functions.
- Most of those to whom we spoke were unclear as to the mandates of the various managerial decision-making groups and even less clear as to where decisions were being made. There did not seem to be much awareness as to any formalized mandate for these groups nor how they impacted the authority granted the CAO. The fact that such a diverse group of managerial advisory and decision-making bodies exists is not the key issue. Rather, the difficulty in determining who does what and with what degree of impact or influence is relevant. The senior management would be wise to add clarification through developing clear terms of reference and., once having done so, stick to these roles unless revisions in these mandates are communicated by the CAO.
- The concern has also been voiced as to the regularity of meetings held by the foregoing groups. While some may be issue specific and thus meet on an irregular basis, the others have an ongoing mandate which would seem to necessitate regular meetings. It is our view that the senior management team (whatever the label) should be meeting weekly to consider amongst other topics: strategic issues, address any policy concerns that require the attention of Council, review management reports that are to be placed before Council, and provide insight to each other on new and emerging issues.

- ❑ The administration express the view that Guelph is caught between being a small urban centre and a big city and that the changes in organizational culture perhaps mirror what is going on in their own civic environment. In prior times, there seemed to be less formalized leadership, and as a result, there were very few formal protocols.
- ❑ With respect to the decision process vis-à-vis Council,
 - Staff are not aware of any follow-up process applying to Council resolutions, and see that solely as a management function.
 - Staff report that the standing committees add value to the process particularly when reviewing policies and bylaws and have suggested worthwhile improvements.
 - There is a general belief that the Council's agenda practices should be reviewed. Some of the problems experienced by Council may be a function of the practices that have been developed over time but which all members of Council may not understand and which may no longer be as effective as earlier believed. Council, like the administration, needs to be aware of where decisions are being made; what issues are expected to be placed before the committees; and what decisions are only to be made by the Council.
 - Opinions vary quite considerably as to what constitutes items to be placed on the "Consent Agenda". There was some confusion amongst those who appeared to have a good understanding as to the functioning of a Council as to why certain items would not be taken direct to Council through management processes by the CAO.
 - There is also considerable uncertainty as to what items need to be placed on the agendas of standing committees and who has the authority to exercise that power.
 - Some of the management body felt that an option may be to use a Committee of the Whole process to discuss the significant, policy related issues such as the mechanism currently used for the budget process.

3.8 Open, Transparent and Consistent Communication Practices

3.8.1 Key Administrative Components

Municipalities exist to serve the public. They perform services and operate facilities in a manner that the citizens of the community are well served. They rely on effective communication such that the information needed by employees to get the job done, is readily available. Given the size and complexity of a city the size of Guelph, this is a significant undertaking.

Communication, in order to be effective, must:

- Be regularly provided
- Be widely distributed to those who need to know
- Be easily understood by all levels of the organization for which the information is intended
- Be credible, that is, perceived as an honest assessment of what is happening (or has happened)
- Be transparent such that those most directly impacted can review the process of how decisions were made and understand their implications
- Be consistent in that messages are seldom viewed as “stand alone”
- Be available so that those who either need to know or whose work is affected by the decisions being made can have access to the information on a prompt, comprehensive basis.

3.8.2 Our Assessment

- Communication relative to administrative issues or messages designed for the public are carried out through a large number of department-based initiatives. While this is appropriate, the lack of coordination of communications to the public results in this being less effective than it should.

- ❑ Quality of the communications varies from department to department, with corporate communications such as the website and emailed newsletter lacking quality and themes.
- ❑ Current communications staff members lack the mandate to coordinate the themes, content and quality of all communications to the public.
- ❑ Some levels of the organization do not receive the degree of information that they should; there is a sense that the communication flow is not crossing over the barriers between management and supervisory levels
- ❑ In the area of Corporate Communications our assessment was that:
 - There is no “corporate” communication in Guelph
 - There is only one department that has designated communications staff, and those resources are within the E & T group. A very recent position advertisement suggests that the City has determined that this department requires an added resource. (We have been subsequently advised that Community Services also has a person designated for the functions of communications and marketing but have not been able to seek clarification as to the validity of that statement. If it is true, then the organization may not be aware of the functions performed by this person as we were informed by several sources that only E & T had such a resource).
 - We have been advised that the original concept relative to corporate communications was for a strategist to be hired for the entire corporation but that it was approved as a position within E& T instead.
 - Others, tasked with “information sharing” do that as an add-on to their regular job and do little of it now that there is no professional firm providing guidance (and likely a bit of prodding).
 - Information sharing is different than communications – the former is about getting materials into the hands of others – the latter is about relationship management, image building and management, issue management, branding, etc.

- There was a communications firm on retainer, but that was cut from the 2004 budget (although funds have obviously been found to add an additional position in communications to the E & T group).
- Staff saw the new reporting format for Council and Committee reports as easier to use and having more consistency thereby allowing for improved training of staff on their use.
- There is some support for the notion of reviewing how Council's communications are discharged and what resources in this regard should be added to the Mayor's office given that no one at present is ensuring that the messages of Council are getting out. Some of the administration are aware that the Council is concerned that they have no communications resource although ironically one of their principal mandates is to get the messages of Council out to the community.

3.9 *A Collegial, Cooperative Organizational Culture*

3.9.1 Key Administrative Components

The culture of any organization conveys a number of messages such as how open it is to change, its degree of perceived friendliness, the opportunity for promotion and training, the degree of flexibility relative to how things are done, the morale of employees, their sense of feeling like one of a larger family, the way in which communication is handled, and so on.

While we have spoken to some of the issues relating to organization culture in other aspects of this Report, we need to also shed some focus on whether or not an organization senses that it is working in a collegial, cooperative manner.

This refers to how well the employees perceive their section or division is considered a valued part of the larger whole. It also depends on and whether or not information is shared and if administrative resources are considered a part of the City as a whole or as primarily the property of a department.

Municipal administrations are increasingly seeing the importance of creating work teams that transcend departmental structures and that are created as a recognition that many issues are not rigid nor owned by only one segment of the organization. Most issues are multi-faceted in nature. They may easily involve several departments or sections of a department. The breadth of such issues might require the input of police, fire and transportation officials or recreation, culture and IT staff, or business planning expertise along with human resources and administrative support.

3.9.2 Our Assessment

❑ Open to Change

- Most of those interviewed felt that the organization has been open to change and willing to adjust when necessary.
- In terms of the establishment of a culture of empowerment, there has been some effort and dollars expended in having senior management attend the University of Virginia for training in empowerment and high performance organizations.
- Others who may not have been part of this training to date question whether or not there is an organizational commitment to incorporate the themes of HPO into the culture of the entire City.

❑ Degree of Friendliness/Morale

- The City is seen by most as a friendly place to work with many having personal friends on staff while others simply express respect for their colleagues.
- Morale is viewed as quite low due to a series of factors including the perceived reaction to the administration by Council members, departmental re-designs, this Corporate Review and the changes in practice such as the new emphasis on business planning. Like most organizations, change is easier to discuss than to embrace.

❑ Opportunity for Promotion and Training

- Staff express that there have been significant opportunities for promotion since the spate of departmental re-designs. This has been viewed quite positively given the increased potential of moving up within this organization.
- Training is viewed as more restrictive but also improving; comprehensive development plans are being prepared for senior executives; management staff are encouraged to pursue ongoing development; a comprehensive needs analysis was developed in 2003.
- HR reports that 1693 employees attended 161 training sessions in 2003, participating in mandatory training, employee development, and management development. Again, the focus on employee development should be viewed as a positive for any system wanting to ensure continuous improvement.

❑ Sense of Flexibility

- While dependent upon the nature of the work and the personality and confidence of the boss, many of those interviewed felt that there was sufficient organizational flexibility.

❑ Team Environment

- The general perception reflects the fact that senior management have been focused on their departments and, as a result of the time required for those responsibilities, little effort has been made to work with other departments in a team environment. This is not to suggest that staff are unwilling to attempt this but simply that most believe that they have not been given many opportunities to do so.

❑ Impact of Contact by Council Members

- Contact by Councillors with City staff appears to be completely unregulated. Some staff members have expressed concern that there is no apparent limit (nor a protocol) placed around members of Council and their access to individual departments. While this does not apparently

refer to all members of Council, it is significant enough that the administration should draft a policy for all of Council to consider. No one on staff wishes to unnecessarily limit the access by members of Council to information deemed essential to the decision-making processes but where such information is needed, all members of Council should be equally informed.

- We were unable to locate any protocols dealing with this issue although most members of Council are viewed as having respect for the independence of their administration. Some may be more available than others or may have a key issue that they are trying to have incorporated into how the organization views a particular issue.
- Staff members suggest that the lack of protocol may be acceptable in a term wherein Council members trust each other but in today's environment, this can place tremendous strain on members of the administration.

4.0 The Administrative Structure: Our Assessment

One of our terms of reference requires us to comment on the organization structure currently used by the City of Guelph. We have reviewed this with those whom we interviewed (some with respect to the general structure, the others with regard to their department or commission). We sought the opinion and input on what works well and what elements perhaps need to be changed.

The structure of any organization is an important element in communicating both inwardly as well as to an external marketplace the manner by which decisions are made and messages communicated. Organization structure influences so many aspects in the life of an organization, many of which may not be readily apparent to those not a part of the organization. It sends messages relative to reporting responsibilities, importance of the position, responsibility for the work

and lives of others, compensation level, access to key decision-makers, perceived prestige, collaboration with complementary functions, and so on.

Organization structures serve a multitude of functions including the need to structure people in such a way so as to ensure that the necessary decisions are made in a timely fashion while utilizing the skills, expertise and experience of those most related to that part of the business. The structure is also reflective of what resources are needed to get the job done and the organization's sense, in many ways, of the business that it is in.

The structure must serve to:

- Ensure that those charged with making decisions have access to those with the most reliable information
- Reflect the breadth of the services delivered so as to ensure that each of the essential elements are represented by a senior manager
- Enable those who have relevant expertise and key pieces of information a place at the decision-making table
- Ensure that the subordinate staff are able to access the leadership necessary to make quick and informed decisions.

Structures are often more important to an internal audience than to the external one. As long as those contacting the system can get access to desired services in a prompt and inexpensive manner, the fact that Charles reports to Edith is of little consequence.

Internally, however, is a much different story. Here every decision affecting structure is watched to see if there is any advantage or disadvantage personally in terms of prestige, access and future promotional prospects. The structure is often one of the key impacts relative to how decisions are made and who has the necessary access to the final decision-makers to influence the outcome of important projects and proposals. Any change therefore is often subject to the worst interpretation based on a lack of evidence to the contrary.

Because structure also carries with it a substantial influence on cost (i.e. salaries), the governing body is also concerned and often wants or demands a say in such changes. Regardless of protests to the contrary, any adjustment to a

structure impacts the salary expectations of those involved. Designating a senior staff member as a “Commissioner” without changing any substantive aspect of his/her responsibilities will result in the person so appointed checking with other “Commissioners” in other jurisdictions to see what the salary range should be. Elevating staff positions from the rank of Manager to Director has the same implication. For many staff, the question might be asked “What changed?” And the answer might be: “Very little”.

Given that we have previously outlined our observations on the importance of structure and the messages conveyed by structure, as well as the concerns of both members of Council and the administration, our own observations relative to the City of Guelph structure now follow:

- We find that:
 - There is no clear and consistent appreciation for the leadership structures within the City administration. The relatively recent creation of the “Executive Group” did not sit well with the other direct reports to the CAO. There was surprise and concern expressed when the “Executive Group” turned out to be a decision-making body. This was apparently not clear to those in management positions.
 - As noted earlier, the administration are aware of the existence of a number of other decision-making and discussion forums albeit the actual terms of reference of these are either non-existent or limited in their circulation.
- We are advised that the City did commission a major firm to do an Organization Review which was concluded in October of 1999. This report provided a number of recommendations as noted in the report to the Finance and Administration Committee. Some of these are relevant herein and include:
 - The City’s vision and mission statements and the departmental strategic plans and goals were consistent
 - *The organization structure is not in need of any major adjustment*
 - The need to adopt values statements

- Council and senior management should review the committee structure to realign its governance of program and service delivery goals.

That report to the Finance and Administration Committee on behalf of senior management indicates that once the organizational changes are completed, Council should review its current committee structure.

In terms of major adjustments and the pace of organizational change, a lot has been happening since that report in 1999:

- A Realty Services Division was established within the Legal Department (2000)
- Planning and Development was reviewed and Business Development and Planning split into two separate departments (2000)
- The then Works Department was reorganized into what became the Environment and Transportation Group (2001/02)
- The IT Division was reviewed (2002)
- Visitor and Convention Services moved from Parks and Recreation to Economic Development (2003)
- The Community Services Group was restructured (2002-03)
- The Finance Department is being reviewed (2004)
- The Economic Development Department is being reviewed (2004)
- The Clerk's Division is being reviewed (2004)
- The Human Resources department was reviewed & restructured (2003-04).

4.1 Our Observations Re: Organizational Design Issues

Based on our assessment of the organizational structure and the processes utilized, we express our concern in the following areas:

- The message from the foregoing summary is that there were a number of significant changes (in the opinion of the City) that needed to be made and were made. This is at odds with the report the City commissioned in 1999 (and which was presented to the Finance and Administration Committee) that indicated that “*The organization structure is not in need of any major adjustment*”.
- The lack of an overall structural framework has inhibited the City’s ability to place the reports in a general context. While a number of departments or functions have been reviewed, there remains the question “Are the services being delivered appropriate to a City of our size and are they placed in the most logical administrative framework?”
- Members of City Council have expressed concern about the changes that have been made and are being contemplated in terms of how they impact the cost of delivering services and the number of personnel needed in addition to those already employed.
- The use of different titles and the messages around who has what power and access to authority has negatively impacted organizational morale and possibly productivity.
- The fact that the Commissioner positions were created as apparently “one time” events has not provided any real sense of a planned and logical approach to this important component of how an organization works. A number of the management personnel offered their view that there were other Commissioner positions in the proposal stage but that the philosophy at the time must have favoured a “go slow” approach. (We asked for but did not receive a copy of the motions by Council approving of the creation of each of these Commissioner positions. We were recently advised that there were no motions approving these positions).
- While the two “groups” work more closely together, there is still a “silo mentality” very much in evidence in Guelph; there have been limited opportunities created for staff to work collegially on task forces or joint projects although this may be planned for the future.

- While the restructuring of the two major departments was deemed a success by senior management, a number of those whom we interviewed, particularly in the Community Services group, questioned the underlying rationale for the restructuring which, in a number of cases resulted in only a title and compensation change. The information base upon which the restructuring occurred is deemed to be useful in formulating comparisons with other similar municipalities.

4.2 Commissioner Model

We find that:

- 4.2.1 As with any organizational re-design, there will always be supporters and detractors. This is to be expected. Because of the implications associated with any structure, there will likely be an emotional response from those most affected.
- 4.2.2 The assumption is made that the current design emanated from the thinking of the CAO as administrative leader based on what he felt at that time as the most appropriate structure to enable him to respond to the issues facing the City. A report was commissioned on the Works Department that also included comments relative to the structure of the City as a whole.
- 4.2.3 At the conclusion of the review processes, we were advised that the organization structures for the two departments (E & T, Community Services) were presented to the Council of the day as “information” and that Council was not asked for its approval.
- 4.2.4 Members of the senior management group and administration taken as a whole have identified the positives in the new structure as well as the concerns they have relative to how well it actually works.
- 4.2.5 The principal concern that we have relates in part to how the new structure was introduced and, secondly, whether or not there is sufficient justification to support keeping the model.

- 4.2.6 The structure appears to have arisen out of an earlier review of the former Works department and subsequently reinforced by a review of Community Services. The discussions at that time appear to have included a focus on what other organizational models existed and whether or not there may be value in considering the adoption of a new model.
- 4.2.7 The fact that so much of the work of the City was focused within the two broad areas of Works and Community Services seemed to suggest that having these areas set apart from the other City functions made good sense. This was perceived as a reflection of how the communication functioned and an opportunity for the CAO to have a stronger inner core of advisors on the major City issues.
- 4.2.8 Most staff agree that the present amalgamation of organization types is difficult to understand and use in day to day operations and communications. Those within the administration argue (in the main) that the new structure has been viewed as a setback by some and that it creates unnecessary roadblocks to good decision-making.
- 4.2.9 It is our view that the implementation of the “Commissioner” structure resulted in an increase in management staff (at least in one department) and higher compensation levels in the organization. In terms of the reaction of supervisory and other staff with whom we spoke or who contacted us independently, their belief is that the new structure has increased the delays in processing reports and obtaining decisions.
- 4.2.10 The strengths of the current model as described to us and as they appear to us are as follows:
- Increased focus on the City’s strategic issues
 - Improved coordination of various city departments and functions
 - Separation of the operating functions and departments from the political element so as to enable more focus on operational considerations

- Reflection of the obvious discrepancy between the larger departments (now commissions) and those departments that serve more of a single focus

4.2.11 The weaknesses of the current model as described to us and as they appear to us are as follows:

- Confusion within the organization as to who constitutes the decision-making bodies and authority of the City
- An added layer of managerial expertise
- Resentment internally as to who constitutes the inner and outer circles (the Big D and Little D scenario)
- A sense that if the Commissioner model made sense why not implement it at once and why stop where it did (i.e. why not add the one or two other Commissioner positions that would seem to fit i.e. Corporate Services, Planning and Development Services)
- The absence of Finance at the senior level table given the predominant impact that Finance has on the operation of any City.

5.0 The Proposed Alternatives and Our Analysis of Strengths and Weaknesses

5.1 Management Decision-Making Structures

5.1.1 The manner by which the senior administrative leadership of the organization uses resources and time to make decisions is also of concern. The information that we requested and received from the organization cited at least four versions of the leadership structure with various descriptions of their titles. The most recent iteration has seemingly evolved without much notice to the senior administrators (non-executive group).

5.1.2 There is also a limited degree of understanding as to the mandates of the various management groups. Those whom we interviewed were

not consistent in their description of the various meetings they attend or the purpose of those team meetings. The purpose of management level meetings needs to be clear to all the participants so that their efforts are focused where they need to be and the purpose of each management group is “value added”.

- 5.1.3 We cannot overstate the importance of effective communication. If the senior management group is to be effective on behalf of the City and make quality decisions, then there needs to be a decision-making structure internally that is understandable, accepted and balanced. The present management group meetings do not meet those criteria and are not nearly as effective as they should be.
- 5.1.4 There are significant decision-making powers within the authority granted the Chief Administrative Officer. This power needs to be used effectively on behalf of the City and in such a manner that it captures the enthusiasm of the people reporting to the CAO. Thus, we believe that the meetings being held at the senior level need to be both informational as well as forums for decisions, at least those that are applicable to that level(s) of the organization.
- 5.1.5 We see the need to simplify the meeting structure and to remove any uncertainty or unintended mystery.
- 5.1.6 There can only be one Senior Management Team. By its nature, THE Management Team must include all of the direct reports to the CAO – irrespective of the titles. It must have a clear and current mandate that reflects what the CAO needs to lead the organization. The Team should also be clear where the mandate of the CAO allows him to over-ride its decisions, and where the CAO may need to work outside of that team’s mandate. The mandate should be crystal clear, subject to no misinterpretation.
- 5.1.7 The concept of an “Executive Group/Team” comprised of SOME direct reports delivers a very clear message that those on the Executive Group hold positions of higher status than the direct reports who are not members of that group. If that is NOT the message the CAO wants

to deliver, it is a structural weakness that will undermine any organization. This is a fundamental tenet of leadership.

- 5.1.8 The Senior Management Team (SMT) can have any number of advisory groups/teams, again irrespective of their titles. Each and every one should have a clearly defined role and mandate that is set down in writing. Each of these mandates must be known and acknowledged by SMT and the members of the advisory group/team, and must be generally well communicated to the affected group.

In addition, each group, department, and some divisions will have Management Teams that meet on both a systematic and ad hoc basis.

5.2 ***New Structural Alternatives***

- 5.2.1 It is essential that the criteria for making any of these choices are clear to both Council and the administration. We have outlined some of these in our discussion of the recommended model. Central to any such discussion should be: what works best? How can the citizens of Guelph be assured of the best service level at the most effective and efficient cost? This will ensure a discussion of issues such as: optimum number of direct reports to the CAO; availability of key resources to Council and to the CAO; complementary groupings that ensure easy integration; organizational readiness and morale; decision-making; and so on.
- 5.2.2 There is always one solution at least in the consideration of structural models and that is to proceed with the current model. The CAO has initiated the Commissioner Model, so continuation of that model must be an alternative.
- 5.2.3 The Commissioner model could be expanded through adding two additional Commissioners, namely:
- Corporate Services (or some other name), grouping Human Resources, Legal, Clerk/Information Services and Finance under that umbrella; and Planning, Building and Development Services as

a second umbrella. There are also other functional groupings that could be developed and these are outlined in the attached alternate structures. (We see the need for Economic Development to report to the CAO as a separate function regardless of what structure is eventually approved).

- 5.2.4 There is merit in giving this expanded model consideration in that it would assure the Council that there will be the presence of two of the more significant areas of ongoing concern at the senior level table, namely Finance and Planning. Such a model would also ensure that the influence and importance of Legal Services, Human Resources and the Clerk's functions are also available (through the head of Corporate Services) and that the Development related functions would be at the table in the person who heads up those related and very important functions. This expanded model would be based on the assumption that the head of Finance would also head up the Corporate Services Department. If that were not the case, the arguments in favour of the expanded model (in our opinion) would diminish considerably.
- 5.2.5 Another alternative is to reconfigure the two current Commissions, add one more (i.e. Corporate Services) while retaining Legal Services and possibly a traditional Clerks operation as direct reports to the CAO. In this latter scenario, the role of the Clerks operation would be limited to minutes, agendas, records, vital statistics and MFIPPA matters while everything else would be reallocated to other organizational groupings.
- 5.2.6 A third approach is to dismantle the Commissioner model (a solution that would require the elimination of two key senior positions) and the re-shaping of functions under a restructured General Manager (Directors) model to achieve the best available structure and reasonable span of control. In the models created and reflective of these characteristics, the General Managers would each report directly to the CAO and would be responsible for providing high level advice, coordination of key functions, policy development and review,

oversight to significant projects, collaboration with other departments, and direction/supervision of the functions that are now reflected within the Director level. This model would replicate the current direct reports with all considered a part of the senior management team.

Option A: Commissioner Structure (Three Commissioners)

Description: Reporting to the CAO will be the four staff advisory positions of City Clerk, City Solicitor, Director of Economic Development and a Corporate Communications Strategist as well as the three Commissioners-Corporate Services, Community Services and Planning, Environment and Transportation

Strengths:

1. The model continues the Commissioner model and thus is relatively straight-forward for the organization to make the adjustments necessary.
2. The model reduces to a certain extent at least the confusion as to who reports to directly to the CAO and thus who is considered a member of the Senior Management Team. (The Corporate Communications Strategist would be considered a staff function and an adjunct to the office of the CAO.)
3. It places the City Clerk, the City Solicitor, the Economic Development Director back at the management table. While every portfolio is important, these are critical for various reasons:
 - City Clerk-needs to be involved at the outset of issues so as to ensure the appropriate handling of such issues by the Agenda Committee and by Council; to be available in terms of any required briefing as to legislative issues; and to be better grasp the nuances of issues so as to brief the Mayor in a thorough manner

- City Solicitor-needs to be involved given the significant and serious legal issues that confront the City from time to time and which can have a very high degree of impact on the confidence of a Council in terms of their handling
 - Economic Development Director-given the important liaison that position has with any proposals for increased economic activity which impacts the bottom line of the City and the role he will play in terms of his involvement with key City businesses and major employers as well as with major City land sales
 - Corporate Communications Strategist-this person will be responsible for communicating administrative messages to the community and thus should be at the table when decisions are being made; this position may not need to be in attendance at every meeting or for every item
4. The model ensures that the important Finance portfolio (that does or should impact most administrative reports and decisions) will be at the senior level decision-making table, in the position of Commissioner of Corporate Services.

Weaknesses:

1. The model adds one additional senior level executive and the costs associated with that in terms of salary and potentially added office administration costs, plus the potential costs of backfilling a Director position.
2. The model eliminates the presence of Information Services and Human Resources from being in a direct report position to the CAO with both of these support functions reporting through the Corporate Services portfolio.
3. The model may not add the value necessary in terms of collaboration, synergies, effectiveness that the structuring principles require.

4. Planning and Development is still not represented directly at the table and thus some of the City's key issues are still one step removed from informed discussion.
5. The issue relative to the "Commissioner " model has not been addressed and may be considered a significant weakness.

Option B: Commissioner Structure (Four Commissioners)

Description: Reporting to the CAO will be the four staff advisory positions of City Clerk, City Solicitor, Director of Economic Development and Corporate Communications Strategist as well as four Commissioners-Corporate Services, Community Services and Environment and Transportation and Development Services

Strengths:

1. The model continues the Commissioner model and thus is relatively straight-forward for the organization to make the adjustments necessary.
5. The model reduces to a certain extent at least the confusion as to who reports to directly to the CAO and thus who is considered a member of the Senior Management Team. (The Corporate Communications Strategist would be considered a staff function and an adjunct to the office of the CAO.)
2. It places the City Clerk, the City Solicitor, the Economic Development Director back at the management table. While every portfolio is important, these are critical for various reasons:
 - City Clerk-needs to be involved at the outset of issues so as to ensure the appropriate handling of such issues by the Agenda Committee and by Council; to be available in terms of any required briefing as to legislative issues; and to be better grasp the nuances of issues so as to brief the Mayor in a thorough manner

- City Solicitor-needs to be involved given the significant and serious legal issues that confront the City from time to time and which can have a very high degree of impact on the confidence of a Council in terms of their handling
 - Economic Development Director-given the important liaison that position has with any proposals for increased economic activity which impacts the bottom line of the City and the role he will play in terms of his involvement with key City businesses and major employers as well as with major City land sales
 - Corporate Communications Strategist-this person will be responsible for communicating administrative messages to the community and thus should be at the table when decisions are being made; this position may not need to be in attendance at every meeting or for every item
3. The model ensures that the important Finance portfolio (that does or should impact most administrative reports and decisions) will be at the senior level decision-making table.
 4. The model ensures that the important portfolio of Development Services wherein Council spends much of its decision-making energies will be at the table and a major part of the decision-making process.

Weaknesses:

1. The model adds two additional senior level executives and the costs associated with that in terms of salary and potentially added office administration costs, plus the potential costs of backfilling a Director position.
2. The model eliminates the presence of Information Services and Human Resources from being in a direct report position to the CAO with both of these support functions reporting through the Corporate Services portfolio.
3. The model may not add the value necessary in terms of collaboration, synergies, effectiveness that the structuring principles require.

4. The issue relative to the “Commissioner “ model has not been addressed and may be considered a significant weakness.

Option C: General Manager Structure (5 Operational Departments)

Description: Reporting to the CAO will be the four staff advisory positions of City Clerk, City Solicitor, Director of Economic Development and Corporate Communications Strategist as well as five General Managers –Operational Services, Corporate Services, Community Services, Emergency Services, and Development Services

Strengths:

1. In addition to the advantages listed for the Clerk, City Solicitor, Director of Economic Development and Corporate Communication being at the table, the following also pertain.
2. The structure will be somewhat flatter than either Commissioner model with the addition of one more department as a direct report (i.e. Emergency Services is presently a sub-function of Community Services and this proposed structure raises that to a departmental level).
3. This proposal eliminates one layer of the current management structure and again places the department heads on the same footing.
4. The proposal will be less expensive with the Commissioner positions seeing their compensation frozen at their present levels until the rest of the system catches up.
5. The significance of Emergency Services is recognized in this model and adds value to the discussions at the management table. An issue as important as peacetime emergencies is also kept at the forefront of the management group.
5. The model resolves the issue as to who will constitute the inner executive circle for strategy and corporate planning purposes.

6. The model ensures that the important Finance portfolio (that does or should impact most administrative reports and decisions) will be at the senior level decision-making table.
7. The model ensures that the important portfolio of Development Services wherein Council spends much of its decision-making energies will be at the table and a major part of the decision-making process.

Weaknesses:

1. The structure now reflects nine people reporting to the CAO, which we do not find onerous but some may.
2. The change from the Commissioner model will need to be addressed carefully in terms of any personnel implications.
3. The model eliminates the presence of Information Services and Human Resources from being in a direct report position to the CAO with both of these support functions reporting through the Corporate Services portfolio.

Option D: General Manager Structure (6 Operational Departments)

Description: Reporting to the CAO will be the four staff advisory positions of City Clerk, City Solicitor, Director of Economic Development and Corporate Communications Strategist as well as six General Managers –Environmental Services, Operational Services, Corporate Services, Community Services, Emergency Services, and Development Services

Strengths:

1. In addition to the advantages listed for the Clerk, City Solicitor, Director of Economic Development and Corporate Communication being at the table, the following also pertain.
2. The structure will be somewhat flatter than either Commissioner model with the addition of two more departments as direct reports.

3. This proposal eliminates one layer of the current management structure and again places the department heads on the same footing.
4. The proposal will be less expensive with the Commissioner positions seeing their compensation frozen at their present levels until the rest of the system catches up.
5. The significance of Emergency Services is recognized in this model and adds value to the discussions at the management table. An issue as important as peacetime emergencies is also kept at the forefront of the management group. The model resolves the issue as to who will constitute the inner executive circle for strategy and corporate planning purposes.
6. The model ensures that the important Finance portfolio (that does or should impact most administrative reports and decisions) will be at the senior level decision-making table.
7. The model ensures that the important portfolio of Development Services (wherein Council spends much of its decision-making energies) will be at the table and a major part of the decision-making process.

Weaknesses:

1. The structure now reflects ten people reporting to the CAO, which we do not find onerous but some may.
2. The change from the Commissioner model will need to be addressed carefully in terms of any personnel implications.
3. The model eliminates the presence of Information Services and Human Resources from being in a direct report position to the CAO with both of these support functions reporting through the Corporate Services portfolio.
4. The structure separates the Operational Services from Environmental Services which we would see as eliminating the degree of synergy that already exists within the present structure.

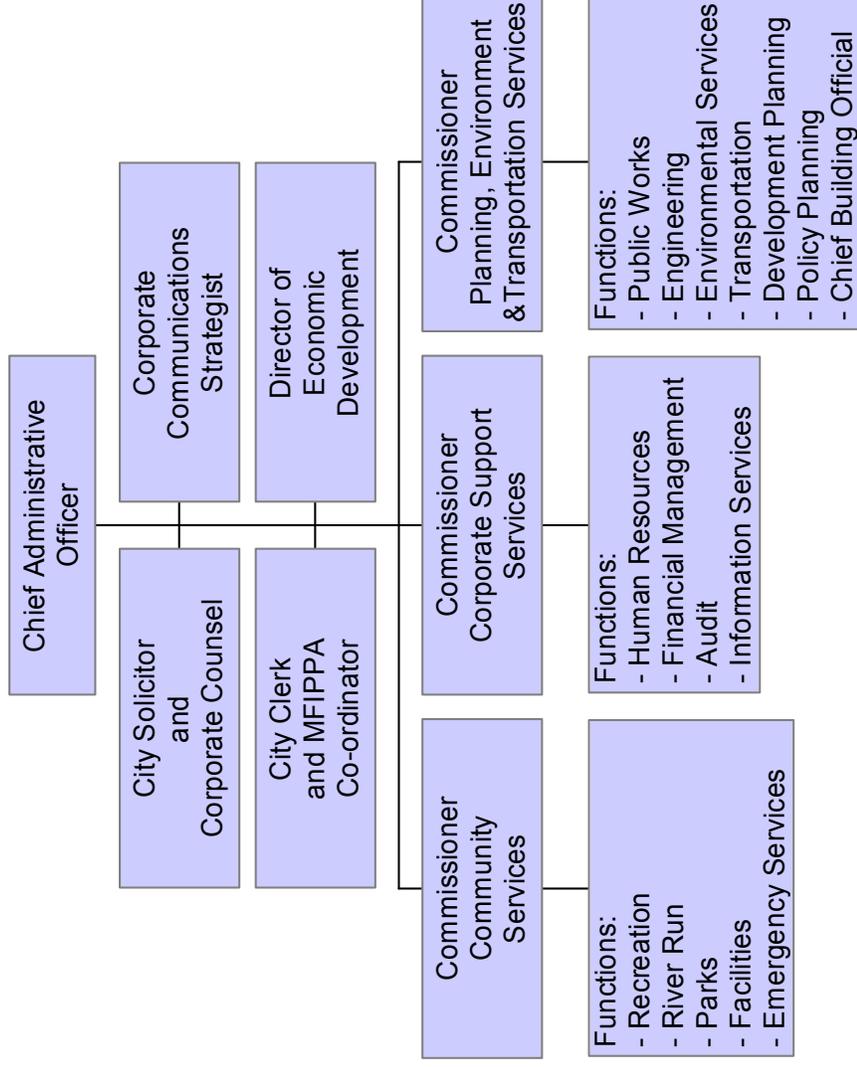
6.0 RECOMMENDATIONS

| Recommendation | Responsibility | Timing | Status |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|--------|
| 1. We recommend that Council accept The Corporate Review, Volume Two "in principle". | Council | Immediate | |
| 2. We recommend that Council accept the proposed Administrative Model "Alternative C" and refer the implementation of this model to the new CAO. | Council | Immediate | |
| 3. We recommend that Council review its decision relative to the authority of the CAO to recruit the senior level direct report officers; and that Council delegate this authority to the incoming CAO by way of a revised position description and bylaw. | Council | Immediate | |
| 4. We recommend that the new CAO brief Council relative to internal processes of determining how new positions are assessed; what levels of the organization are entitled to make what decisions relative to new hires; and what Council's obligations and controls are and should be to ensure adequate fiscal and service delivery leadership. | CAO | 2005 | |
| 5. We recommend that the CAO and Director of Finance review and report to all members of Council on the current administrative policy or approach to budget variances in relation to approved budget and what adjustments are allowed relative to any budget shortfalls. | CAO/Director of Finance | January 2005 | |

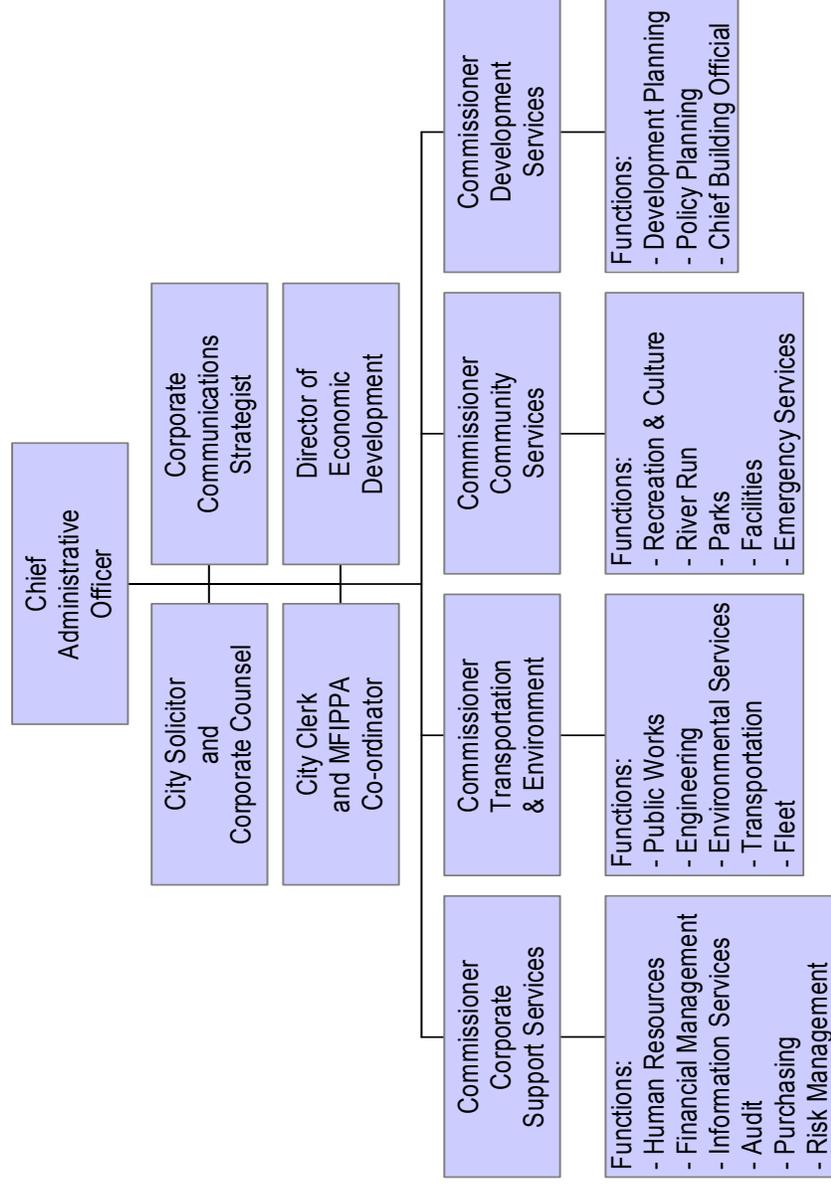
| Recommendation | Responsibility | Timing | Status |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|--------|
| 6. We recommend that the CAO be requested to report to Council on recommended steps in ensuring that all management staff are aware of the authority of each of the management decision-making and advisory groups. | CAO | 2005 | |
| 7. We recommend that meetings of the Senior Management Team be held weekly with the CAO acting as chair of these meetings; that the terms of reference of this body be clearly identified in administrative policy; and that any issue being forwarded to Council for decision be reviewed by this body to ensure that clear policy advice is being presented. (It is understood that the work of this body is not meant to usurp the advisory role played by the CAO but rather to complement it). | CAO | January 2005 | |
| 8. We recommend that the administrative communication resources report to the CAO such that the corporate body has full and unhindered access to these resources. | CAO | January 2005 | |
| 9. We recommend that the CAO ensure that Council receives comprehensive yet succinct advice and policy options so as to be able to make its decisions in complete confidence that all relevant information has been placed on the table. | CAO | January 2005 | |
| 10. We recommend that the CAO review current approaches to policy development; provide training to all senior management in all aspects of the development of a policy framework; provide Council with a briefing on current Council policies; and commit to bringing policy statements to Council on any issue that meets the definition of "policy". | CAO | January 2005 | |

| Recommendation | Responsibility | Timing | Status |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------|--------|
| 11. We recommend that the CAO and the senior management team develop a Council Involvement Protocol that is addressed to the issue of ensuring that all members of Council are treated equally and are provided equal access to any information; and that any reports or information sent to one member of Council will be sent to all members of Council. | CAO | January 2005 | |
| 12. We recommend that the CAO assess the current communications protocols for the transmission of administrative and Council messages to all levels of the organization; and that a cross-section of the organization be surveyed as to suggested improvements to the communications system. | CAO | January-March 2005 | |
| 13. We recommend that the CAO review with the senior management the approach to business planning; the impact of current expectations; and the capacity of the organization to respond. | CAO | Ongoing | |
| 14. We recommend that Council place a temporary freeze on any senior management positions (i.e. the top three levels of the organization) becoming vacant or that are presently vacant and that the CAO review with the Finance and Administration Committee the rationale for filling any of these positions. (We believe that there is potential for reducing the administrative burden through combining certain of these positions as they may become open through retirement or resignation). | Council | Immediate | |
| 15. We recommend that the direct reports to the CAO as reflected on "Alternative C" be considered as members of the Senior Management Team. | CAO | January 2005 | |

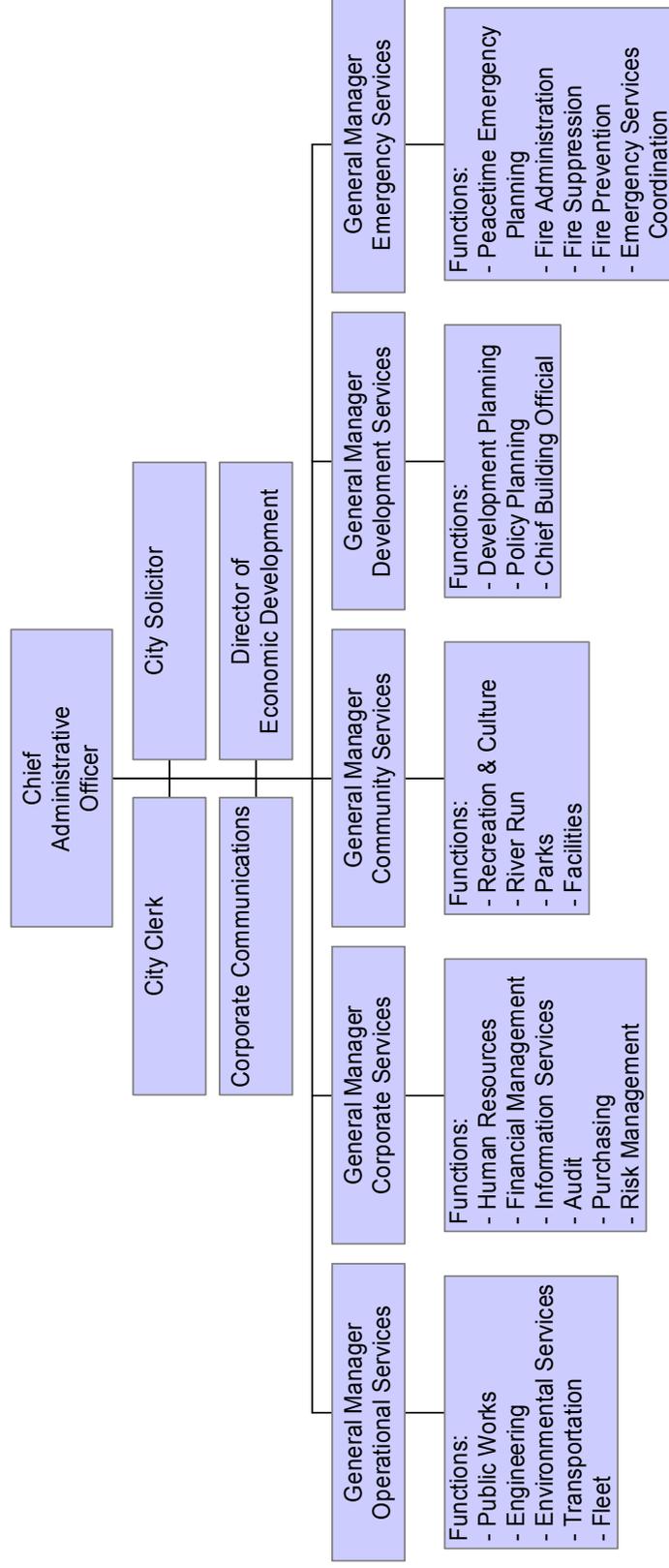
Alternative “A” - 3 COMMISSIONERS



Alternative “B” - 4 COMMISSIONERS



ALTERNATIVE “C” - 5 GENERAL MANAGERS



ALTERNATIVE “D” 6 GENERAL MANAGERS

