



CANADIAN MUNICIPAL CHIEF ADMINISTRATIVE OFFICER SURVEY 2018

A candid look at the issues on the minds of Canada's CAOs





DEDICATION

This study is dedicated to all those who have served in the role, whether they were known as CAO, City Manager, County Administrator, or Town Manager, with thanks for their public service.

StrategyCorp wishes to acknowledge the anonymous participation by this year's interviewees, without whom this Report would not have been possible.

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Municipalities Since 1998



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TAKING THE CAO SURVEY FROM COAST TO COAST – TO COAST

Introduction to the 2018 Cross-Canada Survey of City Managers and Municipal Chief Administrative Officers (CAOs)

Since 2016, StrategyCorp has surveyed the opinions of a cross-section of municipal city managers and chief administrative officers (CAOs) on a variety of topical issues. This year, we expanded our perspective. We moved from an Ontario lens to one that embraced the whole country.

In our 2017 Survey Report, we reflected the views of CAOs from smaller and medium-sized municipalities, following our 2016 Survey's report of the opinions of big city CAOs and city managers. For 2018, we solicited views of a cross-section of CAOs and city managers across the breadth and diversity of our country, including the unique perspectives of those dealing with community issues in the Far North.

This year's survey of municipal CAOs reflects the scope and diversity of a vast country that touches three oceans. They have faced different economies and challenges. As municipal leaders, they often have very different personalities and management styles. Despite their diversity, we found that CAOs share a commitment to finding solutions and to building better communities and service-delivery organizations. At their core, they share basic values of service, principle-centered leadership, building strong relationships and a belief in good governance and the importance of municipal professionalism.

ABOUT OUR PARTICIPANTS

25 CAOs participated in the survey. Interviewees were taken through the questions set out in page 12, but free to share what was on their mind in a frank, open-ended interview format.* We promised to respect their individual confidentiality, and to faithfully record their thoughts.

We had participants from every province and one territory. While most tended to come from large and medium sized municipalities, small urban, rural and northern were also represented. Given the immense diversity of Canada's municipalities, we do not hold our sample out as being in any way a scientific sample capable of statistical analysis. Nevertheless, their input is a frank assessment of the municipal scene. It encourages that further work of this kind would be valuable.

**Interviews were conducted verbally. In some cases, quotes have been edited for length and readability, without altering the meaning expressed by the participant.*





INTRODUCTION

WHAT'S ON THE HORIZON FOR CANADA'S CAOs AND THEIR COMMUNITIES?

What follows are summaries of the comments, observations, predictions and concerns of the managerial leaders of Canada's municipalities. From their interviews, several overarching trends deserve to be highlighted.

THE GROWING FISCAL CRUNCH

While the responsibilities of municipalities may vary from one Provincial or Territorial jurisdiction to another, concerns about the municipal fiscal situation remain top of mind for CAOs. The revenue sources available to local governments are still narrowly based and often inadequate to meet the challenges of persistent service demands and maintaining, expanding and modernizing new and existing infrastructure. The mis-match between financial resources and service-delivery obligations can only accelerate as the new economy erodes traditional revenue sources, like business taxation and licensing fees.

THE “WAR FOR TALENT”

CAOs have differing views on the nature of their position, from corporate manager to community leader. But all recognize that the CAO’s job is not becoming any easier. Recruiting talent to municipal management requires thoughtful selection. But it also increasingly requires effective cultivation and marketing of the importance and value of municipal professional management, both in CAOs and in department heads.

MUNICIPAL RESTRUCTURING – THE ISSUE THAT WON’T GO AWAY

In past surveys, mention was made of the structural limitations of municipal government. This included a perceived need for a governance “footprint” that more appropriately aligns to the planning, economic and social issues that an increasingly regional and urban Canada must govern. But few seem willing, at the political level, to risk the predictable negative reaction that comes from proposals to alter municipal structure through annexation, amalgamation or regionalization of service delivery. Restructuring initiatives tend to come in waves, usually when pent-up need for fiscal sustainability, appropriate scope for infrastructure and community planning, and economic development pressures combine to force reform discussions. Are we approaching another such “inflection point”?

In addition, however, the 2018 interviews produced a number of new or re-profiled issues, including several overarching trends, deserve to be highlighted.

DISRUPTION

Whether it is new technologies, digital service delivery, fundamental changes to the traditional economic model for retail or tourism, or the unique demands of Millennials and new immigrants, CAOs find that they cannot rely on past practice to guide their approach to new problems and in the search for solutions. The new economy, the impact of extreme weather events and changes in the existing fiscal environment mean municipalities are rethinking their approach to fiscal planning, economic development and taking practical measures to explain and to manage the impact of climate change. The impact of the “grey tsunami” of Baby Boomers will affect everything from recruiting and retaining talent, to managing the very different service demands and planning preferences of the changing demographics of Canadian regions.

INNOVATION

Innovation is taking the private sector economy by storm, and municipal professionals are joining that wave. From digital service delivery and electronic consultation, to advances in performance management techniques and processes and the use of technology to guide infrastructure asset management, traditional approaches to municipal issues are being displaced by creative and innovative new experiments and techniques.

RECONCILIATION

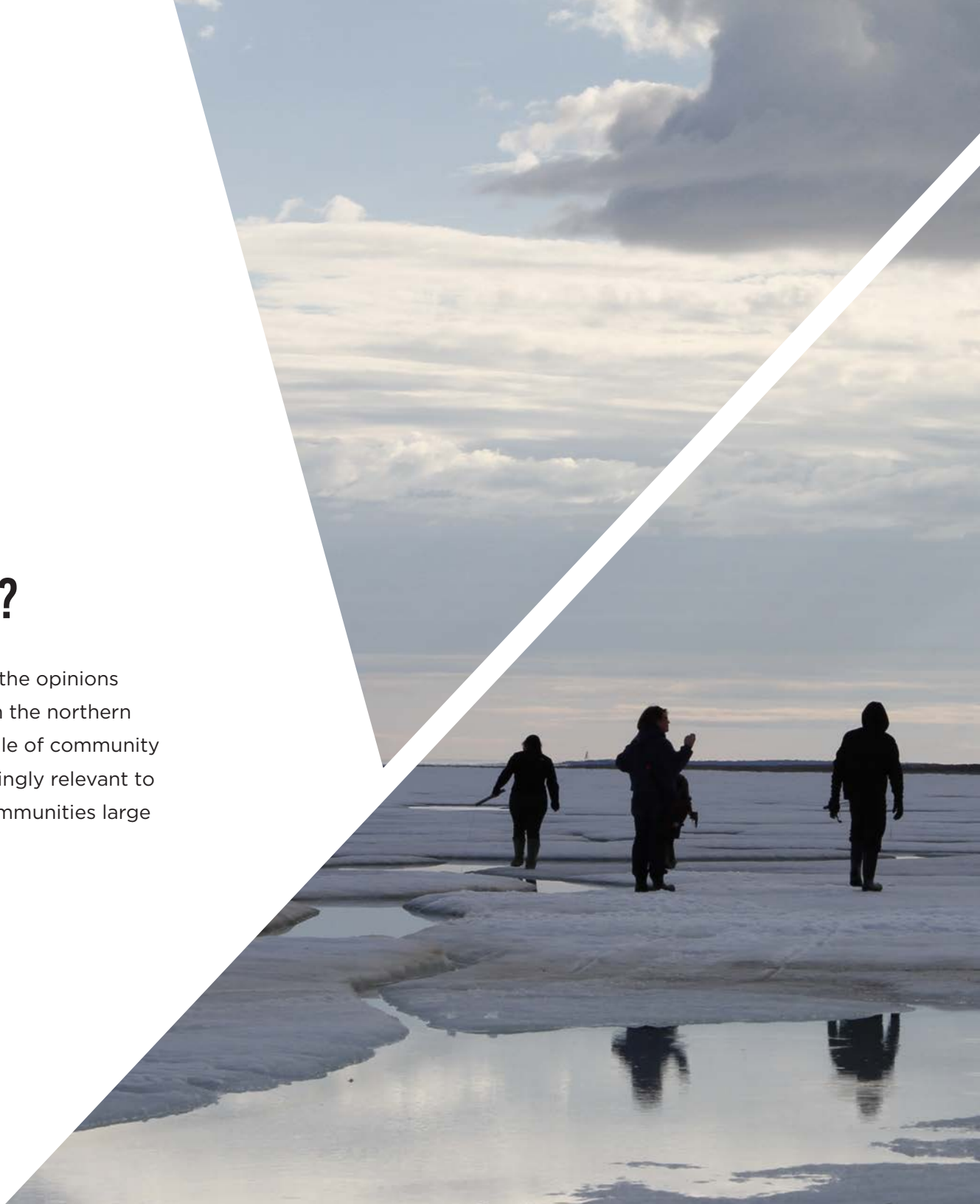
After the country-wide efforts to respond to the Truth and Reconciliation Commission’s recommendations, relations between municipal governments and Indigenous groups continue to evolve. From economic development and community collaboration, to symbolic recognition and sensitivity to traditional learning and decision-making processes, CAOs are engaged in a range of ground-breaking initiatives, both with First Nations and Inuit governments, as well as urban Aboriginal and Metis communities. We were particularly impressed by how municipal CAOs have embraced the importance of Reconciliation and are working to move the agenda forward in their communities.

POPULISM

Whether radically new ways to consult with residents, or the newly elected councillor or a mayor from the mold of Donald Trump, or social-media driven simple solutions to complex problems, or the loss of credibility of traditional stakeholder leadership, CAOs are finding that the cycle-time for finding solutions is shrinking, along with the traditional deference to professional expertise. CAOs recognize the need for a renewed emphasis on municipal good governance (from Council-staff relations through to municipal restructuring) and reminding the community of the importance of municipal professionalism.

THE FAR NORTH – A VISION OF THE FUTURE?

In the course of our 2018 Survey, we sought out the opinions of those dealing with municipal administration in the northern communities. Despite the isolation and small scale of community governments, those perspectives proved surprisingly relevant to the issues facing CAOs across the country, in communities large and small.



Nowhere do the looming issues of climate change have more immediate and rapidly evolving impact as they do in the Far North. Likewise, nowhere is the interface between community government and Indigenous people more regular, constructive or multi-faceted. Economic development opportunity is potentially more affected by e-commerce, distance education and locally produced energy than in southern communities with ready access to road and rail networks and electricity grids.

The impact of the 21st century can also yield greater negative impacts. Remote communities struggle with rising rates of substance abuse, social alienation, suicide, and lack of affordable housing. They are also inadequately prepared for the potential impacts of opening the Northwest Passage and arctic mineral resources to the world. Prospecting, mining, logistics, and cruise-ship tourism portend economic prosperity; but they also bring an economic model that will inevitably disrupt traditional livelihoods and cultural values of collaboration and shared ownership.

Canada is a large country, populated in many small places. That is especially true in remote northern areas and in the Territories, like Nunavut. Known as SAOs in the Far North, CAOs face practical time and technical demands of managing water and wastewater systems and dust mitigation for communities as small and

remote as tiny Grise Fiord and Resolute, a mere 1500 kilometres from the North Pole. Municipal finances are limited by lack of private-sector activity and employment. Small communities need to be consulted on important and impending changes, but there is risk of “consultation fatigue” and reliance on the same small pool of community leaders and elders. There are issues of constant turnover in staff and insufficient representation from Indigenous people among the ranks of SAOs and other municipal professionals.

Despite these factors, the CAO must continuously strive for professionalism and even-handedness. That can be a tall order in an environment of limited resources and where ties of family, culture, local politics and even empathy can exert a strong pull. As one veteran Territorial observer wryly explained, in terms that CAOs from many small and not-so-small southern Canadian municipalities can readily understand: “If you’re too popular, you’re probably not doing an effective job!”

What is happening now in Nunavut may prove to be a harbinger, in varying degrees, of things to come for all municipalities in Canada. Those perspectives inform and colour our evaluation of the issues facing all Canadian municipalities and their CAOs in the 2018 Report.

WHAT WE ASKED...

StrategyCorp undertook confidential interviews of CAOs from small to large urban, rural, and northern municipal organizations across Canada.

- 01 | How do you see the economy changing over the next 3-5 years and how could this potentially affect your municipality?
- 02 | Is Climate Change a significant issue in your municipality?
- 03 | What are the major social issues that your municipality needs to address in the next 3 to 5 years?
- 04 | How are you reacting to and preparing for disruptive technologies and how do you expect they will affect your community? Are you keeping up with advances in technology in your workplace (i.e. corporate infrastructure)?
- 05 | After a decade of social media's impact, in terms of communicating with your citizens, how do you know communicate with your citizens?
- 06 | How effective is your relationship with your Council? Are you seeing spill-over effects from new political and social phenomena?
- 07 | What are the key strategies you employ to promote effective staff relations?
- 08 | How is your municipality preparing for the expected gaps in human resources and leadership given factors such as the aging work force?
- 09 | What do you see as most important to the success of a CAO/city manager in your municipality?
- 10 | How is your relationship with your provincial government, your neighbouring municipalities, and regional First Nations? What are the keys to success?
- 11 | How do you measure the performance of your municipality's service delivery and what have you changed as a result of measuring performance?
- 12 | What are the top three issues "keeping you up at night" that your municipality will need to address over the next 3-5 years?
- 13 | What axioms or management rules do you live by and have helped you over your career?

QUESTION 1

**HOW DO YOU SEE THE ECONOMY
CHANGING OVER THE NEXT 3-5 YEARS
AND HOW COULD THIS POTENTIALLY
AFFECT YOUR MUNICIPALITY?**



WHAT WE HEARD...

THE IMPACT OF CHANGING ECONOMICS ON CANADA'S MUNICIPALITIES AND COMMUNITIES

Many respondents assert that “cities are the building blocks of our economies,” but it is no surprise that there is a wide diversity among the economies of survey participants.

Diverse vs. cyclical economies

One of the biggest divides falls between those municipalities with diverse economies and those that are reliant on one sector – typically natural resources. Roughly half of our respondents reported that their local economy was diverse and resilient, characterized by the phrase, “Slow and steady wins the race”. In less populous provinces, participants reported that their municipal economy was more robust than the economy of the province overall.

CAOs from municipalities that are heavily reliant on the resource sector, however, expressed concern about the cyclical nature of their local economy. As one CAO dryly observed:

“We know we have a cyclical economy. We just don't know where in the cycle we are.”

“Boom and bust cycles” linked to natural resources pose a double threat to municipal governments. First, a failing economy can lead to decreased real estate valuations, suppressing property tax revenues. Second, in such circumstances, provincial governments are least able to provide a backstop.

“In a resource-based economy, it is a big risk for a municipality to be reliant on the province. Just when we need help most is when they are least able to extend it.”

Uncertainty on the revenue side was identified as a reason many find it difficult to plan for the medium term (three-five years ahead).

“If the economy performs at its long-term trend rate, rather than its buoyant rate, we are in trouble.”

“Over the past few years, governments have made the choice to re-risk their fiscal and delivery plans – a choice that governments of all stripes and levels (federal provincial and local) have made through their spending policies.”

CATALYSTS OF GROWTH

When the CAOs were asked how they see their economy changing over the next 3-5 years, we heard about a diversity of catalysts that are event-driven, technological, or industrial by nature. Some of these catalysts were positive, some were negative, and some were anchors of stability:

Growth Drivers:

The Growth Drivers that were a recurring theme in interviews of multiple CAOs were a focus on successful clusters, in such areas as IT, Agricultural Technology and Food Production, Advanced Manufacturing, and Cannabis Production.

Stabilizers:

Referring to turbulent economic times, whether the impact of the 2008 recession or the low commodity prices of the past few years, some CAOs highlighted the industries or institutions that insulated their local economy from the worst impacts. These economic growth “stabilizers” were cited as educational institutions, agriculture, and being a regional center for major government functions, especially healthcare delivery.

“We calculate ROI on some of the more obvious projects, and we have started doing so to make the business case for climate change projects too.”

New disruptive threats on the radar screen:

CAOs’ comments about threats to economic growth were remarkably consistent: slumping commodity prices, and the jobless recovery.

Risks of trade disruptions are top-of-mind:

NAFTA and trade war were a major preoccupation of participants. Though municipal leaders cannot control these issues, they are keenly aware that they have the potential to disrupt rapidly the competitiveness of local economies and destabilize the labor market of a municipality.

Digital Revolution as a Disruption of Municipal Revenue Sources:

In previous surveys, it was uncommon for CAOs to talk about structural change brought about by technology. This year, developments like the evolution of artificial intelligence and the growing effect of e-commerce on the local business tax base, technological disruption was mentioned by almost half of participants.

For the first time, participants commented on the loss of municipal revenue from the societal shift to on-line shopping.

“We are seeing some impact on municipal revenue as a result of the shift to online retail, away from traditional retail that occupies real estate and pays commercial property tax.”

*“Bricks and mortar retail don’t mean much anymore.”
[as sources of municipal revenue growth]*

“As the tenants shrink, so do municipal revenue streams.”

“Pick-up and drop-off depots [are a growing trend] but there has been “no impact on retail yet.”

Disruption of the workforce:

Participants also focused on the impact on employment presented by such innovations as artificial intelligence and self-driving vehicles.

“The digital world is having a real and big impact, but we are not be seeing full effects yet.”

“The public may not be seeing it quite yet, but a lot of employment is soaked up by truck and cab drivers – the loss of that employment will be the next revolution.”

The concern that some expressed was about potential concentration of wealth in industries, such as IT.

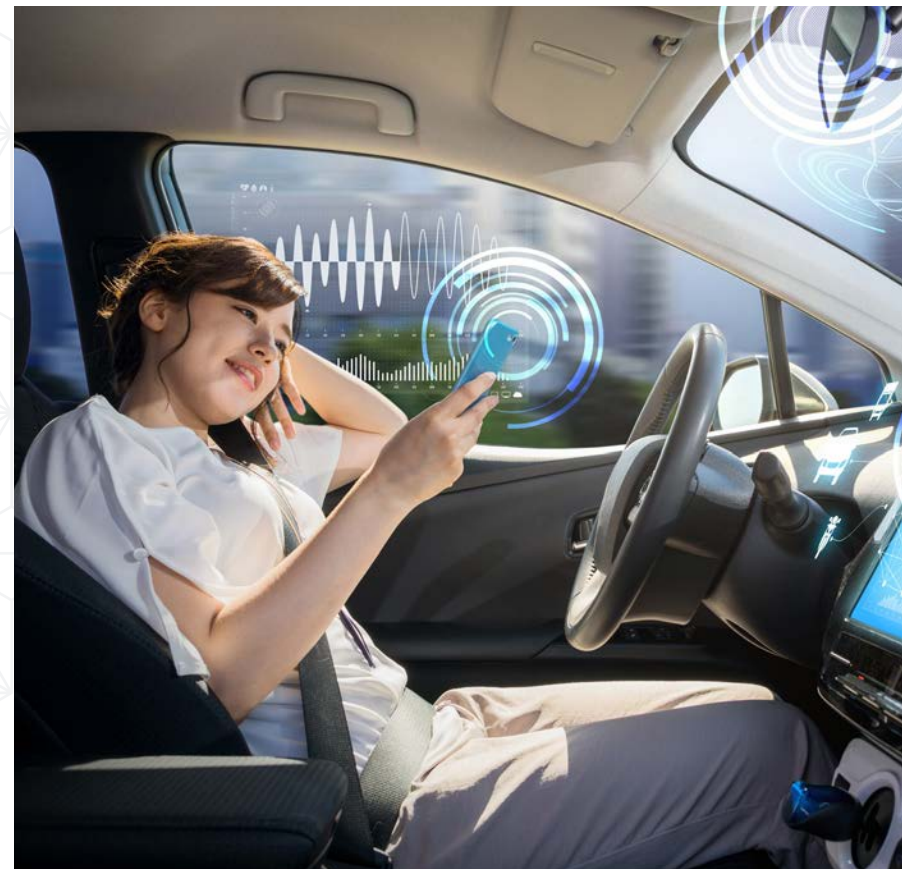
“Historically, every revolution in the economy has created a massive change in productivity and massive upside for the consumer in almost real time. So, for example, in the revolution of agricultural productivity, there were fewer jobs but almost real time benefit – today we get the benefit but it is mediated and concentrated. This [digital] revolution will benefit a smaller few, and for the most part beneficiaries will not be Canadians.”

Many were thinking about how to prepare for change.

“Either proactively embrace them or succumb to them.”

Larger municipal economies can try to “embrace disruptive technology, because of their access to talent and infrastructure” that develops human capital for employment in the new digital reality.

We heard concern expressed in smaller municipal economies, that they face big challenges in attracting labour, especially skilled labour for the digital economy.



STRATEGYCORP'S PERSPECTIVE:

About cyclicality of economy:

Whether a city is defined by a cyclical or non-cyclical economy is not in the hands of the CAO. What is in a CAO's hands, however, is developing a perspective on which phase of the cycle the municipal economy is most likely in, and trying to allocate long-term resources accordingly. For some CAOs, their focus is on traditional municipal areas of leadership, such as downtown revitalization, while for others, showing leadership means attracting education institutions. CAOs are actively pursuing ways to protect and expand the economic prosperity of their community, and the municipal tax base that it supports.

About growth:

Each municipality has its drivers, threats, and stabilizers. It is important that all CAOs are aware of each for their respective cities. This way they can double down on the drivers, hedge or diversify against the threats, and support the stabilizers.

QUESTION 2

**IS CLIMATE CHANGE A SIGNIFICANT
ISSUE IN YOUR MUNICIPALITY?**



WHAT WE HEARD...

COUNCIL-PUBLIC-STAFF ALIGNMENT

The public, Council, and staff are concerned with climate change in varying degrees, both within their cities and in surrounding communities. In some cases, staff are most concerned about climate change, the community is in the middle, and Council is least concerned. In other cases, Council is not vocal about climate change because the public does not pressure them, while alternatively, some members of Council make up for a lack of public concern by being strong environmental advocates.

“Not high enough on community list, hence not high on Council agenda.”

“Climate change hasn’t gotten the attention it deserves, as residents aren’t noticing the change in environment.”

“Security of the environment is not rated highly by local residents, but thankfully there are new strong advocates on Council pushing for stronger protections.”

Within Council, there usually is a split in attitudes towards climate change and the willingness of members to truly act. There are cases where elected officials vote for the symbolism of a climate change initiative, but do not follow through with funding the project.

“1/3 of Council doesn’t believe it has anything to do with them; 1/3 of Council believes we need to do much more symbolically and practically; 1/3 is swayable.”

Between levels of government, there were participants that consider the role of the provincial government to be temporary. Others were disheartened about the level of support the federal and provincial governments have given to municipalities to help mitigate the effects of climate change.

“We are expecting things to change after the provincial election.”

“The tragic thing is that the federal and provincial governments could be doing more with municipalities.”



ARE CAOs AHEAD OF THE GAME?

A key theme that came out of the survey is that all CAOs acknowledge the significance of climate change as a municipal administration issue and are willing to act on it. For some cities, environment is one of the pillars in the city's Strategic Plan. Some have created special positions for environmental officers who engage with community committees and members, while others have dedicated a whole section of the engineering department focused on climate adaptation.

“We know it’s coming, so we need to get ready for a sustainability plan.”

Another recurring theme brought up by many CAOs was the alignment of the environmental case with the business case, as it is helpful for communicating the feasibility of action. Council tends to drive the administration side to design projects with good ROI, while some projects are driven by moral and ethical considerations.

“We calculate ROI on some of the more obvious projects, and have started doing so to make the business case for climate change projects too.”

“Evaluate not only how assets are built in the city, but also how they are managed.”

“Moral and ethical considerations shift the conversation beyond ROI as a reason to undertake these projects now.”

When it comes to specific action taken by CAOs to initiate climate change prevention and adaptation, there were both macro and micro level strategies. At the macro level, examples included collaborating between cities, working directly with the resource industries to reduce footprint, and working with built form to improve the performance of buildings. At the micro level, CAOs across the country shared how their cities tackle climate change, with actions such as: mapping and zoning, infrastructure sustainability studies, community energy initiatives, LED lightbulbs, increase of green spaces, landfills that capture methane gas, engaging local universities, encouraging transit use, and adapting building codes.

“Work with other cities of the province and discuss joint programs.”

EXTREME CLIMATE EVENTS: THE NEW NORMAL

More than in previous years, the vast majority of CAOs interviewed mentioned the frequency of extreme weather events and explained that climate change is a four-season problem. Extreme climate events that were mentioned include: heat alerts, forest fires and grass fires, storm surges, tree damages, longer cold winters, and floods.

“What used to be once in decade weather event, now appears more frequently.”

STRATEGYCORN'S PERSPECTIVE:

In a country as diverse as Canada, discussions of climate change impacts evoke a variety of responses. In some communities, there is continuing reluctance to embrace the breadth of climate change responses, to which elected representatives remain sensitive. The degree of support and encouragement is also influenced by the political perspective of the individual provincial governments – some are zealous, some episodic. Even the terminology can be important to a topic where ideological perspectives differ significantly. But CAOs recognize that times have changed and action is needed to respond.

Since 2018 has been a year of floods, windstorms, ice-damage, heat emergencies and wildfires, it has helped CAOs make the case for more preparation, more robust infrastructure and better land-use planning. Despite this, CAOs frequently find that they must

find ways for political leadership and the community they serve to accept and to lend support to environmental and sustainability initiatives and policies.

Always pragmatic and anticipatory, CAOs have found that progress in the environment and energy fields can often be through well justified individual initiatives, with a business case and a demonstrable “return on investment”, whether financial or service quality. Rather than pitching a comprehensive climate change strategy, measures aimed at reducing energy consumption, improving stormwater system capacity, reducing air and water pollution, improving the sustainability of water and wastewater systems, and so on, can combine to achieve targets of greenhouse gas reduction and reducing the carbon footprint of communities and their municipal operations.

QUESTION 3

**WHAT ARE THE MAJOR SOCIAL
ISSUES THAT YOUR MUNICIPALITY IS
OR NEEDS TO ADDRESS IN THE NEXT
3 TO 5 YEARS?**



WHAT WE HEARD...

What was interesting about this question, was how different municipalities recognized the same issues but with different language.

The issues brought up the most were: cannabis, housing, community mental health and care, social access, fentanyl and opioid crises, unemployment, refugees, and food security.

CANNABIS

The majority of CAOs brought up cannabis as an issue of significant uncertainty. Most admitted that they are not sure of the impact it will have in their cities, and they are still waiting to see how the provincial guidelines unfold.

“We are not clear about the effects it will have.”



HOUSING AFFORDABILITY AND HOMELESSNESS

Housing affordability was another primary issue for most respondents across the country, who stressed that a lack of affordable housing impacts both the middle class and the poor. Housing affordability is a challenge for most CAOs interviewed, for two reasons: budget constraints, and effectiveness in solving the root cause of the problem.

Even in those municipalities where housing is a clear provincial responsibility, municipalities are working to address the shortage with whatever programs they can provide or invent.

“Affordable housing from cradle to grave is a big challenge.”

“When it comes to funding affordable housing, the issue isn’t just lack of capital, but also operating funding.”

*“More affordable housing programs don’t compensate for the general lack of affordability in the housing market
Affordability is an issue of the middle class, not just the poor.”*

“We can’t break the cycle of poverty if housing costs are unaffordable.”



As some CAOs mentioned, housing affordability correlates with other social issues, which makes it possible to tackle multiple problems with one approach.

“We are looking at housing areas which are high calling 311 with different agencies, to see if we can anticipate and prevent many social issues.”

ADDICTION

In small communities, economic development comes with challenges and costs for social issues such as addiction.

“Mining and fishing are bringing an injection of disposable cash into a traditional community, which can cause the breakdown of traditional values, and resulting problems, such as alcohol and other substance abuse.”

RESPONSES TO SOCIAL ISSUES

Funding for social services is increasingly under strain, and many communities are resorting to innovative alternatives and partnerships. As the financial strains are added to municipalities, they lead in turn to rationing of funding for services provided by social service agencies and not-for-profit providers.

“A lot of social service agencies are dependent on city and provincial grants and the United Way.”

STRATEGYCORP'S PERSPECTIVE:

Whether or not their municipalities are directly responsible for delivering and funding social services, public housing or public health, CAOs recognize that social trends affecting their community must be met with a proactive municipal response. In many cases, the community looks to the CAO and the municipality to be the “convenor,” in the search for a coordinated, community-wide response to existing and emerging social and health issues.

Will the insidious growth of the opioid crisis continue? Will the legalization of the sale of recreational cannabis create a new set of addictions and public safety problems for municipalities to manage? How should municipalities act to ensure stable, affordable housing and integrated delivery of support services within their communities?

One thing is clear: “soft services” are emerging as equal in importance to CAOs’ traditional focus on “hard services,” finance and land-use planning. Over time, this trend will likely lead to a widening of the range of credentials expected of successful CAOs.

QUESTION 4

HOW ARE YOU REACTING TO AND PREPARING FOR DISRUPTIVE TECHNOLOGIES AND HOW DO YOU EXPECT THEY WILL AFFECT YOUR COMMUNITY? ARE YOU KEEPING UP WITH ADVANCES IN TECHNOLOGY IN YOUR WORKPLACE (I.E. CORPORATE INFRASTRUCTURE)?



WHAT WE HEARD...

On this question, we received a very diverse range of issues from one municipality to another. There were two overarching themes for technology: what disruptive technologies will come next, and what the city can use as a tool to manage them effectively.

TECHNOLOGY DISRUPTION - EFFECTS ON THE COMMUNITY

The demographic composition of Council matters.

“As the average age of Council members dropped, the willingness to adopt new technologies increased”

The three most common disruptive technologies recognized by the CAOs we interviewed were: Cybersecurity, Shared Economy Tech (eg. Uber, Airbnb), and Autonomous Driving Vehicles.

“We are reacting slowly, but embracing disruptive technologies.”

The vast majority of CAOs that were interviewed brought up cybersecurity as a major concern of public safety. In addition, mandatory cybersecurity training and cyber-drills to test compliance of staff against phishing in some municipalities, for which the budget for this has increased.

“from municipal standpoint, the real priority is public safety (water, fire, etc.), which is why [they] have been

adequately funded and used the money to ensure the cybersecurity of key infrastructure.”

Noted by almost all CAOs from mid-size and large municipalities was the Sharing Economy Technology, such as Uber and Airbnb, and the fact that there is a regulatory vacuum for them that is not covered by the province in most cases. Airbnb has been a concern, as it benefits without paying the tax that hotels pay, and municipalities lose revenue from tourism.

“AirBnb and Uber these are new realities. We are not ahead of the curve on things like that.”

“Province is lagging in regulating disruptive technology.”

Some CAOs explained that they are focused on the cost-benefit approach towards disruptive technologies, by developing relationships with the high-tech sector and trying to find solutions on difficult problems.

“Most communities are on the wrong side of the digital divide.”

“Not sure how to prepare for disruptive technologies – we take a little bit of comfort in knowing that many predictions are wrong.”

TECHNOLOGY DISRUPTION - IMPACT ON MUNICIPAL ADMINISTRATION

This year, our survey participants also acknowledged the impact of disruptive technologies within municipal administration. Some CAOs explained that online retailers are reducing the need for physical commercial spaces such as malls, and therefore reducing revenue for the city through property tax.

“The click economy is killing our city’s commercial real estate.”

This is leading many respondents to consider new tax measures to capture a part of the value created by online retailers.

“[Companies like] Amazon needs to pay their share of tax.”



TECHNOLOGY AS A TOOL AT THE WORKPLACE

When it comes to employing technology as a tool within a municipality's administration, some found it difficult to determine how best to utilize social media to access its full potential.

"We are struggling as a corporation about what technology is best to use or facilitate for their citizens."

Overall, almost all respondents agreed that IT is now considered during business planning, and they are actively exploring different options and uses. Some of the ways technology was used as an innovative tool for municipal functions were: Enterprise Risk Management (ERM), Virtual City Hall (e.g. tickets, taxes), Innovation Fund in mayor's office, using start-ups to help solve city issues, opportunities for local start-ups to participate in lean review, mobile devices are being used to help provide suicide support, Community Wifi, emergency communications, e-tendering, e-recruiting, digitized submissions on development approvals (allows parallel rather sequential processing).

"We are treating technology as a business tool."

When investing in new IT infrastructure, many municipalities have struggled with the steep costs of many new platforms and infrastructures. As much as it is a necessity to upgrade many existing platforms and systems, many municipalities are facing trade-offs when thinking about upgrading.

"Focused on off-the-shelf products to reduce reliance on customized products."

"Most of their money has been invested in outward facing programs (customer service and service delivery) but they now have to invest in a more advanced internal IT system. Major updating is needed."

Human resources is one sector of municipal interest that is ripe to be replaced or upgraded by new technology. Not only have some municipalities already adopted HR platforms that allow for more powerful talent attraction and retention, but others have already begun sampling with its effectiveness to entirely replace human capital in some departments and automate processes.

"Doing an org review. Part of the deliverables was a review of tech and how we could implement it to get rid of human time from our organization – to help cope with increasing costs AND lack of talent."

"We have a workforce that is used to doing things in a less than innovative way. We will have to do a lot of change management in retraining."

STRATEGYCORP'S PERSPECTIVE:

While there was a wide and rich diversity in the comments of CAOs on technology issues, three themes were notable.

- 01** First, the advance of technology can be felt both inside and outside City Hall. No longer is the challenge to get Council to accept the need for investing in information technology; the challenge is more to decide which technologies should be embraced. Which technology proposals are a distraction and do not have a good “return on investment” in financial terms or in improvements to decision-making and service quality?
- 02** Second, electronic technology is the “new” infrastructure, requiring municipalities to consider their leadership role as much as they have traditionally done in building sewage treatment plants, fire stations and bridges. Will CAOs look to add to the municipal portfolio, or find partners that can cause “new infrastructure” to be built in their communities, with municipal guidance and support?
- 03** Third, as with earlier generations of new technology, like asphalt paving machines or traffic control computers, emerging technology could lead to a revolution in workforce productivity, but also to big disruptions in the jobs and skills of municipal workers. Can increased productivity – doing more with existing resources – be part of the solution to the “revenue crunch” facing municipal finances? How will CAOs deal with the human resources and investment challenges of implementing the service-delivery and regulatory innovations occurring elsewhere?

QUESTION 5

**AFTER A DECADE OF SOCIAL MEDIA'S IMPACT,
IN TERMS OF COMMUNICATING WITH YOUR
CITIZENS, HOW DO YOU COMMUNICATE
WITH YOUR CITIZENS?**



WHAT WE HEARD...

MANAGING THE RISING INFLUENCE OF SOCIAL MEDIA

Almost all CAOs that participated in this year's survey recognized that as social media has become an influential aspect of the citizens' lives, it has also become crucial for a city's administration. However, many noted that it was crucial for them to stay connected to their constituents online, whilst not losing sight of the broader reality around themselves.

"Social media can consume you."

In fact, it has become so relevant that it creates an uncertainty for some city's staff as they feel that social media is an uncontrollable arena. One CAO mentioned that a former employee of the city was being harassed online, and Twitter wouldn't cooperate with the city when they tried to act.

"Social media cannot be contained, and it can become a toxic echo chamber."

"One of the things [they] are seeing a lot of is cyber bullying."

Some participants explained how they have approached managing social media content, especially that which is critical of the municipality.

"increasingly frequently [they] have to deal with a blogger or a Twitter account that is quite critical."

Whether proactively or reactively, CAOs across the country are considering or exploring citizen engagement protocols for staff using social media. One CAO explained how they have invested in platforms to use them to their full extent to push out messaging for new programs, announcements, and service disruptions.

"[We've] put a lot of effort in to make sure it is a positive experience for the viewers of [their] social media accounts by updating rules of conduct for [their] "followers."



TRANSFORMATION OF JOURNALISM: FROM TRADITIONAL, TO NEW AGE DIGITAL

The shrinking of the news cycle has affected the cities' administrations of many of the CAOs that we interviewed. The big shift from papers to online content requires them to be constantly prepared to respond to stories in real-time.

“need to have people ready to react as required to issuance of false information on social media – or [they] risk having a media event.”

The institutional memory that has been built during the time of traditional paper media is called to change, particularly in many smaller municipalities.

“print media has deteriorated and [they] don't get the same coverage – City Hall reporting is not that frequent or thorough anymore.”



EFFECT OF SOCIAL MEDIA ON MUNICIPAL OPERATIONS

As a result of the increasing role social media plays in citizens' lives, and in turn for municipal administration, operations are affected, and change is demanded. The allocation of resources around some crucial city services has had to be reconfigured to adapt to the change in communication method.

“Our call centre for municipal services is now ignored, because people use Twitter to short-circuit it instead.”

“With Twitter and Facebook [they] are on call 24/7, whereas before it was a regular work-day.”

SOCIAL MEDIA USE DIFFERS BETWEEN THE POLITICAL AND THE MUNICIPAL ADMINISTRATION SIDES

By nature, social media affects the city's administrative and political sides differently, and to varying degrees. It has changed the expectations of residents and it has revolutionized how staff and political representatives are held accountable.

“Social media increased the number of immediate demands for information from the administration. Equivalently it increased service demands from Council.”

“Council has been very active on Twitter, as they can now predict the questions asked at Council based on what was going on Twitter.”

SOCIAL MEDIA AS A TOOL FOR BROADER CITIZEN ENGAGEMENT

Most CAOs recognized social media as a tool for broader citizen engagement. The benefit of social media when engaging with the broader public is that it allows for more accurate, meaningful, and accessible forms of engagement. CAOs and municipal staff have found this to be particularly useful when seeking public input on proposals.

“We use a lot of different platforms to find true input, without having only specific people dominate the conversation.”

“When we introduced the smoking ban bylaw, we employed social media and the website to conduct for it one of our largest citizen engagement surveys.”

“We used to have multiple Advisory Committees before social media, but we have canceled most of them. One of the last still holding is the Accessibility Advisory Committee one, and it is frequently mentioned about citizen engagement.”

“This new method of collecting public opinion has been refreshing in many cases, as it has simplified the consultation process and assure city staff of the vested interests of the public.”

“[The] city has played with public consultations more than it is productive – they reinforce vested interests and established processes.”



STRATEGYCORN'S PERSPECTIVE:

After a decade of social media, we have now reached an inflection point.

As the next generation of social media is unfolding, we are seeing the good, the bad, and the ugly. CAOs are deciding which ingredients of social media can be useful or applicable to a municipality's service delivery mandate, and where some buffers need to be put in place. With the benefit of experience, some CAOs are thinking about establishing protocols of social media engagement.

Social media features expectations of immediate response and rapid-fire choices and project the impression of emerging consensus based on hash-tags. In municipal government, however, these values can erode consistency in service-delivery and regulation, undermine evidence-based policy recommendations by the CAO and staff, and pre-empt public debate by elected representatives, as they find themselves committed or constrained by something said or marshalled earlier on a social media platform.

Some municipalities have fully embraced social media and on-line engagement, using it to supplant traditional notification and consultation mechanisms, like Advisory Committees, newspaper notices, or public open houses/town halls. When they do, they are careful to find innovative ways to bring along those without ready on-line access. Among the most interesting devices is the Electronic Town Hall, which conveniently attract hundreds from the comfort of their homes and unlike traditional town halls, give equal voice to all participants.

The manipulation of social media is much in the news globally. But local communities are not immune from these risks. In the past, newspapers required letters to the editor to be signed, television interviewees had to give their names, and anonymous letters to municipal Councils did not make it onto the agenda. Some CAOs and others are questioning why engagement through social media permits anonymity and why the accuracy of unsupported facts and allegations often go unchallenged. Is the person or group engaging in social media consultations even a resident or taxpayer?

For social media to make a constructive contribution to public decision-making and consideration of options, some municipalities are exploring the development of social media policy framework that adds value and diversity, without sacrificing credibility by groundless accusations, lack of accuracy, cyber-bullying, or the other excesses that anonymity encourages. Such a framework could address more mundane matters, like a reasonable turn-around time for response, responding in off-hours and with consistent, approved messaging by authorized personnel. It should also address digital age issues, such as defending against and responding to hacking, phishing, personal data breaches, database ransom demands and business continuity and recovery threats.



QUESTION 6

HOW EFFECTIVE IS YOUR RELATIONSHIP WITH YOUR COUNCIL? ARE YOU SEEING SPILL-OVER EFFECTS FROM NEW POLITICAL AND SOCIAL PHENOMENA?

WHAT WE HEARD...

RESPECT FOR GOOD GOVERNANCE AND RESPONSIBILITIES

The definition of the boundary between the elected Council and Staff is a matter of significant interest. The majority try to establish and, if necessary, maintain the traditional division of labour between Council and administration.

“[We have a] very professional and respectful relationship with Council. We provide clear concise reports to Council. Staff carry out directions as passed by Council.”

“Some things are meant to be handled by the administration and not by Council, and our Council appreciates when this is explained.”

In some cases, the mayor adopts a more “hands on” approach dealing with staff. For most, this was a problem; although at least one was able to appreciate the more hands on approach.

“We currently have a mayor who occasionally slips into a mayor-heavy governance mindset. There are occasional challenges when it slips out.”

“Because the mayor has a difficulty controlling Council, he tries to control Administration. This creates a struggle/ challenge.”

“it is important to insulate councillors from the hiring of senior staff. [In our administration] the control of individual councillors and their ability to influence the staffing of the city manager’s office and below is way too high.”

“In our community the mayor acts almost as if he were a manager, and we can have a manager-to-manager conversation.”

The role of the CAO requires strong political acumen, but without exceeding her or his authority which stems from the administrative world.

“Being a CAO is about knowing how to live in the political world while keeping one foot firmly in the administrative world.”

“If we will earn confidence we have to tell them more than just the good news; also the bad news and what to do about it.”



HONESTY (BETWEEN INDIVIDUALS AND WITH YOURSELF)

A major aspect of the relationships between CAOs and Council is the foundations of honesty, transparency and trust on which it is built on.

“To earn the confidence of Council we have to tell them more than just the good news; We also have to report on the bad news and what to do about it.”

“We are fine with criticism from Council if it is productive.”

“It is important to put the right information in front of Council so that they make the right decision.”

COMMUNICATIONS

Communication is key. In many cases, the role of the CAO is to explain roles and duties not only to the administrative team she or he is leading, but also to Council. It is important that the CAO is as frequently engaged as possible with both sides for continuous pulse-checking.

“Communication with councillors is the key to avoiding friction. I have lots of informal discussions and progress meetings.”

“Now seeing more party politics by Council members who do their jobs based on party politics. The key to maintain

the relationship is communication. We must make sure they get good information and [we spend effort to] walk councillors through recommendations and why they have been made.”

“I meet regularly with everyone on Council to get a sense of what they see as the trouble spots.”

“Mostly, I have a strong relationship and good open communication with elected officials. Though they come from different backgrounds, they can all play an important role.”

Some participants brought up the challenge of being a CAO where Council is itself divided, and the risk to the CAO of being drawn in to disputes among Council.

“Council/staff relations are satisfactory, but among Council members, if there is an issue, and Council looks to staff to help them referee themselves. But we don’t have, as CAOs, the statutory authority to play that role.”

“We have a good relationship with Council, based on mutual respect. There is a more difficult with relationship between members of Council. I resist [being drawn in] to play a mediator role which is not appropriate.”

“Some of our politicians battle personal grudges in the political arena.”

“Some of them have real differences of opinions – and on some items it becomes personal.”

While some observed that there has been a decline in mayor behaviour from the mold of Donald Trump, the majority said that their prevailing political culture would not tolerate such behaviour.

“The Trump effect plays a role in it: for some of them it is normal behaviour – they feel they are free to behave in ways that would have been inappropriate before.”



STRATEGYCORP'S PERSPECTIVE:

The working environment of a CAO is unlike that of a CEO in a business or non-profit setting. While being charged with managing the municipal administration, the CAO also works in a political arena. In the convention of the Council/manager plan of municipal government, politics and political leadership rests with elected representatives, while policy-development, program management and implementing Council's decisions is the responsibility of the CAO and the CAO's management team. But life is not always that simple.

Without being "political", the CAO must have a high level of political acuity. The CAO must act in a way that is professional and neutral, respecting requirements of the law and public ethics. But the CAO's usefulness and ability to develop and execute policy and program initiatives depends on being able to propose and implement measures that will enjoy the support of the Council and the community. It can be a delicate balance.

01 The CAO must have a good understanding of the Council – individually and collectively – including the mayor or head of Council. Clear communications, a policy of “no surprises”, playing no favourites, and a reputation for ethical and impartial behaviour are each essential to the CAO's success. This year's survey reports on a variety of formal and informal ways that CAOs have found to achieve that level of effective two-way communication.

02 The CAO must champion municipal “good governance” practices, so that the Council itself runs efficiently and effectively, and that Council/staff relations are productive and respectful. Embracing “good governance” practices, including periodic training sessions and addressing problems forthrightly at an early stage, will make a municipality more successful. Conversely, it will avoid the operational, human resources and reputational problems encountered by those municipalities that fail to do so.

03 The CAO and the Council, and indeed the broader community, need to be “on the same page”. Using strategic planning and performance management, including a regular and effective CAO performance goal-setting and performance review process, will contribute to a common agenda. Also important is going “outside City Hall”, to solicit the input of important community stakeholders and opinion-leaders.

Regarding the “Trump effect, as our survey expanded beyond the borders of Ontario this year, we noticed that it was not as prevalent a concern beyond the border of this province as we had noticed the previous years.

QUESTION 7

**WHAT ARE THE KEY STRATEGIES YOU
EMPLOY TO PROMOTE EFFECTIVE
STAFF RELATIONS?**



WHAT WE HEARD...

A COMMON SHARED VISION AND CLEAR OBJECTIVES

As any leader of large and complex institutions, the CAO must find the highest common denominator that motivates her or his team of staff and activate it. Our survey participants spoke to the tactics and strategies they employ to inspire unity and team working efficiency.

“Need to create a vision for the corporation.”

“Need a corporate strategic plan, as distinct from the Council strategy plan. For example, there was nothing in Council’s plan dealing with emergency services.”

“We have a clear corporate message to show that we are one organization with one voice.”

“I implemented a clear document that shows where Council stands on key issues, and how the administration is progressing on issues.”

“It is important that management have its own strategic plan (separate from City’s) so we know how we are advancing the agenda of the Corporation, and the plan approved by Council.”

“I put a heavy emphasis on creating a culture of shared leadership. We find strong themes for the organization that bind people and their work together.”

STRONG COMMUNICATION, BETWEEN STAFF AND BETWEEN STAKEHOLDERS

For a CAO to promote effective staff relations, the first step is awareness of the sentiment among staff. Different CAOs employ different techniques to accomplish this. Some focus on annual surveys, some focus on informal communications, some engage more with unions, and some go as far as daily checks routines.

“[We use an] annual survey. Even during the downturn, the survey has been positive. It has helped a lot with setting behavior standards.”

“We have lost connection with some employees as a result of poor communication.”

“We instituted daily management checks and tracking boards in every department and section. We have a team huddle every morning to discuss the work environment, not the work itself but the space staff are in. It’s useful to team bonding, but also helps prevent and overcome conflict.”

“We have a good relationship with the Unions, and strict policies on staff wellness.”

“Employee engagement is an area of focus. We work hard to value everyone’s input.”

“Main focus is employee engagement in all levels of organization. We bring rigor to the task of getting the whole strategic plan out to all employees. We are trying our best to get all employees to understand how they can be effective and contribute to the success of the organization.”

Areas of improvement that were mentioned by our participants included a deficit in supporting innovation or in some cases inadequate connection with employees as a result of unsatisfactory communication.

“Staff feels as though the leadership is doing a fantastic job on diversity and communication, but a poorer job on innovation.”

PERSONAL EMPOWERMENT AND PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Each CAO prioritizes professional and personal development with the workplace in different ways for their staff. Some focus on lean management, some in empowering lower ranks as soon as possible in their career, and some are using employee forums. Above all, a CAO has to cultivate a sense of duty, service, and respect.

“They have a number of high-ranking civil servants who are black belts within the Six Sigma leadership-training program.”

“Senior leadership is very embedded within lower ranks, which allows them to keep tabs on how everyone is doing. There is authentic engagement.”

“Employee forums about twice a year. Buoyant United Way campaign and similar events that bring us together for a cause.”

“You cannot demand respect, you earn it. Make sure you are fair, integrity is always important.”

“We create a safe zone [to share input, criticism and suggestions for improvement].”

STRATEGYCOPR'S PERSPECTIVE:

It is trite but still accurate to say that people are a municipal corporation's greatest asset. Municipalities with good reputations find they can recruit and retain professional staff, despite the fact that others may pay more. Conversely, those with a reputation for exposing staff to public criticism or having no long-term vision can find it hard to find the talent that they need to achieve results and to run efficiently in a fiscally constrained environment. As noted in the Human Resources section, the issue is not just competing with other municipalities for talent, it is also a challenge to compete with other sectors, and other regions. Municipalities need to be employers of choice in order to compete for quality talent.

The use of performance management systems integrated with the budget and human resources plans seem to offer the best avenue to success. A number of participants pointed to the effective use of

proven techniques borrowed and modified from the private sector, including LEAN process re-engineering, offering diverse employment experience within the municipal corporation, and succession planning. The results reported by some CAOs were impressive, in terms of increased productivity, cost-containment, less absenteeism, better labour relations, and community satisfaction.

Above all, CAOs emphasized that the CAO should communicate regularly and authentically to staff at all levels and in all departments. The CAO's messages should be focused on the work that the municipality is doing and plans to do. Staff should feel like they are "in the know" and can reflect that sense of teamwork and mission in their daily dealings with one another and with the community members that they serve.

QUESTION 8

HOW IS YOUR MUNICIPALITY PREPARING FOR THE EXPECTED GAPS IN HUMAN RESOURCES AND LEADERSHIP GIVEN FACTORS SUCH AS THE AGING WORK FORCE?



WHAT WE HEARD...

How CAOs hire: Hire people who want to work for municipal government, since compensation cannot be the primary consideration. Competitive pay won't guarantee talent, but poor pay will guarantee that you lose talented people.

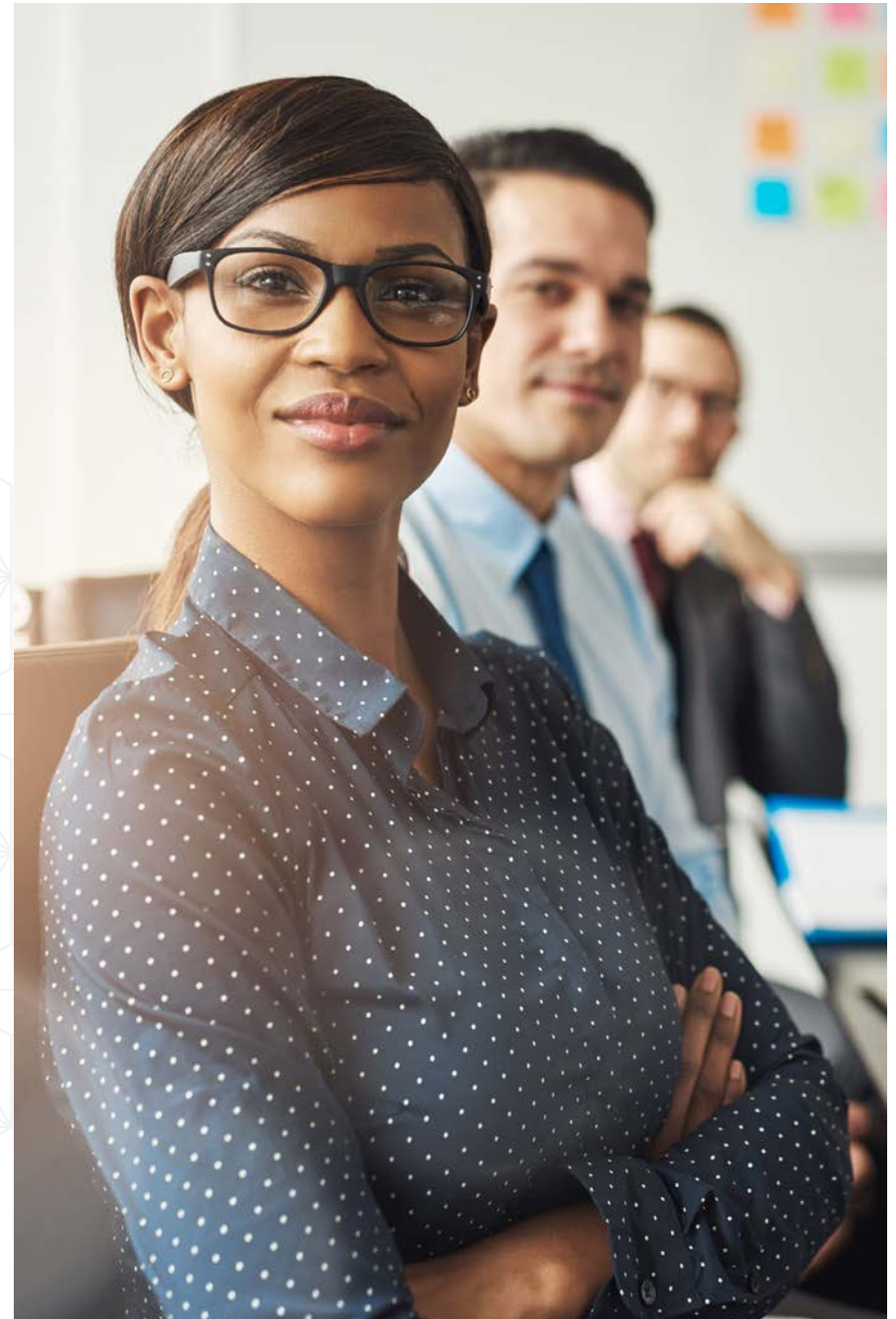
“Our biggest challenge is hiring people who want to be here for the right reasons.”

“You hire competent people you trust and put them in leadership positions and let them do their jobs.”

Skills needed for the job: Need to have managers who can work with elected representatives in a public forum. Equivalently, the political side needs to treat professionals with respect, because they have options.

Diversity:

Need to get serious about diversity (more women, workforce more representative of the community, more young people). The solution may be more young people and to “grow the talent” with more diverse work experience and avoiding professional “siloes”.



STRATEGYCOPR'S PERSPECTIVE:

ANTICIPATING GENERATIONAL CHANGE IN TALENT AND MANAGERIAL LEADERSHIP THE MAIN RESOURCE OF THE MUNICIPAL CORPORATION IS TALENT. REGARDLESS OF A MUNICIPALITY'S SIZE, RECRUITING, RETAINING AND TRANSITIONING TALENT NEEDS TO BE A PRIORITY FOR THE CAO.

Municipalities need both formal and informal strategies for ensuring success, including unconventional ideas:

- special positions for rising talent;
- people specifically responsible for innovation;
- allowing younger workers to gain more and diverse experience;
- allowing older workers to stay-on while gaps are filled;
- LEAN initiatives and other techniques borrowed from the private sector, but customized for both a political environment and public-sector union environment.



QUESTION 9

**WHAT DO YOU SEE AS MOST IMPORTANT
TO THE SUCCESS OF A CAO/CITY MANAGER
IN YOUR MUNICIPALITY?**

WHAT WE HEARD...

Most frequent responses for key to success of a CAO/city manager: ethics, relationships, good humour, setting the tone, political acuity.

“You have to be confident in who you are and what you recommend.”

“Be yourself, and be authentic.”

“Recognize your shortcomings.”

“Need a sense of humour to lighten the mood in tense situations.”

“Behind the scenes leadership: it is about relationships and building trust and confidence of Council, staff and the community – then it will go very well.”



STRATEGYCORN'S PERSPECTIVE:

When moving to a new municipality or moving-up to the job of CAO, the CAO should have conversations with a variety of community stakeholders. You will learn a lot that will be useful later, and they will appreciate and support the efforts of the new CAO who took the time to ask them what's important.

The position of a CAO may have much more influence and impact than you might think, especially for a mature CAO or in the broader community. Used sparingly, a CAO's intervention can roll-back ill-considered political initiatives, police ethics violations, defend professionalism, or lend support to difficult political decisions faced by Council. But you need to 'pick your battles' and ensure that you are working in tandem with your management team.

QUESTION 10

HOW IS YOUR RELATIONSHIP WITH YOUR PROVINCIAL GOVERNMENT, YOUR NEIGHBOURING MUNICIPALITIES, AND REGIONAL FIRST NATIONS?



WHAT WE HEARD...

THEMES IN INTERGOVERNMENTAL RELATIONS, INCLUDING INDIGENOUS GROUPS AND NEIGHBOURING/REGIONAL MUNICIPALITIES

As a symbolic testament to reconciliation, many municipalities now recognize Indigenous peoples with an acknowledgement at the commencement of Council business that they are on the traditional lands of the local or regional First Nations or specific Treaty lands.

“Actively involved in truth and reconciliation.”

Important to move beyond political-level engagement with Indigenous groups to foster staff-to-staff relationships, including service-delivery negotiations, mutual assistance and information sharing, and relationships with Treaty groups, not just individual First Nations.



“Reconciliation is a major issue – it’s not just about saying sorry, it’s also about adapting indigenous processes.”

Intergovernmental relations should just not be issue-focused. Important to build business-like relationships that can be invoked when issues arise or when periodic political disagreements overshadow necessary levels of intergovernmental collaboration at the administrative/managerial level (ADMs, department heads, etc.). Poor or neglected intergovernmental relationships can result in missed opportunities in financing, policy innovation, and meeting program objectives.

“Good relationship with Deputy Ministers. Leave the mayor meet with Ministers and MLAs.”

“We have a totally mixed relationship with the Provincial government. Where there is alignment, we do great work. Where there are gaps, we fail.”

“We really are a world unto ourselves.”

“There is no strategic coherence to policy matters dealing with us as a large municipality from any perspective, (social cohesion, climate change, economic prosperity, homelessness, public health). No coherence.”

STRATEGYCORP'S PERSPECTIVE:

FINDING ALLIES

- Better relations with First Nations and other Indigenous groups, including urban Aboriginals, is a matter of patient trust-building, ideally focused on areas of mutual interest, like economic development and affordable housing.
- The issue of urban reserves was raised by some: unique strategy to overcome economic isolation but requires thoughtful negotiation of issues like cost of services, community planning and recognition of status.
- The health of intergovernmental relations with the Province and with neighbouring municipalities can be much affected by local and partisan politics. Important to maintain an ongoing healthy connection among senior municipal and provincial civil servants, to overcome political barriers and recognize opportunities for mutual achievements/benefits.
- Large municipalities need a sophisticated, continuing “government relations” strategy, that ensures ongoing intergovernmental relationships are strong (even in the face of political or partisan head winds), ministry-by-ministry opportunities clearly identified, and surprises and misunderstandings are avoided. Need to be positive, not just defensive, in outlook, and innovative in our “ask”: Who are we? What do we want? Who can deliver it? Alignment of municipal and provincial interests is the key.

QUESTION 11

HOW DO YOU MEASURE THE PERFORMANCE OF YOUR MUNICIPALITY'S SERVICE DELIVERY AND WHAT HAVE YOU CHANGED AS A RESULT OF MEASURING PERFORMANCE?



WHAT WE HEARD...

THEMES IN MEASURING PERFORMANCE AND SERVICE-DELIVERY QUALITY

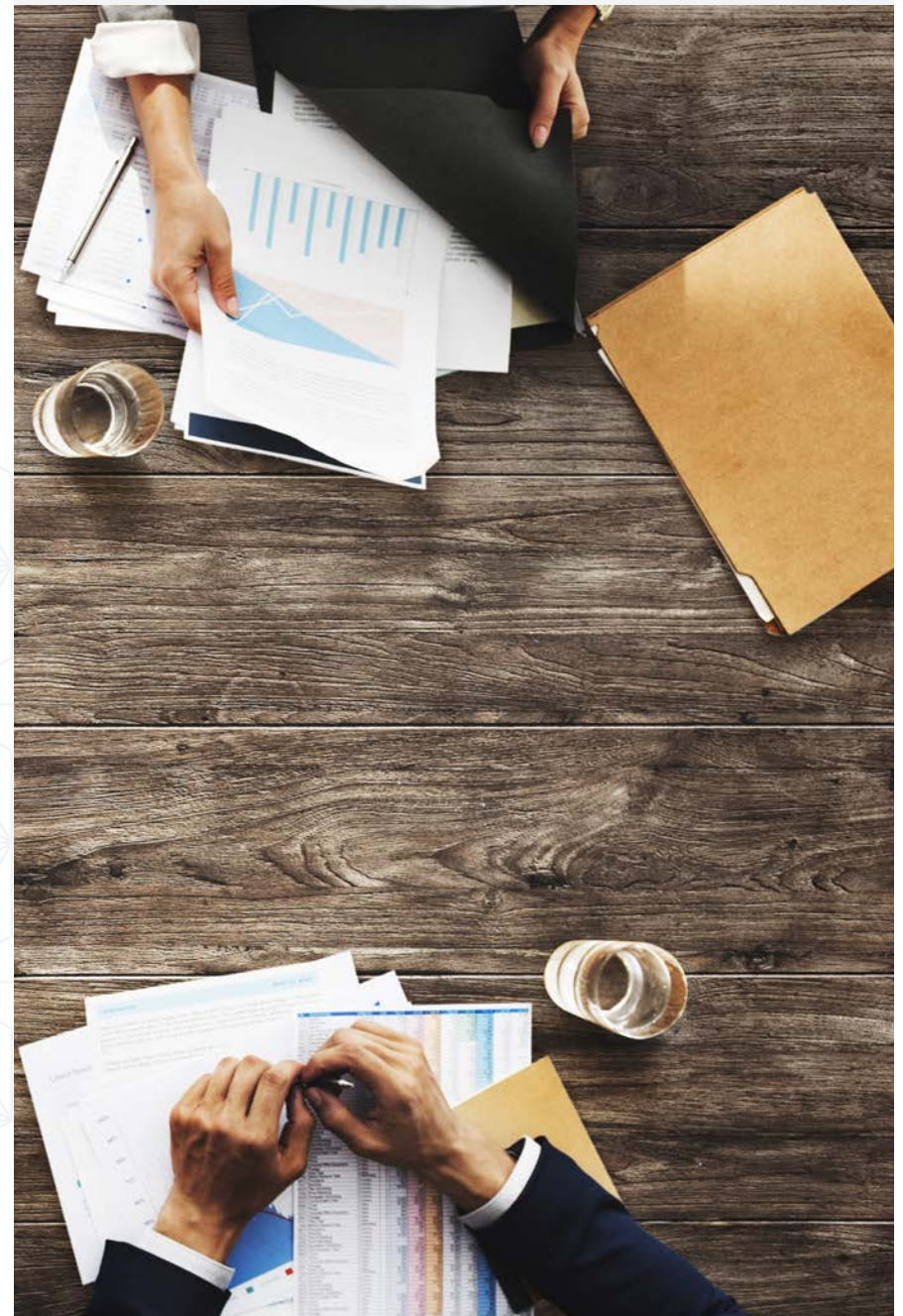
From our interviews, we noticed concerted efforts in many municipalities to integrate strategic planning objectives, demonstrate progress against strategic planning goals with measurable results in both quality and unit-cost.

It was highlighted that performance management requires supporting data and analysis. Alberta municipalities are now mandated four-year operating budgets.

Some questions that were raised by CAOs were:

“How do you make that budget process more than simply year-one, plus inflation?”

“Can program areas deliver four-year business plans?”



STRATEGYCORN'S PERSPECTIVE:

WHAT GETS MEASURED, GETS DONE - INSIGHTS ON MUNICIPAL PERFORMANCE MANAGEMENT AND SERVICE QUALITY

- Will data analytics emerge as a new approach to determining the quality and unit-cost of services and professional advice?
- Will artificial intelligence applications, using data analytics, affect functions such as regulatory compliance, development approvals, reducing the time, cost and complexity barriers facing new and expanded business?
- Have call-for-service systems lived up to their promise; are they cost effective? What is the “feedback loop” for mayors and councillors in a social media age of populism?
- Municipalities are using innovative management techniques drawn from the private sector, from LEAN Six Sigma, to simplified reporting systems, stand-up cross-functional meetings, daily dashboards, and weekly roll-ups of performance against both quantitative (amount, on-time, etc.) and qualitative metrics.

QUESTION 12

**WHAT ARE THE TOP THREE ISSUES
“KEEPING YOU UP AT NIGHT” THAT YOUR
MUNICIPALITY WILL NEED TO ADDRESS
OVER THE NEXT 3-5 YEARS?**



| MENTIONS* | CONCERN | SPECIFIC MENTIONS | OTHER OBSERVATIONS |
|-----------|--|---|---|
| 80% | Adequacy of municipal revenue to meet the growing demand for services | Inadequate revenues Infrastructure deficit Loss of commercial revenue to e-commerce Concern about increased costs of borrowing emergency services not sustainable operating budget | “We have what you might call “Tax Rate Constipation.” The public will not tolerate raising the taxes...even though costs of delivery keep going up.” “Scope Creep: Can we really do everything? Our expanding mandate is not matched to resources.” |
| ~35% | Public and Community Engagement | Managing the need to engage the public, having regard to the new tools | “We have a challenge building support for key projects, like investments in downtown redevelopment or expensive assets, like community centres” |
| | Politics | The rise of populist politics and the effect on local democracy and the dynamics of Council | “The ‘meanness’ of Council is a serious problem...” “Politicians say we have to “run like a business” be we deliver public service.” |
| | Human Resources | Ensuring there is a succession plan and talent pool for the organization | “Being a CAO is a profession...we need to bring along the next generation” [and it is not happening yet] “It is getting hard to recruit into the service with the low respect for public service...” |
| ~30 | Economy | Risk of plant closures/concern about the overall economic outlook, and especially NAFTA/need for diversification | “We focus on diversification measures” “We are trying to improve the local business climate to attract investment” |
| ~25% | Relationships with Senior Governments | Effects of other levels of government on local government; ideological and populist provincial politics leading to dramatic swings in provincial policy, such as downloads and cuts | “Both the province and federal government have ‘shockingly low’ appreciation of local government... the action on climate change is local, for example, but they do not seem to appreciate how important local government is to the solution.” |
| ~10% | Governance Change | Governance change | “Is regionalization coming? If so, how do we manage the urban rural divide” |
| ~10% | Disruption | Sudden issues, such as cybersecurity; threat of reputational damage | “We need to take an Enterprise Risk Management Approach to growing threats, especially cybersecurity” |

These numbers are presented as a tally of the answers given by participants, and not offered as a statistical reflection of the views of CAOs in general.

STRATEGYCORP'S PERSPECTIVE:

- Concerted effort in many municipalities to integrate strategic planning objects, demonstrate progress against strategic planning goals with measurable results in both quality and unit-cost.
- Performance management requires supporting data and analysis.
- Alberta municipalities now mandated to do four-year operating budgets. How do you make that budget process more than simply year-one, plus inflation? Can program areas deliver four-year business plans?
- Will data analytics emerge as a new approach to determining the quality and unit-cost of services and professional advice?
- Will artificial intelligence applications, using data analytics, affect functions such as regulatory compliance, development approvals, reducing the time, cost and complexity barriers facing new and expanded business?
- Have 3-1-1 systems and other call-for-service systems lived up to their promise; are they cost effective? What is the “feedback loop” for mayors and councillors in a social media age of populism?

Municipalities are using innovative management techniques drawn from the private sector, from LEAN Six Sigma, to simplified reporting systems, stand-up cross-functional meetings, daily dashboards, and weekly roll-ups of performance against targets.



QUESTION 13

**WHAT AXIOMS OR MANAGEMENT RULES
DO YOU LIVE BY AND HAVE HELPED YOU
OVER YOUR CAREER?**

WHAT WE HEARD...

QUOTES THAT STOOD OUT

Mission

“Our job is serving and building communities”

“Deliver passionate customer service to our community.”

*“Working in the public sector is not for the faint of heart.
But all it takes is heart.”*

*“Public service is amazing, and it’s a good thing to be
making the community a better place.”*

*“It is rewarding to come to work every day to make the
community better. If the thrill ever wears off, maybe one
should take some time off and come back refreshed.”*

How to do it

*“PRIDE: professionalism; respect for colleagues, politicians,
citizens, integrity, diversity (representational diversity;
respect differences in opinions); excellence – including
engaged employees and good customer services.”*

“In public sector, profitability is replaced with “trust”.”

“Always be truthful, caring, transparent.”

“Act with integrity and honesty at all times.”

“To thine own self be true.”

“Be open and always be available.”

“Share the messy stuff, and be honest.”

“Be true to your word.”

“It’s about relationships, integrity, and trust”

“If you don’t have trust, you have nothing.”

*“Be upfront, do not shy away from the brutal facts, or the
hard things to say.”*

Trying new things

“Have the vision to look ahead, not back. Don’t look at what went wrong, but what went right.”

“Let’s have a bias to “yes”. Let’s just try it and see what happens.”

“We have always done it that way,” is the most dangerous phrase.”

“There are no sacred cows. Challenge everything we do... Be empowered to make change and do it better.”

“Try a pilot – but know It is ok to fail.”

“Just because you can does not mean that you should.”

“Don’t let perfect be the enemy of good.”

“For every new service, consider: What is the return on investment?”

CAO Leadership and Team

“Valuable suggestions can come from anywhere and anyone.”

“If you don’t believe and lead by example, no-one will follow you”

“Get out of your office and be seen. Build relationships, get to know the organization and its people in their workplace.”

“Take the time to listen...and then act accordingly.”

“Share credit, accept blame. Don’t be a hero or you get to zero very quickly.”

“Work with a team, do not micromanage.”

“Its ok to not be the lead on every project> It is ok to convene and let others lead”

“Focus on relationships”

“To understand your team, you need to know who is the sharp edge and who are the followers.”

“Be authentic, build trust, and value relationships because it all comes down to people and relationships and trust between them.”

Council Relationships

“Manage expectations”

“Once you lose the confidence of elected representatives, you can’t get it back.”

“Ensure there is clarity on roles and responsibilities at all times”

“Promote mutual respect between Council and administration and among all levels of staff.”

“Need to foster a team with political savvy.”

“Mayor and Council need to know they can call and get things explained.”

“Many see us as “responsible for everything,” but in many cases we lack the authority or capacity to deliver. Understand that some expect us to do it all, and they find it easy to blame us...”

Customer service

“Its all about customer services and services excellence.”

“Give people the best experience possible, even when they are paying a parking ticket.”

“Focus on the basics of trust and customer service, and stay out of the weeds.”

“No one person is bigger than the organization. The organization must come first and continue to thrive.”

“Promote teamwork at all levels”

Communication

“Communicate, communicate, communicate: Maintain a pipeline of good news stories and keep it flowing.”

“Most municipalities don’t have a lot of bad news, but it makes the headlines. It takes 10 good news stories to eclipse a bad news story”

“Be visible.”

“Need for transparency, especially with the media.”

“If you live and die by social media, you’ll die by it.”

“Silence can be the best solution.”

Being a CAO

“Respect diversity.”

“Don’t over-analyze and gaze at your navel. Staying action-oriented is important.”

“You have to make decisions: everyone respects the decisiveness of a decision-maker.”

“CAOs need to have think time. Every day, I have to focus on the strategy to ensure I’m being a leader, and not just fighting managerial fires all day long.”

“Find out what is at the heart of the problem and what needs to be done to fix it.”

“It takes a deliberate commitment to keep out of getting drawn into the little things. As CAO, I have to constantly ask myself “Do I really need to be there, or can I let my

team handle it?”

“Survive by staying in the middle. It is a matter of balance in how you push the agenda forward.”

“Be realistic. Don’t overpromise.”

“Push for clarity. Never let something hang out that is going to cause trouble down the line.”

Other thoughts...

“Be comfortable with uncertainty as that is all there is.”

“On coping: just breathe and take it all in.”

“If you need structure and predictability, you are in the wrong business.”

“Humour cannot be over emphasized. Help people feel comfortable in the workplace”

“Never live by axioms, it’s a shallow existence.”

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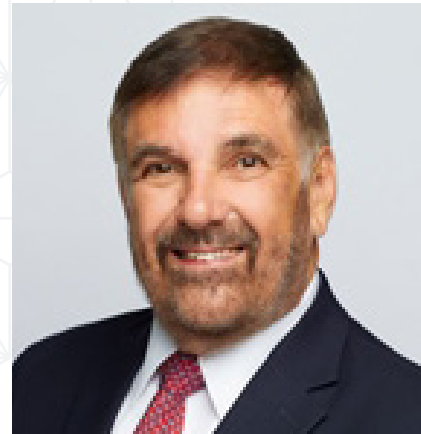
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