



ONTARIO MUNICIPAL CHIEF ADMINISTRATIVE OFFICER SURVEY 2016

A candid look at the issues on the
minds of Ontario CAOs

Spring 2016

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In the late fall of 2015, StrategyCorp interviewed the Chief Administrative Officers of 25 upper and lower tier municipal governments in Ontario. The following report is a snapshot of their opinions, combined with commentary compiled by members of our Municipal Practice Group.

Interviewees were taken through the questions set out in page 6, 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 were not disappointed.

The interviews confirmed eloquently one thing that we already knew: that the CAO is the essential lynchpin between the elected council and the professional public service.

Given the challenges that they recount, we believe it is time to again reflect on the adequacy of the definition of this very important role in Ontario's Municipal Act. CAOs should not abandon the goal of a more adequate statutory mandate for the position of CAO

The interviewees shared very frank concerns about the financial sustainability of Ontario municipalities, both as it relates to operating costs and to capital needs.

This was not political posturing. It was the direct advice of people who "make it work" every day and who must plan for a future that extends decades.

Participants are also concerned about the ability of the municipal council model to provide solid decision-making in a political environment revolutionized by social media and heightened public expectations.

It is clear that municipal political culture that is adapting in real time — and without an organizational GPS — to extraordinary pressures.

Overall, the interviews revealed a strong cadre of public sector executives, engaged in a daily struggle to lead and manage some serious challenges.

Their struggle is an important one, and on their success rests the success of our communities. Perhaps just as important, in a world where cities and urban regions are the building blocks of economic activity, their success is a foundation of our economic prosperity.

INTRODUCTION

Why we did the Study...

We are at an inflection point in the history of municipal government in Ontario. But the key role of the municipal chief administrative officer (the CAO, or variously called city manager, county administrator, town manager, city administrator) is too often ignored or taken for granted.

As the most senior management executive in the municipal administration, the CAO is the general manager of the corporation and chief policy advisor to the municipal council and its political executive (the mayor, regional chair, county warden, etc.). But the CAO can also play an important leadership role in the community's economic, environmental and social development.

We thought it was time to hear what the CAOs themselves had to say about their leadership role in a changing Ontario. We designed a process where informed, probing questions could be asked and candid, reflective responses could be heard and understood by knowledgeable and experienced interviewers, and then interpreted back to CAOs facing today's and tomorrow's challenges.

WHAT WE ASKED:

StrategyCorp undertook confidential interviews of CAOs from larger municipal organizations across Ontario, both upper and lower tier

1. How do you see the economy changing over the next 3-5 years, and how could this potentially affect your municipality?
2. Are there particular social, technological, environmental and/or political trends that you believe could have a significant impact on your municipality over the next 3-5 years?
3. What has your municipality done particularly well that you think could be informative to other leaders in the ongoing management of their organizations (e.g., service or program innovations)?
4. How is your municipality preparing for the expected gaps in human resources and leadership given factors such as the aging work force?
5. Serious problem: serious managers are doing more than normal to improve the culture (Why is this here?)
6. What are the top three issues “keeping you up at night” that your municipality will need to address over the next 3-5 years?
7. Are there specific opportunities or key priorities you are focusing on over the next 3-5 years to improve the performance of your municipality?
8. What approach is used by your municipality to engage its key internal and external stakeholders?
9. How do you monitor and assess the ongoing performance of your municipality?
10. How effective is yours/staff’s ongoing working relationship with your Mayor and Council? Are there aspects that could be improved?
11. How do you manage your relationship with other municipalities in your area and with the Province?
12. Do you have any other comments that you would like to add or questions in light of the above?

What we learned about the role of the CAO today

The good news is that every one of the CAOs we communicated with are handling their jobs well – and many are doing it very well indeed. They are confident about their administrations and their communities. They present themselves as satisfied and fulfilled in their work. In our collective experience, compared to other times in the not so distant past, the CAOs who we interviewed seem positive and optimistic about the tools that they have at their disposal to meet the needs of their communities. They are up to the challenges ahead.

The bad news is that when they start to think about it, the CAOs we interviewed do see significant challenges, both for their communities, and in their role as CAO.

- **“The challenges of the community are the challenge of the job:”** The first category of challenges is the set of issues faced by the municipality as a whole. As the adage goes, “the buck stops” at the CAO. As corporate leader, the CAO must lead in solving the problems of the community. Not surprisingly, through the interviews we heard, many CAO’s identify their toughest tasks as coming not from the job title and description, but from the condition of the municipality itself. Some face high unemployment from economic restructuring. Some report serious social issues. All describe rapid change in community expectation of engagement driven by social media. Many refer to other disruptive trends and technologies challenging old assumptions about their communities. For these leaders, the CAO job description is not limited to running the municipal corporation – it is to serve the breadth of the community. They see success in the job as being linked to success of the community - not just the efficiency of the administration.
- **“The job also comes with its own challenges:”** In addition to the challenges of the community, there are the challenges that are specific to the head of the municipal administration. Managing and innovating in the face of change. HR issues, Council relations and addressing service delivery expectations in the face of ever-constrained budgets are all common themes.

There are some things only the CAO can do. Perhaps most important is creating a top performing senior management group. The first job of the CAO is to creating a senior management team that will ensure that service delivery is well managed by the senior staff that they hire. With a quality team in place, the CAO has the time to address the cross cutting issues that only the CAO can do. Three major examples of which are as follows:



PUBLIC ENGAGEMENT REAL TIME ISSUE MANAGEMENT:

One area that almost everyone is struggling with is the rapidly changing world of public engagement. People have gone from wanting a say to expecting a say. The model we use for social engagement is derived from a land use planning model, and may not function adequately for other kinds of purposes. Add to that the reality of social media and the need to now deliver real time issues management. This is an area that is evolving before our eyes.



LINKING ECONOMIC DEVELOPMENT TO THE FINANCING OF INFRASTRUCTURE:

Infrastructure funding must be linked to economic development. Getting the best deal out of federal and provincial governments. The federal and provincial governments have a degree of political and policy alignment that they have not known in recent decades. Infrastructure investments not only sustain municipal services into the future: if they are well chosen, they can contribute to improved productivity and economic growth.



PERFORMANCE MANAGEMENT:

This needs to be a cross-cutting role of the CAO. But there is not a one-size fits all model for how to do it. CAOs are all tackling this problem in their own way, with second – if not third generation – efforts at improving systems, measurement and engagement around continuous improvement.

This is the time, either collectively or individually, to look at these things and take action.
This is time to try to do something about it.



A. ISSUES RELATING TO THE MUNICIPALITY

1.

The paramount issues: financial sustainability through revenue maximization and cost containment

Financial management is a primary focus of all municipalities, but it is challenged by local circumstances and is exacerbated, overall, by limited revenue tools and the primary dependency on property taxes, which is driving various efforts to reduce total operating costs.

Focus on managing the major cost drivers is simply a way of life in the municipal sector, and has been for two decades.

How do you respond to calls to “run the municipality like a business” when it has already been subject to constraint for 20 years?

CAOs are exploring new approaches such as commissioning service delivery methodologies, where government examines a program, sets an outcome, and seeks proposals from the non-profit sector and the private sector to achieve, with payments driven by outcomes.

Another innovative approach is the Equalized Budget, where programs are fully assessed for the long-term cost implications—not just balancing the budget, a crucial consideration in making infrastructure decisions.

What once may have been seen as the Finance Commissioner or Municipal Treasurer’s job is now ultimately the CAO’s responsibility. Innovative approaches are the order of the day.

ISSUES RELATING TO THE MUNICIPALITY

2.

The need to optimize infrastructure spending

Interviewees across the board are embracing asset management. Most interviewees shared their concern that the municipal revenue stream was insufficient to meet long term capital needs, and are not optimistic that senior governments will respond. Their focus is on self-help – optimization of the capital program to ensure value for money.

In the absence of a provincial economic strategy, how are infrastructure priorities to be set? We need to sustain municipal services into the future; but well chosen infrastructure projects can also contribute to improved productivity and economic growth for a generation.

How can we sustain and leverage our past investments in infrastructure and other municipal assets to help to meet tomorrow's priorities?

ISSUES
RELATING
TO THE
MUNICIPALITY

3.

The need to manage public engagement

Public expectations: Interviewees described the public as expecting “1970s levels of services and 70s levels of taxes – if not decreases.”

The expectation of information from government is morphing into the expectation of active public participation in decision making – in some ways heralding erosion in the legitimacy of representative democracy.

The public expectation of greater consultation is driving a need for greater expenditure of resources on consultation.

A better informed public is both a tremendous benefit, and a tremendous challenge to municipal government.

Interviewees are using strategic planning as a tool for setting and managing expectations – combined with investments in performance management tied to operating plans and reviews – to create stronger links between inputs and outputs, and the true range of options open to municipal government.

In an internet world, do we need to have more variety in our public engagement processes, rather than having most simply a variant on land-use planning processes designed primarily to forestall unfavourable local development outcomes?

4.

Local Municipal leadership in an era of constant global economic restructuring

Interviewees expressed the view that Ontario does not have a comprehensive economic development strategy, and that Ontario municipalities need to become more active in addressing their own interests, by occupying the role of the convener of local economic development partnerships.

What is the role of the CAO – good corporate manager, or community leader and economic development champion?

ISSUES
RELATING
TO THE
MUNICIPALITY

5.

Social media and the requirement of real-time issue management

Implications of resourcing: many have said we have to provide more resources to manage the demand for facilitation of events involving the public and investments in communications departments dealing with two-way real time issue management.

Although greater scope for social media is emerging, how will it reconcile with the “no failures” expectations of political leaders and the ethos of “gotcha” journalism and the blogosphere?

6.

Diversity is driving more than just service delivery

Changing diversity within communities requiring greater attention — requiring service adjustment. From civic engagement, to planning, communicating, and delivering municipal services, diversity in the community is a key consideration. It is also a largely untapped opportunity for local economic development.

As the Baby Boom generation retires, there is a unique opportunity to recruit in a way that reflects the diversity of our communities and our province. Diversity generates new ideas and perspectives, new frontiers for community engagement, and new economic and social development opportunities

ISSUES
RELATING
TO THE
MUNICIPALITY

7.

Everyone understands the retirement problem and the human resources gap

It is not news anymore and has not been for a while. Many focus on trying to make an appealing work culture to encourage retention. They recognize that the workforce is inherently mobile.

It is not enough to recognize the need for succession planning. Municipalities must be creative and innovative to market municipal careers to a skeptical generation of Millennials.

ISSUES
RELATING
TO THE
MUNICIPALITY

B. UNIQUE CHALLENGES FACING CAOs & CITY MANAGERS

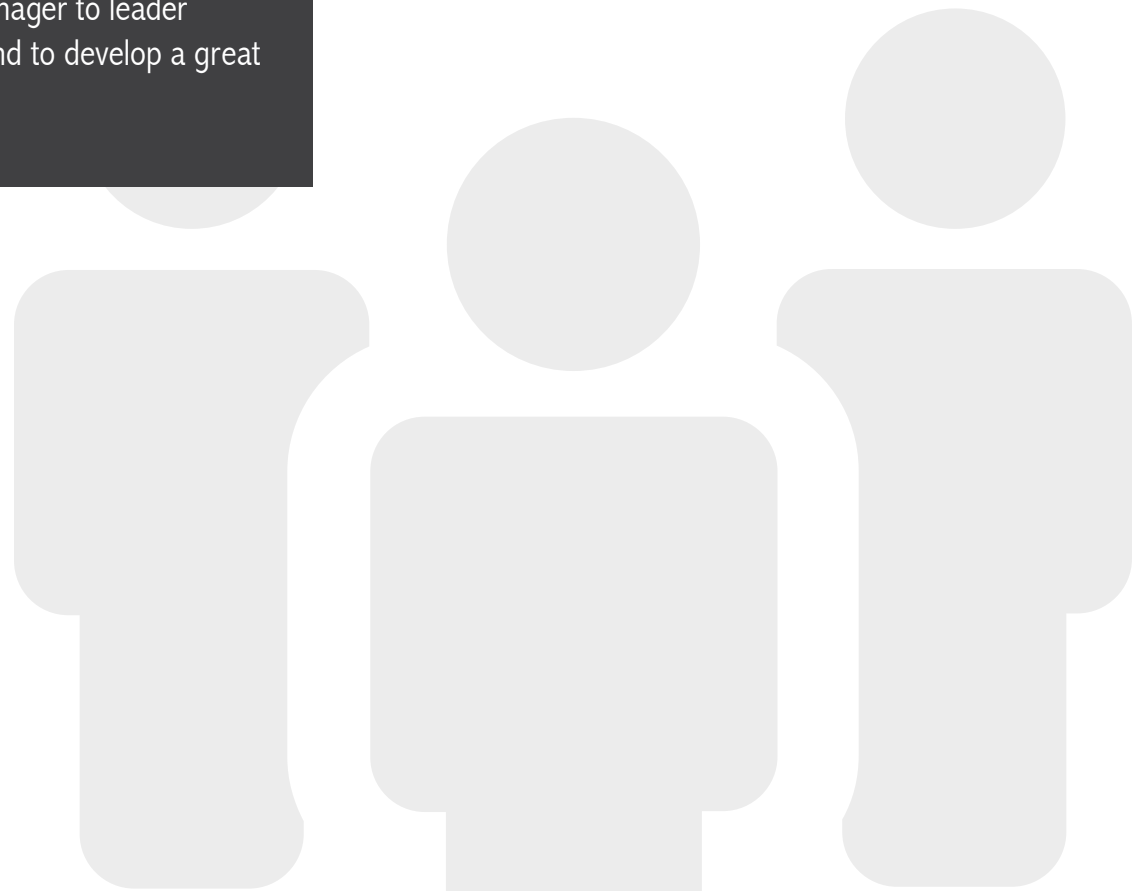
1.

Building the senior management team

Only the CAO can build the team to ensure the appropriate capacity and competence in discharging the responsibilities associated with each service/program division.

The ability to move from good manager to leader depends on an ability to recruit and to develop a great senior management team.

UNIQUE
CHALLENGES
FACING
CAOs & CITY
MANAGERS



2.

Getting the right planning horizon

Municipalities are effectively planning for the future through strategic plans with a longer term focus that can link planning, infrastructure and funding requirements through a focus on building future leadership capacity, depth and skills.

CAOs are taking a longer term perspective. The real challenge is creating an understandable set of plans and data so that Councils can understand the true long term implications of service and infrastructure decisions, versus short term political decision making cycles.

In a world with a 24-hour news cycle and council terms of four years, it falls to the CAO and the senior management team to be the custodians of the long term and to anticipate the needs of future residents and businesses.

UNIQUE
CHALLENGES
FACING
CAOs & CITY
MANAGERS

3.

Performance management

Every municipality manages performance today, but not all in the same way. Many existing measures fail to meet the needs of municipal managers, and they are investing in their own customized approaches. There appears to be a growing gap between those on the cutting edge and those focused on 'machining' traditional management practices. The next wave will be open data and data analytics.

There is a lively debate among CAOs about the value of performance measurement and the ways to interpret and display the results. But there is consensus that performance management -- from data analytics to performance evaluations -- is important. The trick may be finding ways to demonstrate results in terms that are compelling for council and the community.

UNIQUE
CHALLENGES
FACING
CAOs & CITY
MANAGERS

4.

Anticipating disruption

Recent technology change has undermined licensing bylaws that have stood for a century. CAOs are planning for disruption, be it in service delivery, regulatory policy, or politics.

The disruption caused by AirBnB and Uber are but a foretaste of the impacts in our near future from automated vehicles, the 'sharing' economy and the Internet of Things.

UNIQUE
CHALLENGES
FACING
CAOs & CITY
MANAGERS

5.

The lynchpin between council and staff

Most interviewees observed an escalation in the intensity of local politics. Some describe it as a growth in partisan conflict. Others describe it as a loss of civility. Whatever the cause, most note more conflict, both among Councillors, and often between council and staff. As previously administrative exercises become increasingly public, public servants must learn new skills in issue management. Similarly, conflict is putting greater stress on codes of conduct that threaten to impose an adversarial tone on what is meant to be inclusive council government.

CAOs are developing coping strategies to manage these pressures.

Are Council members moving away from their roles as governors, legislators and elected representatives, to become customer service reps, program managers and community delegates?

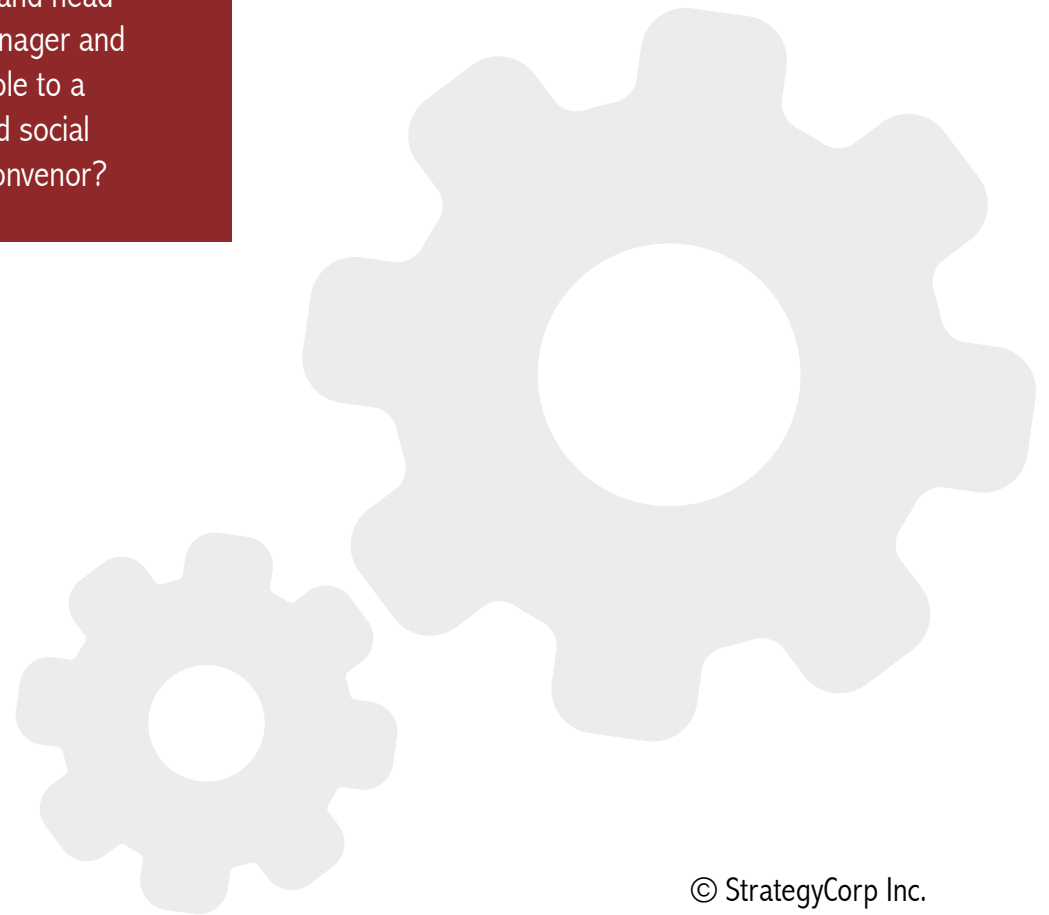
UNIQUE
CHALLENGES
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CAOs & CITY
MANAGERS

6.

Different styles: General Manager of civic administration, or Community Convener?

CAOs are responsible for the welfare and success of the municipality. “A municipality is a geographic area whose inhabitants are incorporated” [sec. 1 of the Municipal Act]. Is the job of CAO and head of the municipality to be a corporate manager and organizational leader, or to extend the role to a community leader, regional economic and social development champion, or community convener?

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CHALLENGES
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CAOs & CITY
MANAGERS



7.

Leadership Matters

Whatever approach a CAO chooses, requirements for leadership are changing. As CAOs come out of the shadows, their own personal leadership style is more important than ever. The ambiguity of the line demarking the professional opinion of the CAO from the political opinions of council is perilous.

The ambiguous and insufficient definition of the CAO role in the Municipal Act does not necessarily provide them with the legal foundation for the reality of the task at hand.

CAOs should not abandon the goal of a more adequate statutory mandate for the executive position of CAO.

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CHALLENGES
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MANAGERS

TOP ISSUES KEEPING CAOs UP AT NIGHT

“We asked what’s on your mind...some concerns were widespread, some were quite unique.”

Mentions

Issue

Representative Comment

44%

Succession planning

- “Creating the right workforce”
- “Keeping a full team in the face of competition from other municipalities nearby who keep recruiting my people”

42%

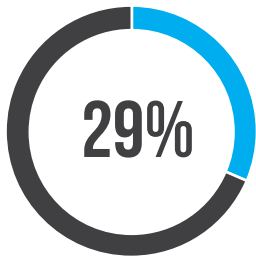
Funding and taxes on operating expenses

- “I’m constantly concerned Council will cut too deep”
- “ ‘Holding the line’ on taxes sounds good...but not at the expense of raiding reserves or deferring maintenance”
- “Inadequate Revenue tools. Same as everyone else”

30%

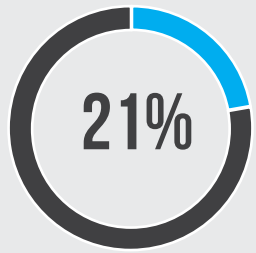
Council role, direction and conduct

- “Keeping Council from becoming too managerial”
- “Keeping Council productive”
- “Not allowing the bullying of staff by Councillors”
- “Persuading Council to make long term decisions on infrastructure/be more strategic”
- “Long term sustainability in the face of political bargaining...”
- “Managing our divided Council”
- “How can we run a modern community with a governance system that has not changed in a hundred years?”



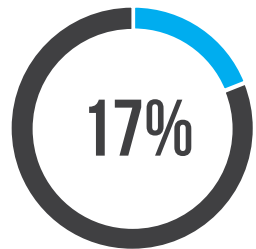
Funding and taxes on
Infrastructure deficits and the
consequences (gridlock)

- “Our long term asset management plan makes assumptions about how anticipated life of assets. What if they do not hold up that long?”
- “We constantly hear frustration with commute times and transit availability. It’s the biggest threat we have to our quality of life and economic sustainability”



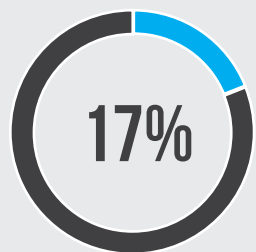
Public expectations and
ability to keep up

- “Maintaining what we have. We are in a good place — the main challenge today is not being the person who let things slip...”
- “People in the GTA buy in to a community that they thought they were buying in to, but it is changing and declining. And they find out it is different...”



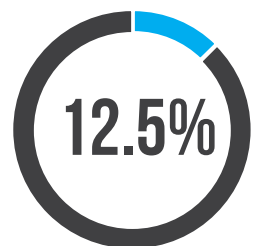
Growth

- “Maintaining what is great about this community while dealing with hundred year decisions about growth”



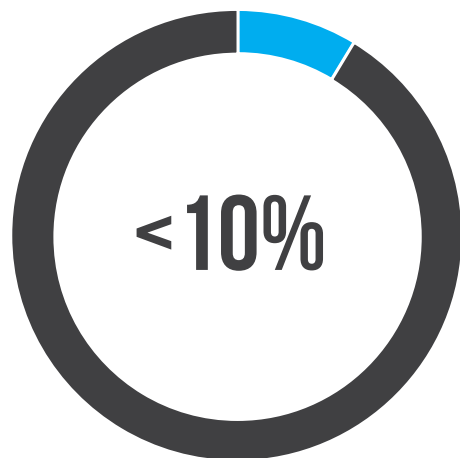
Economic growth

- “Attraction and retention”
- “How to create opportunities”
- “Seizing opportunities for economic growth. When development comes to our door, can we create a predictable, timely outcome that lets the development happen? Or do we get in the way?”



Gaps in social
services

- Meeting the needs of people, be it in social support, housing, seniors, etc.



Managing Personnel problems

- “Fraud: Internal controls are challenging...we are getting to be of a size where we need to ‘take it to a different level’”
- “Technology is always manageable – intangibles of people are the challenge”

Strategic Management of the Organization

- “How to get above the day-to-day issues to the important, strategic issues”
- “We try to be evidence based, but we are only as good as our data”
- “We want to keep up and be a learning organization, but it is a challenge”

Managing relationships with senior governments

- “Sustainability of senior government commitments across electoral cycles. Who knows what the next guys will do?”
- “Our ability to plan for the future is made more difficult because we cannot count on our funding partners being consistent over time”

Managing citizen engagement

- “Social media has changed everything, but we have not found a way to turn it to our advantage yet”

Emergency preparedness

- “Being ready for the unexpected”

LDC Consolidation

- “Making the right long term choice for an asset that it changing rapidly.”

IN THEIR OWN WORDS...

The comments of CAOs on the issues facing them:
public engagement, responsiveness, performance management

The public demand for increased participation in government is forcing a re-examination of how public engagement is undertaken and resourced.

WHAT WE HEARD:

The problems: Choices that matter to people are being made, but the public is not getting involved early enough in the process

- “Most are disengaged during policy development. It is hard to get people engaged in strategic matters. Open houses, newsletters, community newspapers, meetings all tend to get “the same people”
- “The biggest turnouts are to stop things”
- “They [the public] really pay attention when they get the bill. Then the phones light up.

A change in culture: Change in public expectation about involvement is driving a change in culture, resourcing and the attitude of administrations.

- We are moving from a culture of “our administration will GIVE you a say” to the public asserting “expect input on everything”

Some have called it the “death of the expert,” as the public, better armed with content from the web, and able to communicate and mobilize via social media.

- We are trying to move our approach from “inform and educate” to “empower and collaborate” but it is a major culture shift”
- “Experimenting with open-ended engagement model and process”
- “Trying co-production with community, politicians and staff at the table”

Social media: Social media has revolutionized the ability of individuals and groups to participate in the process. The result is that many municipalities are scrambling to catch up. The tables have literally turned.

- “Social media has changed everything”
- “Increasingly special interests can mobilize and deploy significant resources to pressure decision makers”

Response is varied: Many municipalities have embraced a commitment to engage citizens, that means different things in every municipality.

- “We need to reach the public sooner and now we can”
- “We are taking it to the next level: the old approaches won’t do any more”
- “Now, we always do more than we need to...never the bare minimum...”
- “The question is, ‘How far should we go?’”

WHAT WE HEARD:

Tactics being deployed include a broad range, tailored to fit the purpose...but frustration is growing with the “old ways of doing things.”

- Polling: “Can be very useful...”
- Stakeholders: “We do constant stakeholder level consultation and engagement -- such as the university, college, library board, airport, hospital, social agencies, the BIAs...”
- “We are investing effort into empowering stakeholders to be better informed, to make them share in the thinking, instead of simply making demands upon the system
- Citizen Charters: “Citizen engagement charters need very specific definitions of success...”
- Citizen panels: “Require a lot of work but can provide good feedback and positive optics and may assist Council in making tough decisions”
- Permanent Citizen Policy Committees: “We have permanent Committees for each policy area that provide a policy resource and sounding board. Each is supported by staff resources”
- Paper newsletter: “Does anyone read it?”
- Town Halls: “It’s always the same folks, and never enough”
- Open mic sessions: “Increasingly ineffective because too polarized”
- Website: “Still our biggest tool and the one public most comfortable using”
- “We use online engagement, e-panels, e-communities for residents to easily share their viewpoint on specific issues – such as Budget builder software...”
- Pop-up locations: “Work really well to reach special audiences”
- Ethnic media: “We have made a major effort to reach out beyond the traditional media to the ethnic media”

Clearly, change is upon the sector. Some are concerned.

- “Can be too much. It becomes expensive, and does not always deliver great results”
- “It is a symptom of a growing mistrust of government. Our representative democracy selects leaders. Excessive reliance on consultation is a substitute for leadership from elected leaders. The balance has to be right”

Social media does not favour the broad-based interest; it segments the public and coalesces opposition more effectively than in the past. But it need not have that effect: being diffuse and inexpensive, it also presents an opportunity to engage those with a less intense interest, but who may benefit from proposals being opposed by narrower interests. How could that be achieved?

One-size fits all community planning and environmental assessment consultation models do not work for things like infrastructure or public finance, or even broad-frame urban planning issues. They are designed to marshal opposition to unwelcome development proposals, but they do not empower the promotion of good, broad public policy or aggregated community benefits from new infrastructure and/or economic activity.

Increasing public expectations in terms of access and responsiveness, enabled by emerging technologies, are placing significant demands and pressures on the CAO and their senior team to manage in real-time

WHAT WE HEARD:

Overall, we heard overwhelmingly the opinion that issue management today is faster than ever, and never stops. Again, social media is the culprit, and this term of council will be remembered as the moment in time when social media engagement became essential.

This is forcing a reconsideration of

- “Things that were optional two years ago are essential today. We use online engagement, e-panels, e-communities”
- “This is the new normal. The entire organization must be more sophisticated at identifying and managing emerging issues”
- “The community puts uninformed opinions on social media and then expects us to respond...”

Emerging technology is forcing many municipalities to play catch-up with platforms and apps in common use by Councils and the public. In many cases, the Municipal Act and Privacy Legislation do not provide the answers.

- “Mayor using Periscope in the council meeting and not telling anyone...”
- “We have real time “play by play” coverage of Council Meetings on Twitter...”
- “Our Councillors are moving to social media faster than municipality. We need to catch up”

CAOs are still rethinking the value of social media, and how to build it in to the work day. The immediacy of social media is also challenging traditional ideas of hierarchical sign offs and approvals, and is being challenged by demands for near to instant communication. Social media demands engagement AND empowerment by the workforce.

- “We don’t pay for people to be on social media”
- “Need to develop of “corporate” voice on social media, distinct from the political voice capable of pushing out the facts and messaging to support the interests of the Corporation”

Similarly, there is no consensus on the personal role of the CAO in the new normal of issue management.

- “Increasingly, they expect the CAO to be available online”
- “The CAO must engage with media, but restrict comments to facts, reasons, and results”
- “I leave media to the politicians as much as possible”
- “Can’t stray into partisan politics. Leave the opinions to the elected leaders”

All municipalities monitor, assess and report on performance but there is a huge range in the level of development and use of metrics to drive performance with a repeated concern about the lack of data, or at least analysis of data, to support effective and efficient decision making.

WHAT WE HEARD:

The problems:

- What to measure: “Private sector can default to profit for assessing performance. We need metrics meaningful to us”
- “How can we use performance measurement to incent risk taking – not scare it off? Can it be a tool for incenting, not deterring or punishing innovation?”
- Concern about weaknesses in existing data
 - “Have to apply it to your own needs”
 - “Too many comparators. Not enough are meaningful”
 - “We spend too much time distinguishing why they are not relevant – better to have more flexible subsets”
- Timeliness: online dashboard with comparators

Strategic management issues - links to managing expectations of council and public:

- “Proving competence; fueling improvement, building trust, and support”
- “Evidence based”
- “Demonstrate that money is being well spent.”
- “Prioritize areas for investment.”
- “Learn where we are not as good as we thought. That’s the best warning you can get”

Everyone says they intend to do more...

- “We are constantly improving in our measurements, making them more meaningful”
- “It is not been our focus but it must be”

Two types of performance measures:

- Organizational performance: “How do we do day-to-day? These things are under our direct control.”
- Community performance: “How is the community doing? These measures are not under our direct control but they are important.”
- Some use external entities (foundations) to hold the pen on the scorecard : “We align with the Canadian Index of Wellbeing”
- Community measures: “They are beyond our ability to control, but they are interesting.”

Tactics:

- “Strategic plans often just sit in the drawer — they must be linked to operating plan decisions.”
- Performance measurement must be linked to the cycle that includes strategic plans, corporate business plan, 3-year work plans by department, budget
- “We link it to a services inventory: for each service, measurements.”
- “Forward plans and rear view mirror data: need to be linked”
- For Council: We use 20-30 meaningful indicators and report out on them twice a year to council — not 600.
- 311 System: constant feedback on how we are doing “at the counter”
- Leadership measures through staff surveys
- Office of corporate performance “We have a corporate group that leads in collection and standardization of measures.”
- “We use broad, open engagement in how to develop and interpret KPIs, and are always open to making them more meaningful.”
- “At the end of the day, someone in charge of what to do about a measurement, good or bad.”
- “Open data will lead to data mining. It will be the next big driver of innovation.”
- Continuous improvement of data: “Understand its limitations, and fix them as warranted.”

MUNICIPAL PARTNERS & SENIOR GOVERNMENT

As the adage goes, “The shared fence is always the one that needs the most work...”

Personal relationships matter in building inter-governmental affairs programs. Lack of trust and political will is still the biggest barrier to the unfulfilled promise of shared services and/or partnerships across municipalities.

WHAT WE HEARD:

Some report that their two-tier arrangements work well. To foster cooperation, they invest in building and maintaining relationships to overcome the natural tendency to think inside boundaries, including:

- Regular meetings of CAOs
- Periodic joint meetings of Councils
- **Planned outreach by staff to build relationships with counterparts.**
- “When working as a Region, having a structure to support and facilitate the cooperation of the CAOs, Chair, Mayor and Councils is essential”
- [we] “Require staff to build and maintain relationships with partner governments as part of their annual performance plan”
- “Political staff serving the Mayor and Council can be of great assistance if properly constituted”
- “Municipal and professional associations are a great forum for building the relationships we need”

Everyone sees the benefits of cooperation, especially on shared back office opportunities, such as IT, bulk purchase etc. Similarly, the benefits of cooperation on potentially controversial policy files such as regional level infrastructure and economic development are also well understood, but a majority reported that this was still a challenge. Political leadership was the most commonly cited barrier to cooperation on shared services. Most were of the view that more could be done to achieve benefits in efficiency through more inter-municipal cooperation.

- “We have a formalized joint services program that covers over 50 services areas”
- “We work across boundaries where there are synergies with other cities —sometimes”
- “There are some obvious back office opportunities deliver savings, such as with cooperation on IT, billing, HR...but we are not there yet”
- “It is still hard to develop service sharing relationships”
- “Some of their Councils are mistrustful”

After 13 years of relative stability on governance and boundary issues, pressure to restructure is re-emerging as an issue due to a variety of causes:

- Inequities in representational model: “We simply don’t have a fair number of seats at the table”
- Inefficiencies in decision-making: “I hate the inefficiency of the two tier structure, but I like and admire my colleagues, and try to make the best of it by meeting regularly to overcome the structural problems”

WHAT WE HEARD:

- Inequities in resource allocation: “We never get our share”
- Boundaries that do not reflect current interests or challenges: “The boundaries we have to work with do not reflect the actual interests” [or issues that need to be managed]
- Stresses in representation: “Our regional Councillors and our local Councillors are not on the same page”
- Politics: There is too much pettiness and siloed thinking”

No one is very optimistic that restructuring will be any easier than it has been at any previous time.

- “It may be time to look at governance boundaries again. No one wants to deal with it, but it has to happen”

Emerging matters that transcend local capacity are growing areas of concern, such as climate change response and emergency preparedness. Some wonder whether it is time to revisit the need for clearer leadership at the GTA level.

- “Most of the biggest challenges we face transcend either the local or the regional level, and we can’t seem to make the progress we need — especially with emerging threats on emergency preparedness in relation to adverse events”

Provincial municipal relations remain an area of significant concern, with many interviewees expressing frustration with the provincial government.

- “Too often, they still set one size fits all rules”
- “We have to be self-sufficient. We are on our own”
- “Where we do not have MPPs or MPs as powerful advocates, we really have to turn to our own resources and raise our game”
- “Queens Park or Hill Days are useful”

Not surprisingly, there is significant variability in economic conditions between municipalities depending on their location within Ontario. This results in different strategic priorities and operating requirements and makes it more difficult to develop planning and funding policies that apply equally to all municipalities.

CAOs take different views to their role. On balance, the range of views was summed up by: “Prepare for the worst hope for the best”

WHAT WE HEARD:

- “Dealing with the province on economic development is a nightmare. Too many players: Who do you go to, to get a ‘yes?’”:
- “Everything takes too long. Too many byzantine layers of government – not just Ministries, also agencies, such as the NEC, Conservation Authorities, etc. We need better coordination.”

Optimism about alignment of the current federal and provincial governments.

- “The Trudeau –Wynne alignment could be a once in generation opportunity”

Effective intergovernmental affairs requires alignment between Council and administration

- “It is a challenge when Council does not have a collective or ‘corporate’ voice on intergovernmental issues”
- “There needs to be a strategy, and the Mayor must coordinate Council. it is a challenge if they do not stay on message”
- “The Mayor’s personal relationships with the province really matter”
- “We needed Council buy-in to let us devote time to building relationships with our neighbours and the province. It takes time but it matters”

The state of confidence in the economy spans the full range from:

- “Great! This is the first time in a generation we are getting growth”
- “Pretty good, ‘knock on wood,’”
- “We are hurting”

This predictable result underscores the truism of the challenge of generalizing the experience of 444 municipalities, and of planning centrally for their different needs and challenges.

Confidence matters. We heard a perception that that there is no provincial strategy for the economy.

- “There is no provincial strategy for economic development – especially not for GTA”

WHAT WE HEARD:

- Provincial assumptions about growth are not keeping up to date with “on the ground experience”
- “Assumptions about the ratios between jobs per hectare, DCs, property taxes are not panning out”
- “Population growth assumptions may be right but the economic assumptions about the effect of population is different”
- “Linkages to DCs and expected tax levels are not working as predicted...a larger burden is shifting to the residential tax base”

We also heard that municipalities are getting actively involved in thinking about the long term education needs of their local work force.

- “We lobby to fill the gaps: if there are not enough opportunities, we try to get them...Graduates tend to live and build careers where they are educated. They are our future”
- “The employment pattern used to be “go to school get a job;” now it’s ‘go to school make a job.’ The concern today is ‘Jobs without people, people without jobs”
- “Services must evolve to facilitate transitions when change happens – allow skilled people to find their feet and reinvent themselves”
- “We need a bigger role in Immigration attraction and settlement”

With respect to the role of the CAO in the economy...In the US, the City Manager is the point of contact for investors / developers / local CEOs. If you want to invest in a US city, the City Manager ‘meets the plane’. We saw a spectrum of views about the role of the CAO in Ontario.

On one end of the spectrum, some CAOs see their role as a kind of “community convener” with a broad responsibility to bring together multiple stakeholders.

- “If I don’t have a strategy for our region, who will? The Province?”
- “We lead in areas we cannot control by identify key sectors and pull them together regularly and develop strategic plans for key sectors...”
- “Schools, colleges and University ...we need to help facilitate them [in their local role in the economy]”
- “We pull together our [smaller] municipal neighbours”

Others perceive their job as supporting the Head of Council in this role.

- “Together we set a roadmap for the local economy”

On the other end of the spectrum, some see their function as being more limited to running the operations of the local government and the matters directly under their control.

- “The trends in the local economy are what they are – we can’t change them”
- “The economy in the broader sense does not drive our staff thinking...we are primary service providers

HUMAN RESOURCES & SUCCESSION

The aging of the current management cohort is a threat
that many have seen coming for years.

Some see it as a positive opportunity for renewal. Others — particularly those outside the GTA — find it hard to attract talent.

WHAT WE HEARD:

Most reported having succession and talent management plans in place that combine the following elements

- Forecast needs
- Assign second-in-commands
- Assess and identify top talent and potential future leaders
- Groom with special support
- Requiring succession planning as a performance requirement for senior managers

“We identify positions at risk of becoming vacant and identify high potential candidates. We engage panels that discuss the list. Once a candidate is nominated to it they do a 360 degree review. They are eligible for executive coaching and pursuant to a professional development plan.”

“Our HR department works on a skill development plan for five positions at risk of departure”

“We identify candidates who are perceived as being able to move up two steps. They are put in an accelerated program of training. The team is a network for each other; They are a resource, a de facto managerial “SWAT Team”

“To assist in managing transitions, we facilitated a unique arrangement where the Director and Assistant Director swapped jobs. This met the needs of both better than the status quo. It gave the Director the opportunity to slow down, and it allowed the assistant the ability to get on-the-job mentoring”

The ability to navigate the “small p” politics of public administration remains a crucial skill, missing in many

- “We need people who can manage the political dynamics”
- “It’s tough to train on the job to handle the politics. Sometimes its sink or swim”
- “The guys you can’t afford to keep are who you want. They provide impetus for the organization even if you need to replace them every few years”

Culture matters, and culture is evolving to address the needs of a new generation of employees.

- “We hire now based on the kind of leadership that our organizational culture demands”
- The expectations of our young employees are very different in terms of collaboration, promotion, etc.
- “We use a more collaborative leadership approach today. Less hierarchical”

WHAT WE HEARD:

“Poaching” is a significant problem identified by many interviewees. It is particularly a challenge in the GTA where there are many competitive employers within a short radius.

- “It feels like the succession plan of some of my neighbours is just to recruit my best people with higher comp”

Not surprisingly, in a culture where competitive recruitment is common, retention is a major focus of most interviewees

- “We promote employee engagement, and measure it through employee satisfaction surveys”
- “Employee engagement is now a matter of executive performance measurement”
- “We strive to make a place people want to come to work...”
- “Core values matter...”
- “Recognition programs work...”
- “We help individuals manage work life balance better”

Selling careers in municipal government is necessary

- “Municipal government is not seen by a career of choice. You have got to have a recruiter who gets the right people. As a sector, we should combine to change that”

MEGATRENDS & THEIR IMPACT ON MUNICIPALITIES

Social, technological, environmental and/or political trends that could have a significant impact over the next 3-5 years?

WHAT WE HEARD:

As with the previous section, much of this is driven by the rise of social media, where social media engagement and the Internet may also combine to undermine the “principle advisor to Council” role of civic professionals, such as CAOs.

Changing expectations of public:

Public increasingly expects...

- [Heightened transparency, ethics and integrity] “This is imposing new processes and officers. Our organization needs to catch up and evolve at both political and staff level”
- “Elected officials to be subject matter experts”
- “Real time response on complex matters”

Increased political engagement is changing the rules of how municipalities interact with their citizens

- Social media, activist seniors are increasing public engagement in the process”
- “Public deploys ever-changing technologies and expects us to keep pace”
- “We are “revolutionizing” how we interact with our residents”

Disruptive technological change: Pace of technological change was a theme that played out in several ways.

- Rapid development in technology is undermining the effectiveness of procurement methods in areas like software deployment. Interviewees told us that traditional procurement processes cannot keep pace with tech innovation, and that it is increasingly necessary to consider more flexible approaches that can deliver on the expectation of fairness, but in a more timely fashion.
- “Rapid evolution in IT products and solutions means many products become obsolete faster than the project can be implemented and deployed -- defeating traditional procurement and project management strategies”
- “To keep up, we deploy business analysts to plan projected technology needs and costs over a longer term horizon”
- Pace of technological change and impact on the things we regulate and do. Some policy issues, like water infrastructure and public transit, may be overtaken by new technologies, the sharing economy and the need to deal with tomorrow’s issues, rather than simply refurbishing yesterday’s infrastructure.
- “Disruptive technology like Ride Sharing is undoing 80-year old regulatory platforms”
- “How will driverless cars effect the assumptions around the “commute” and how will that affect planning, and things like parking revenues?”

WHAT WE HEARD:

Climate Change, emergency planning and resilience

- “Adaptation to new normal leads to increased costs, emergency planning and efforts to reduce carbon footprints of operations”
- “Need to react to problems, adverse events – need for system redundancy”

- **Finance: The changing environment of e-commerce and loss of manufacturing employment could mean that taxing economic activity by geography and real estate will result in the decay of the tax base.**
- Disconnect between growth and revenue: “There was an expectation that growth would pay for itself. Where it has not, we now must deal with the legacy”
- Growth in e-commerce has impacts on municipal finance “Increasingly important commercial volumes happen in e-commerce – outside out current ability to tax: What is the future of retail property (and tax revenue) in this environment?”
- “Change in the economy is affecting the assumptions we had about growth within the time horizon of our planning – for example, employment lands are delivering fewer jobs per hectare than we anticipated”
- “The ratio of retail to office to industrial is different than we expected.
- As we transform to being our own hub, we will grow the attributes of a hub city, with the need to deliver more services to those in need”
- “We are nearing the point of being ‘fully built out’. It is totally changing the way we think about the land use side of economic growth”

Many, especially those in the GTA, refer to the crisis of gridlock, and view planned expansions in transit and transportation as essential elements of their strategy – particularly the satellite cities

- “The planned expansion on two-way GO will bring opportunities to satellite cities”
- “We have a real problem on transit. The capital is in many cases not affordable under the current model. Similarly, the operating is for many not sustainable for municipalities under the current model”
- “Projects with planned long-term lifespans face as-yet unknowable threats from disruptive technology such as driverless cars. How do we plan for that?”

Housing affordability; Cost implications of anti-sprawl decisions “Together we set a roadmap for the local economy”

- “Result of compact development has changed housing form and increased cost”
- “Housing costs are going up. If that continues, the children of our residents will not be able to afford to live here”
- “As a host municipality, we need to better accommodate and attract immigrants to be a destination”
- “The realities of refugee settlement are a major preoccupation for us right now”

Aging population

- Changing servicing needs
 - Changing logic around “seniors discounts” – need to be evidence based, based need
- Need a senior strategy

WHAT WE HEARD:

Mental health and addictions

- “Renewal of downtown is it putting pressure on the hard to house”
- “Emerging severity of addictions: from alcohol to crystal meth -- changing the sorts of problems we have to be prepared to deal with as it relates to policing and social services”

Canadian constitutional arrangements divided the world into neat compartments, which maintained some sense of reality for the better part of a century. The reality of federal incursion into provincial space, via the spending power through health and social services transfers, was originally the stuff of legal argument over jurisdiction. As provincial revenues became strained, provincial jockeying shifted from “get out of my territory” to “what do you mean you are cutting my health transfer?”

More recently, provincial governments have been seeking a say into matters of federal competence – such as immigration. In Ontario’s case, it also facilitated bilateral relations between the federal government, by institutionalizing a direct relationship between the federal government and municipalities via the Provincial - Municipal Memorandum of Understanding enshrined in the Municipal Act.

This really interesting thing about the observations of CAOs about disruptive changes is how they bear no relationship to constitutional arrangements.

The on-the-ground challenges of municipal leaders are the challenges of the people.

- Immigration
- Health care
- Housing

The reality of government, however, caused the federal government to stray into provincial territory.

DIVERSITY

There is a changing diversity within communities across, especially around major urban centres which requires a greater focus and understanding by municipalities and potentially adjustments in service and resource allocation to meet the varying expectations and needs.

WHAT WE HEARD:

- **Diversity means different things in different parts of the province**
- **Diversity is both a challenge and an opportunity.**
- **Diversity is shaping service plans, and capital needs.**
- “Ethnicity is just one type of diversity. Diversity in community equals diversity in need, be they gender, or age based. All are driving huge change in our service planning”
- “More than half of our residents were born someplace else”

Diversity as a challenge... Diversity means different expectations about what services are required, and how they are delivered

- “We need to get better at managing their inputs and needs. They don’t all want the same things, and they don’t attach the same meaning to what we tell them”
- “Diversity doesn’t just mean having different languages to explain the same services. It means having a debate about the service mix”
- “For us, diversity has an impact on our capital budget. At its most simple, it means cricket pitches instead of just baseball diamonds. But it also means accommodating cultural diversity in community centres. Different change rooms”
- “Our planners find significant differences in the service and communication needs of developers who come from different cultural communities. We have to change the way we do business. We also have to learn new ways to communicate to them how they have to do business to be successful. Some of the expectations they bring are not necessarily effective here”

Diversity as an opportunity. Leveraging relationships for economic growth.

- “As a host municipality, we need to better accommodate and attract immigrants to be a destination. We need them. We are missing out”
- “Our community has connections all over the globe. We need to learn how to leverage their global connections to bring business here. We are not doing enough of that, yet, but we are working on it”
- Refugee settlement may hold promise for both the refugees and their host communities, as in past history. But for now, the main municipal impacts are the cost and impacts of refugee settlement.

**LEADERSHIP:
CAOs IDENTIFY CHALLENGES,
& THE WAYS THEY PLAN TO
MANAGE THEM**

Identified Challenges

Possible Approaches



Municipal Financial Sustainability

- Failure to get new, stable revenue tools or transfers
- Spiraling costs
- Unsustainable service levels
- Arbitrations: “an unsustainable farce”

- “Sophisticated managers are managing to sustain the reality that there won’t be any (or enough) new provincial funding’
- “Finding our own new revenue”



Infrastructure

- Challenging to get political will around the right priorities: “Everyone loves the new shiny projects, but it’s harder to get support for pipes”

- Make this once-in-a-generation opportunity pay dividends for a generation. Establish criteria that match Federal / Provincial priorities, and that achieve local fiscal, environmental and economic criteria. Link one-time capital investment with ongoing operational expenditures (and revenues) to sustain them.



Managing public expectation on service & tax levels

- “The public want services but don’t want to pay...”

- “We need to communicate to people what they get for their taxes”



Economic disruption

- “Our manufacturing base is faltering”

- “We have to plan for our own future, and lead by convening others”



Managing Council Expectations

- “A major risk is the inability of some politicians to understand what is realistic”
- “Politicians are what they are – they promise things and they want miracles”

- “Investments in strategic planning, annual and financial planning and KPIs to make clear links between financial decisions and service sustainability”



Erosion of the political-public servant boundary

- Politicization of professional decision-making: Pressure to let politics interfere with integrity in our recommendations”

- On-going training



Declining civility

- “Councillors used to defend staff, now they join ratepayers attacking staff”

- Maintain and enforce a Code of Conduct



Social media driving communication revolution

- “If there is an email in the morning they want an answer by lunch”

- “Create capacity for real-time issue management”



Impact of Disruptive technology on regulatory environment?

- Potential to make regulatory frameworks unworkable

- “Ensure that regulation to keeps pace with and anticipates the direction of technological change”



Urban poverty issues

- Unpredictable costs
- Primarily, but not exclusively, a concern of upper-tier, single-tier municipalities. Even with social services ‘uploading’, urban poverty generates municipal program costs that must often be borne or supplemented by the property tax.

- Income distribution programs belong on the broadest tax bases. Municipal CAOs and others must continue to make the case that municipalities are good at delivering social programs, but only the provincial and federal levels of government have the fiscal resources to sustain them.



Managing provincial & federal relationships

- Swinging policies of the government: Risk of a return to downloading

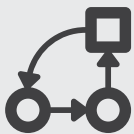
- Improve capacity for intergovernmental affairs



Human resources workforce demographic HR change

- “Most of my team could retire today”
- “Even with a succession plan, poaching is a big problem”

- Develop a succession plan
- Focus on culture and retention



Planning & growth issues

- Managing transition from greenfield to steady state planning and infill
- Cost of growth/ Loss of revenue from assessment growth
- Transit sustainability in communities built for the car; Ridership is in decline

- Reassessing the economics of growth
- Drawing closer linkages between economic development and infrastructure
- Finding new strategies for financing needed infrastructure
- More focus on intergovernmental affairs to better attract provincial and federal funding



Housing: affordability & the mix of housing tenure options

- “What if we become an unsustainable community of ‘old people’ because no young people can afford to move here?”

- Ensure that affordability and long term sustainability factor into development decisions

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Immigration settlement

- New immigrants to support
- Settlement issues

- Increased pressure to have in-house capacity on what was not a traditional are of municipal activity



Climate change

- “Managing for adaptation and risk”

- “Conversation is really taking hold and the public is starting to accept different solutions”



Out of date governance

- “We need to revisit governance, in terms of representation and boundaries, to reflect growth since the last boundaries were set.”

- Revisiting both internal and external boundaries, after 12 years of relative stability



STRATEGYCORN'S MUNICIPAL SERVICES PRACTICE GROUP

We are dedicated to providing senior level experience to solving the problems of Ontario's municipal sector.

Our team includes political and public servant experience with over 100 years of experience in Ontario municipal sector management and intergovernmental affairs.

Our services include:

Operational and Organizational Reviews, Strategic Communications and Issues Management, Political Risk Management and Crisis Communication, Provincial Municipal Affairs, Policy Development, Strategic Planning, Local Economic Development and BIAs, Ward Boundary Reviews

OUR TEAM



JOHN MATHESON

Principal

John is head of StrategyCorp's municipal practice group. A former Chief of Staff to the Minister of Municipal Affairs and Housing, with over 20 years of experience in the sector, he will act as the lead engagement partner on this project. He will be responsible for overall quality control and will provide input into all critical recommendations and analysis produced by the StrategyCorp team. To this end, John will utilize his extensive experience working with municipal clients through periods of significant change, including amalgamations, reformations and reviews of governance structures. He will also be the primary facilitator for all strategic planning workshops that we schedule as part of this engagement.



IAN SMITH

Vice President

Ian specializes in conducting strategic, organizational, and governance reviews, and in leading large-scale change initiatives, for private and public sector organizations in various industries. Over his 30 years in consulting, Ian has worked with several private and public sector organizations, ranging in size from 100 to 10,000 employees and \$25 million in revenues or costs to several billion. His clients have included municipal and provincial governments; various municipal, provincial and Federal agencies; not for profit organizations; and several private sector organizations in a variety of industries.



CHRIS LORETO

Vice President

Chris is StrategyCorp's Management Consulting Practice Leader and is focused on providing clients with advice on public policy development, public-private partnerships (P3s), alternative service delivery (ASD), strategic and business planning, strategic procurement, capital projects development and delivery, and stakeholder engagement. Chris has more than 15 years of experience working in both the public and private sectors at the executive level. Prior to joining Strategy Corp., Chris was a Vice President with the financial advisory practice of one of Canada's largest professional services firms. Chris spent nine years with the Ontario government in increasingly more responsible positions.



JOCELYN DEEKS

Director

Jocelyn Deeks is an experienced professional urban and regional planner and brings over 12 years of experience to StrategyCorp's Municipal Affairs team. Jocelyn has served in both the public and private sectors and has expertise in land use planning, policy development, issues management and stakeholder engagement. Prior to joining StrategyCorp, Jocelyn worked for the City of Toronto facilitating major industrial and commercial investments in the City and working across multiple City divisions on planning policy, transportation and employment services projects. She has extensive experience leading the development approvals process, planning studies, and community consultation.



MICHAEL FENN

Senior Advisor

Over the course of an extensive career in public service, Michael Fenn has been an Ontario Deputy Minister under three Premiers, municipal chief administrator in Hamilton and Burlington, and the founding CEO of both Toronto/Hamilton region transportation authority Metrolinx and regional health authority Mississauga Halton LHIN (serving over a million residents).

As Senior Advisor with StrategyCorp, Michael works with clients in the public sector, especially in municipal government and healthcare. He is also Board Director with both the C\$78+ billion OMERS AC pension fund and the Toronto Board of Education's realty arm, the Toronto Lands Corporation. He is a certified board director, having attained the C.Dir. designation in 2014. He writes extensively on infrastructure issues.



SHIRLEY HOY

Senior Advisor

Shirley Hoy's public service career has spanned more than 30 years. She started her career in municipal public service in 1980 with the former Metro Toronto government, Department of Community Services, in the Policy and Planning division. In the late 1980s, within Metro, she assumed various positions including General Manager of Administrative/Corporate Secretary at Exhibition Place, and Executive Director in the Metro Chairman's Office. From 1991 to the end of 1995, Shirley worked in the Ontario Government as Assistant Deputy Minister in three ministries: the Ontario Women's Directorate, the Ministry of Community & Social Services, and the Ministry of Housing. Within the Ministry of Housing, she held the joint position of ADM of Operation and CEO of the Ontario Housing Corporation.

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- We specialize in providing strategic advisory services to private and public sector clients operating in complex, highly regulated and highly scrutinized contexts — including public affairs and advocacy, strategic communications, and business consulting services
- Our Municipal Affairs Practice Group is the Canadian leader in helping local governments achieve their operational and policy goals, while building institutional capacity. StrategyCorp's reputation in the municipal world is for finding solutions that get results and that are implemented
- Our team's wealth of rural and urban municipal sector, and provincial government experience has made us a trusted advisor to municipalities across Canada
- Over the past twenty years, we have been involved in some of Canada's most critical business issues and highly charged public policy matters. Our clients have included large and small municipal governments, Fortune 500 businesses, and many of Canada's top global companies



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