

**Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 April 02**

**ISC: UNRESTRICTED  
PFC2019-0302**

**Update on Foundational Research for Notice of Motion C2019-0073**

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**EXECUTIVE SUMMARY**

On 2019 January 14 Council approved Notice of Motion C2019-0073, Achieving Good Governance through Optimizing Committee Mandates. The Notice of Motion directs Administration to consult with Members of Council, to review relevant mayoral/council systems across North America and to examine options for revising the mandate of the Priorities and Finance Committee (PFC) to evolve it into an executive committee.

This report provides an update on the work to date in response to this motion including: stakeholder engagement with Members of Council and Administration; a review of the history of the PFC; jurisdictional research focusing on mayoral/council systems, structures of various government systems and committee structures; and a review of the roles and responsibilities of municipal government as laid out in Alberta's *Municipal Government Act* and Council's Procedure Bylaw.

The results of engagement with Members of Council highlighted three consistent themes: 1) there is no problem with the current mandate of the PFC (or its further improvement is not a current priority), 2) meetings (both of the PFC and of Council) could be made more efficient, and 3) there is a desire to be more strategic and focused on priorities. Other consistent comments received mentioned concerns regarding unintended consequences with any change to the current decision-making framework of Council and Committees and that Councillors have an appreciation for the relative equality between Council members. Readily available alternatives exist that may help improve governance without requiring any change to Committee mandates. Therefore, it is recommended that future work focuses on exploring these options versus those in the Notice of Motion as these address Council's main concerns with the least use of resources.

**ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommend that Council:

1. Direct Administration to examine the options presented in Table 2 of Attachment 6 in place of those specified in motion C2019-0073; and
2. Defer the report back to the Priorities & Finance Committee from 2019 Q2 to 2019 July 02.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2011 January 04, report PFC2011-03, Governance Review, was brought to the Personnel and Accountability Committee that recommended striking a Legislative Governance Task Force to improve legislative governance at The City of Calgary. Legislative governance in this report primarily included the organizational framework for Council and Committees, and related policies.

On 2011 June 30, report LGT2011-06, Possible Changes to Standing Policy Committee (SPC) Meeting Management and Terms of Reference. Work for this report included engaging Members of Council, the Administrative Leadership Team, the City Manager and the City Clerk; reviewing committee structures of other Canadian municipalities; and a review of the history of

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The City's SPCs. Options and implications for changing Committee terms of reference and meeting management were proposed.

On 2011 September 15, Alderman Lowe sent a memo, LGT2011-14, proposed further changes to committee terms of reference.

On 2011 September 26, Mayor Nenshi wrote a memo to Council regarding Proposed Changes to SPC Terms of Reference and Proposed a new Priorities and Finance Committee. This resulted in Bylaw 60M2011 amending 44M2006.

On 2017 July 04, report PFC2017-0433, Review of Council's Procedure Bylaw, proposed a new Procedure Bylaw to introduce efficiencies to Council and Committee meeting procedures, increase clarity and flexibility around procedural rules, and to incorporate plain language to improve public understanding. This resulted in Bylaw 35M2017 replacing Bylaw 44M2006.

On 2019 January 14, Councillor Gondek brought forward Notice of Motion 2019-0073, Achieving Good Governance through Optimizing Committee Mandates. This Notice of Motion directed Administration to engage Members of Council, research relevant mayor/council systems across North America, and examine options for revising the mandate for the Standing Specialized Committee (SSC) of Priorities and Finance to evolve it into an executive committee of Council.

**BACKGROUND**

Governance may be defined as the structures and processes by which an organization is directed, controlled and held to account<sup>1</sup>. Furthermore, "good governance" is achieved through on-going dialogues that attempt to capture all of the considerations involved in assuring that stakeholder interests are addressed and reflected in policy initiatives<sup>2</sup>. Good governance supports transparency and accountability in public service<sup>3</sup>. These qualities affect a municipal corporation's reputation and, therefore, contribute to citizens' trust and to the perception of the value of the services received by citizens<sup>4</sup>.

The City of Calgary's Council works continuously to improve its governance, its reputation and its citizens' perception of value. An example of this is Council's direction to Administration in 2011 to strike a Legislative Governance Task Force (PAC2011-03). The work of this task force included a complete literature review, provided a follow up on the status of recommendations of previous legislative governance reviews, compared The City of Calgary practices to other municipalities, identified gaps and made recommendations. The recommendations from this work included: options to reduce SPC meeting time disparity, to improve chairing of committee and Council meetings, to improve the decision-making authority of SPCs, to allow Councillors to declare an interest and attend meetings of which they are not committee members, and to amend the rules under which an Alderman could serve as Chair.

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<sup>1</sup> "A Guide to the Principles of Good Practice," Office of the Auditor General of British Columbia, accessed March 7, 2019, <http://www.bcauditor.com/book/export/html/406>.

<sup>2</sup> Creating a Culture of Board Excellence," Governance Pro, accessed March 7, 2019, <http://www.governancepro.com/news/>.

<sup>3</sup> Office of the Auditor General, "A Guide to the Principles of Good Practice."

<sup>4</sup> "Unlocking the Value of Reputation," Ipsos Global Reputation Centre, accessed March 13, 2019, <https://reputation.ipsos-mori.com/unlocking-the-value-of-reputation-full-report/>

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Subsequent to the work of this task force, Mayor Nenshi wrote a letter to Council regarding “Proposed Changes to SPC Terms of Reference and Proposed new Priorities and Finance Committee”. This proposal combined the Personnel and Accountability Committee and the Finance and Corporate Services Committee, thus creating PFC. The new committee was structured to function as an executive committee with increased oversight on matters related to City revenues and expenditures. These changes were accepted at a Special Strategic Planning Meeting of Council on 2011 September 27. This work resulted in an amendment of Procedure Bylaw 44M2006 with Bylaw 60M2011. The evolution of the PFC and its mandate are described in Attachment 2.

In 2017, Bylaw 44M2006 was replaced with an updated bylaw, Bylaw 35M2017, which would: increase clarity and flexibility, introduce efficiencies to Council and Committee meetings, incorporate plain language and respond to changes of the *Municipal Government Act*. These changes were brought to council in PFC2017-0433, Review of Council's Procedure Bylaw.

Administration supports Council's efforts of good governance through various mechanisms. The City undertakes yearly financial audits and Control Environment reviews. It has implemented a Performance Management System that includes service efficiency and effectiveness reviews; the use of a consistent performance measurement system; an Integrated Risk Management approach; and accountability reporting related to progress on The City's four-year business plan and budget. These activities, which come through Committees and Council, improve transparency and promote accountability.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The work done to investigate Achieving Good Governance through Optimizing Committee Mandates as put forward in Council's approved Notice of Motion C2019-0073 included: engaging Members of Council and Administration, researching relevant mayoral/council systems in North America, and examining committee structures of Canadian municipalities and of other orders of government. The information presented in this report will inform the options and implications that will be brought forward in the final report.

**Limitation of Scope**

This report focuses on examining the mandate of PFC. A thorough and extensive review of all Council committee mandates of The City of Calgary would take more time and resources than available for this work and would require a reprioritization away from work already underway.

**Jurisdictional Research**

***Mayoral/Council Systems***

Larger municipalities in North America employ various forms of mayor-council or council-manager government systems. The mayor-council system functions more like the American government with separation between the executive (mayor) and the legislature (Council). The authority of the mayor in this system can range from strong, extensive executive power, to a more ceremonial role with a lack of administrative control. Within the council-manager system, the elected Council is the governing body which hires a manager to lead administration and carry out policies.

The research of the different forms of mayoral/council systems in North America show that Canadian municipalities, in general, and Calgary, specifically, employ the Council-Manager form

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of government. In this system, the Mayor has limited authority (ex-officio member of all committees, Chair of all Council meetings, ability to defer reports and authority to keep the sequence of speakers and to recognize people to speak). The more fulsome, albeit unlegislated, authority of the Mayor comes being the only municipal government official elected by the majority of city-wide voters, and from using his/her influence and powers of persuasion. Table 1 in Attachment 4 compares Mayoral authority in Canadian municipalities.

*Council Committees*

Council committees are struck to guide, direct and oversee work within a specified mandate. Committees prepare decisions for Council and provide advice on them. The work that The City of Calgary's Council has authority is specified in Alberta's *Municipal Government Act* (MGA) and is discussed in Attachment 3. Council's area of purview includes: water and waste water, garbage and recycling, land use planning and development, environmental impact and conservation, economic development, maintenance of roads, recreation and culture. The areas provincial government is responsible for include: regulating environmental standards for water; health care; some natural resources; road regulations; and education.

Table 2 of Attachment 4 shows various Canadian municipalities' Executive or quasi-Executive Committee structures and mandates. Most of the large Canadian municipalities have an executive-style committee having no decision-making authority. The authority of these Executive Committees is more determined by the method by which their members are appointed: specifically, whether the members are appointed by the Mayor directly, or if the Mayor appoints the Chairs of the city's standing committees, which in turn comprise the membership of the Executive Committee. When a mayor has the power to determine the composition of the Executive Committee, the committee is more aligned with Mayor. Therefore, the Executive Committees become a pseudo-cabinet.

In Calgary's municipal government, Council Committee chairs are selected by the members of the specific Standing Policy Committee or the Standing Specialized Committee. Therefore, the committee Chairs' views may or may not be in alignment. Furthermore, the authority of the committee Chairs is limited through the Procedure Bylaw, committee mandates and common practice.

*Canadian Municipal, Provincial and Federal Government Structures*

Calgary's municipal government structure differs from the Provincial and Federal government structures. These differences give the elected members of the municipal government fewer powers than Ministers within the other orders of government. Within the Provincial or Federal systems, the leader of the majority party appoints selected representatives to ministerial positions who are the leader of specific departments, or cabinets, of the government. These ministers wield decision making authority within their departments. Committee Chairs in Calgary's municipal government do not wield the decision-making authority that a cabinet minister does.

**Engagement**

Engagement with Members of Council undertaken for this work highlighted three consistent themes: 1) there is no problem with the current mandate of the PFC (or its further improvement is not a priority), 2) meetings (both of the PFC and of Council) could be made more efficient, and 3) there is a desire to be more strategic and focused on priorities. Other consistent

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comments received mentioned concern about the potential for unintended consequences with any change to the current decision-making framework of Council and Committees. The relative equality between Council members was seen as a strength of the current system, and something that stakeholders did not wish to see replaced with a “2 tier system”. The summary of the engagement can be found in Attachment 5, Feedback from Members of Council.

**Conclusion**

Comparing the feedback received to the gaps discovered in how the Procedure Bylaw and the PFC's mandate are being applied in practice (see Table 1 in Attachment 6) suggests that improvements in the areas identified by members of Council may be possible through changes to current practices. The options described in Table 2 of Attachment 6 could help Council improve meeting efficiencies and utilize a more strategic approach, without requiring any change to Committee mandates. It is therefore recommended that further work be directed to exploring these alternate options, instead of those laid out in the Notice of Motion. These options help to optimize the balance between opportunity for improvement and additional resource required. Attachment 7 outlines proposed next steps.

**Stakeholder Engagement, Research and Communication**

In researching this report Corporate Initiatives engaged stakeholders including members of Council, the City Manager, General Managers, Senior Executive Advisors (Sr. EA), Clerks, Issues Management and Integrated Risk Management. See Attachment 5 for a summary of the results of this engagement.

**Strategic Alignment**

Achieving good governance, which this Notice of Motion intends to support, aligns with Council's Directive of A Well-Run City. This directive puts emphasis on a modern and efficient municipal government that is focused on continuous improvement. The underpinning of this work is based on improving governance by assessing, affirming and amending structures and processes with a desire of transparency and accountability in decision making.

**Social, Environmental, Economic (External)**

None.

**Financial Capacity**

***Current and Future Operating Budget:***

None.

***Current and Future Capital Budget:***

None.

**Risk Assessment**

Risks are inherent in any project, and various tactics are used to manage them. The risks associated with this project include: stakeholders do not agree on the purpose or opportunities

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being sought through the motion, changes may disrupt the equality currently existing between the Members of Council, and more resources than required are expended when sufficient improvement can be achieved by minor adjustments to current practices or to the current Procedure Bylaw.

Different stakeholders had different perspectives about the problem or opportunity presented in the Notice of Motion. The lack of agreement on the problem may result in a lack of agreement on recommendations to solve the problem. Furthermore, the research suggests solutions that do not align with options suggested within the Notice of Motion. This report brings forward some alternate suggestions proposed during stakeholder engagement. Bringing forward these suggestions helps to manage this risk by modifying expectations for the final report.

In the current structure of Council and Council committees, each Member of Council has one equal vote at all Council meetings, Councillors may declare interest at any committee, attend and vote, and Council must appoint the members of SPCs, Audit Committee, IGA and the Councillor-at-large for PFC. This system is in place to promote fairness in influence and workload amongst Councillors. An unintended consequence of changing committee structures or adding an Executive Committee may result in a disruption that upsets the current balanced structure. The options put forward in Attachment 6 aim to minimize this risk.

Another risk inherent in this work, which has been brought up by various stakeholders, is the weighing of resources versus benefits. Consistent themes from the engagement include improving the efficiency and effectiveness of meetings, and a need to be more strategic and focus on priorities. Gains in these areas that positively affect governance could be achieved by relatively small changes within the current system and by changes in practice currently available within the Procedure Bylaw. The changes listed in Table 2 of Attachment 6 help offset this risk by minimizing the resources required to produce positive outcomes.

**REASON(S) FOR RECOMMENDATION(S):**

Engagement with Members of Council, a review of current Council practices and a review of the Procedure Bylaw has shown that efficiency and effectiveness gains and strategic improvements could be more easily achieved by alternative means.

**ATTACHMENT(S)**

1. Attachment 1 – Notice of Motion C2019-0073, Achieving Good Governance through Optimizing Committee Mandate
2. Attachment 2 – Priorities and Finance Committee History and Mandate
3. Attachment 3 – Role of Municipal Government
4. Attachment 4 – Jurisdictional Review
5. Attachment 5 – Feedback from Members of Council
6. Attachment 6 – Alternate Options
7. Attachment 7 – Next Steps