



**PUBLIC AGENDA
GOVERNANCE AND PRIORITIES
COMMITTEE**

**Monday, March 20, 2017, 1:00 p.m.
Council Chamber, City Hall**

Pages

1. CALL TO ORDER

2. CONFIRMATION OF AGENDA

Recommendation

That the agenda be confirmed as presented.

3. DECLARATION OF CONFLICT OF INTEREST

4. ADOPTION OF MINUTES

Recommendation

That the minutes of the Regular Meeting of the Governance and Priorities Committee held on February 13, 2017, be adopted.

5. UNFINISHED BUSINESS

5.1 Comments - Report from the Saskatoon Municipal Review Commission Code of Conduct Committee [File No. CK. 255-18]

6 - 69

Attached are copies of the following:

- Response report of City Solicitor dated March 20, 2017; and
- Report of the Municipal Review Commission dated February 11, 2016. On February 29, 2016 City Council resolved that the information be received and referred to the Governance and Priorities Committee for discussion and to the Administration for review and written comment to the same meeting of the Governance and Priorities Committee.

Members of the Municipal Review Commission will be in attendance to speak to the matter and answer questions.

Recommendation

That the Governance and Priorities Committee recommend to City Council that:

1. The City Solicitor be instructed to draft a new Code of Ethics Bylaw which incorporates the recommendations of the Saskatoon Municipal Review Commission as outlined in its February 11, 2016 report. In the redrafting of the Code of Ethics, the City Solicitor bring forward options dealing with the appropriateness of the exceptions in the current Code's Gifts and Benefits section and options to address reimbursable expenses and support for charities;
2. The frequency review of the Code of Ethics by the Saskatoon Municipal Review Commission be as outlined in The Saskatoon Municipal Review Commission Bylaw, 2014;
3. The City Solicitor report further respecting the possible governance model, mandate, authority and scope of duties for an independent Integrity Commissioner;
4. The City Solicitor be directed to consult with Saskatchewan Urban Municipalities Association (SUMA) and other cities and report back to City Council regarding the request to the Province of Saskatchewan to amend the appropriate legislation in order to make it mandatory:
 - a. for sitting members of City Council to take a leave of absence from City Council when running for another level of government beginning at the time the writ is dropped; and
 - b. for sitting members of City Council to resign their position on City Council the day after their election is confirmed; and
5. The issue of an appropriate Code for Members of Civic Boards, Commissions, Authorities and Committees appointed by City Council be dealt with and reported on in the context of the Governance Review of Advisory Committees, Controlled Corporations, Business Improvement Districts and other City bodies.

Report of the City Clerk:

On December 12, 2016, City Council passed the following motion (notice previously given by Councillor Hill on November 28, 2016):

"That the Administration coordinate a meeting with the Board of Police Commissioners and the Governance and Priorities Committee to discuss the potential of appointing two additional civilian members to the Board of Police Commissioners.

The report that was presented to Executive Committee on November 16, 2015 should be circulated in advance of the meeting. This report provided some analysis of the governance implications and considerations for determining the ratio of civilian to elected members of Police boards and how this has been determined in other Canadian cities."

Memo dated March 13, 2017 from the City Solicitor is attached, along with Report of the City Solicitor dated November 16, 2015.

Members of the Board of Police Commissioners will be in attendance.

Recommendation

That the information be received and further direction be provided.

6. COMMUNICATIONS (requiring the direction of the Committee)

6.1 Delegated Authority Matters

6.2 Matters Requiring Direction

6.2.1 Advisory Committee on Animal Control - Representative of Saskatchewan Veterinary Medical (SVMA) [File No. CK. 225-9]

The SVMA is recommending the appointment of Dr. Breanne Couperthwaite as its representative on the Advisory Committee on Animal Control.

Recommendation

That a report be forwarded to City Council recommending the appointment of Dr. Breanne Couperthwaite as a representative of the SVMA on the Advisory Committee on Animal Control for 2017.

6.3 Requests to Speak (new matters)

7. REPORTS FROM ADMINISTRATION

7.1 Delegated Authority Matters

7.2 Matters Requiring Direction

7.2.1 Multi-Year Business Plan and Budget Framework [File No. CK. 430-72, x 1700-1 and AF 115-1 x 1700-1] 78 - 153

A report of the CFO/General Manager, Asset and Financial Management, dated March 20, 2017 is attached.

Also attached is a report of PricewaterhouseCoopers LLP dated February 28, 2017 considered by the Standing Policy Committee on Finance at its *In Camera* meeting held on March 6, 2017.

Recommendation

That the Governance and Priorities Committee recommend to City Council that the Multi-Year Business Plan and Budget Framework be approved in principal.

8. LEGISLATIVE REPORTS

8.1 Delegated Authority Matters

8.2 Matters Requiring Direction

8.2.1 Membership - Traffic Safety Committee [File No. CK. 225-8] 154 - 154

Recommendation

That a report be forwarded to City Council recommending the general public appointees on the Traffic Safety Committee be increased by one appointee for 2017.

9. URGENT BUSINESS

10. MOTIONS (Notice Previously Given)

11. GIVING NOTICE

12. VERBAL UPDATES

12.1 Council Members - His Worship the Mayor, FCM/SUMA, Boards and Commissions

12.2 Administration

13. IN CAMERA AGENDA ITEMS

13.1 Update - Regional Plan [File No. CK. 4250-1]

[In Camera - Negotiation - Section 16(1)(c) - LAFOIPP]

13.2 Strategic Planning [File No. CK. 116.1]

[In Camera - Strategic Planning - Section 96(1) of the Cities Act]

13.3 Verbal Updates

**13.3.1 Council Members - His Worship the Mayor, FCM/SUMA,
Boards and Commissions (if required)**

13.3.1.1 Personnel Subcommittee Update

*[In Camera - Personnel Matters - Section (1)(c) and
(d) - LAFOIPP]*

13.3.2 Administration

13.3.2.1 City Manager

*[Sections 13, 14(1), 15(1), 16(1), 17(1), 18(1), 19,
20, and 21 - LAFOIPP]*

14. RISE AND REPORT

15. ADJOURNMENT

Comments - Report from the Saskatoon Municipal Review Commission Code of Conduct Committee

Recommendation

That the Governance and Priorities Committee recommend to City Council that:

1. The City Solicitor be instructed to draft a new Code of Ethics Bylaw which incorporates the recommendations of the Saskatoon Municipal Review Commission as outlined in its February 11, 2016 report. In the redrafting of the Code of Ethics, the City Solicitor bring forward options dealing with the appropriateness of the exceptions in the current Code's Gifts and Benefits section and options to address reimbursable expenses and support for charities;
2. The frequency review of the Code of Ethics by the Saskatoon Municipal Review Commission be as outlined in *The Saskatoon Municipal Review Commission Bylaw, 2014*;
3. The City Solicitor report further respecting the possible governance model, mandate, authority and scope of duties for an independent Integrity Commissioner;
4. The City Solicitor be directed to consult with Saskatchewan Urban Municipalities Association (SUMA) and other cities and report back to City Council regarding the request to the Province of Saskatchewan to amend the appropriate legislation in order to make it mandatory:
 - a. for sitting members of City Council to take a leave of absence from City Council when running for another level of government beginning at the time the writ is dropped; and
 - b. for sitting members of City Council to resign their position on City Council the day after their election is confirmed; and
5. The issue of an appropriate Code for Members of Civic Boards, Commissions, Authorities and Committees appointed by City Council be dealt with and reported on in the context of the Governance Review of Advisory Committees, Controlled Corporations, Business Improvement Districts and other City bodies.

Topic and Purpose

City Council considered a report from the Saskatoon Municipal Review Commission Code of Conduct Committee (the "Code of Conduct Committee") at its Regular Business Meeting held on February 29, 2016. The report contained various recommendations regarding the Code of Conduct for members of City Council.

City Council resolved that the report from the Code of Conduct Committee be "received and referred to the Governance and Priorities Committee for discussion and to the Administration for review and written comment to the same meeting of the Governance and Priorities Committee."

This report provides comments for consideration of the Governance and Priorities Committee with respect to each of the various recommendations made to City Council by the Code of Conduct Committee

Strategic Goals

This report supports the Strategic Goals of Continuous Improvement and Quality of Life as it promotes transparency of municipal government and supports City Council in providing good governance to the citizens of Saskatoon.

Report

The Code of Conduct Committee made 21 recommendations to City Council. The City Clerk and City Solicitor have reviewed the report and recommendations for any potential required legislative changes, legal issues, and for consistency with other City policies or recommendations of the Saskatoon Municipal Review Commission (the “SMRC”). The following are comments for consideration:

- “1. That in its revision of Code, the City:**
- (a) Pay special attention to the inclusion of the City’s values and principles, as described in *The City of Saskatoon’s Strategic Plan*, to inform the spirit of the new bylaw;”**
- This is a policy decision for City Council.
 - Agree with the concept.
- “(b) Include a statement of intent for interpretation and commitment to periodic review at the end of each term of office;”**
- The *Saskatoon Municipal Review Commission Bylaw, 2014* mandates the SMRC review and report on the Code of Conduct on or before December 31, 2017 and every four years thereafter. In this way, City Council will be reviewing its Code of Conduct during each four-year term.
 - Should City Council desire more frequent or a different manner of review, these aspects could be included in *The Saskatoon Municipal Review Commission Bylaw*.
- “(c) Provide extensive definitions to clarify terminology, to ease interpretation, and to remove ambiguity;”**
- Agree.
- “(d) Write the Code in plain language, to ensure that it is appropriate for a public audience and elected representatives, whatever their background.”**
- Agree.
- “2. That the Code be brought forward for periodic review at the end of each term of Council, to include ongoing clarification and commentary so that the Code becomes a “living document”.”**
- The *Saskatoon Municipal Review Commission Bylaw, 2014* mandates the SMRC review and report on the Code of Conduct on or before December 31,

- 2017 and every four years thereafter. In this way, City Council will be reviewing its Code of Conduct during each four-year term.
- Should City Council desire more frequent or a different manner of review, these aspects could be included in *The Saskatoon Municipal Review Commission Bylaw*.
- “3. That the revised Code be drafted in a format that follows the structure recommended by the SMRC (see page 16 of the Code of Conduct Committee report).”**
- Agree that the SMRC’s general outline for a new Code be used. It is anticipated that the actual drafting will result in additions and omissions which City Council will consider at the time of adoption of the new Code.
- “4. That a mandatory ethics course be provided at the beginning of each term of office, to ensure Council members understand the Code and to provide them with an opportunity to ask questions and access additional resources.”**
- Currently, City Council’s Orientation Session contains ethical training for members of City Council. Also, ethical issues are discussed throughout the term.
 - City Council has the jurisdiction to make ethics training mandatory and such provisions could be included in a new Code.
 - Agree with the concept.
- “5. That, in its revision of the Code, the City provide detailed information and materials on informal and formal complaint procedures within the Code, as well as investigation procedures.”**
- Agree.
 - Section 66.1(5) of *The Cities Act* makes it a requirement that a Code of Ethics sets out the procedures for dealing with contraventions. These requirements would be fulfilled in the drafting of a new Code.
- “6. That, in its revision of the Code, Section 7B of the Saskatoon Code, *Breach of Confidentiality regarding subsection 65(e) of The Cities Act and/or the Confidential Information Section of this Policy* be repealed as the sanctions may be legally challenged.”**
- Agree that the concept of confidentiality requires review and inclusion in a new Code.
- “7. That the City create the position of an Integrity Commissioner taking into account the following considerations:**
- (a) The position may be subject to a proscribed mandate and enumerated duties;**
 - (b) The hiring of the Integrity Commissioner be done through a committee that includes a member of Council, a member from the**

Office of the City Solicitor, and an independent member of the public who is familiar with that position in either federal, provincial or municipal government;

(c) The Integrity Commissioner be contracted for a specified period of time with an option for renewal, and be held on retainer;

(d) The City Council commit to following the advice of the Integrity Commissioner.”

- Implementation of these recommendations is a policy decision for City Council.
- There are no specific provisions related to an Integrity Commissioner in *The Cities Act*. A review of City Council’s jurisdiction in this respect is attached as Attachment 1 to this report.
- Should City Council adopt these recommendations, further reporting and direction from City Council would be required.

“8. That, in its revision of the Code, the City reflect good governance practices by providing meaningful links between the duties of elected officials and the expectations and key principles of public service, and the City’s values.”

- This is a policy decision for City Council.
- Agree with the concept.

“9. That, in its revision of the Code, section 2(A), *Statutory Obligations: Statutory Offences with Penalties* be repealed.”

- Again, agree that a new Code should contain a process for dealing with contraventions and the issue of sanctions would be reviewed and included in the new Code.

“10. That in section 5 of the Code, *Statutory Obligations, Actions During Civic Election Periods*, the Code clarify that during election campaigns Councillors continue to be held to the same standards of conduct as they normally would.”

- This is a policy decision for City Council.
- Agree with the concept.

“11. That, in its revision of the Code, section 2(C), *Confidential Information*, provide clear explanation by way of definitions and policy discussion, as well as ongoing and updated commentary on this topic.”

- Again, agree this topic would require additional review and inclusion in the new Code.

“12. That the subject of the use of personal information and freedom of information be addressed within the Code.”

- This is a policy decision for City Council.
- Agree with the concept.

- Any inclusion would have to be in accordance with *The Local Authority Freedom of Information and Protection of Privacy Act*.
- “13. That in its revision of the Code, the City provide new content that specifically addresses the following topics:
- (a) The conduct expected of Councillors at Council and Committee Meetings;
 - (b) A Council-Staff Protocol;
 - (c) Communications with Public & Media Relations;
 - (d) Respect for the Municipality;
 - (e) A Respectful Workplace Policy;
 - (f) An Anti-Harassment Policy.”
- This is a policy decision for City Council.
 - Agree with the concepts.
 - There is a current Administrative Respectful Workplace Policy, an Administrative Anti-Harassment Policy and Council Anti-Harassment Policy. Any inclusion of similar concepts in the new Code would have to be consistent with these documents.
- “14. That the content within the *Respectful Workplace Policy A04-002* be modified to ensure that the respectful conduct of Councillors be extended to include other elected officials.”
- This is a policy decision for City Council.
 - Agree with the concept.
 - Currently, The Respectful Workplace Policy is an Administrative Policy and does not apply to elected officials. However, concepts within the Policy could be included in a new Code.
- “15. That in accordance with Bill 186, section 85.1, any revision to the Code include that the provisions regarding respectful conduct apply to Civic Boards, Commissions, Authorities and Committees appointed by Council, and that that their members be made aware of those provisions of the Code.”
- Agree with the concept.
 - This is a current item under review in the Governance Review of Advisory Committees, Controlled Corporations, Business Improvement Districts and other City bodies.
- “16. That, in its revision of the Code, to keep in line with contributions on election spending, the SMRC recommends that the City:
- (a) Adjust the \$750 threshold of value considered as an exception to the reporting of a gift or benefit as presently found in section 4(a), *Gifts and Benefits*, of the Code. The exceptions should be readjusted to \$100, which would correspond with the limit recommended by the

SMRC and approved by Council, with respect to disclosure of election campaign contributions;”

- This is a policy decision for City Council.

“(b) Review the exceptions in Gifts and Benefits for appropriateness;”

- This is a policy decision for City Council.
- More direction could be provided by City Council or options could be brought for consideration during drafting of a new Code of Conduct.

“(c) Remove section 2(B), *Appropriate Use of City Assets and Services: Expectation of Privacy*, and replace with a reference to *Policy A02-035, Computer Acceptable Use*, with attention to the sensitive nature of Councillor privilege and conduct;”

- This is a policy decision for City Council.
- Agree with the concept.

“(d) Address reimbursable expenses and support for charities.”

- This is a policy decision for City Council.
- More direction could be provided by City Council or options could be brought for consideration during drafting of a new Code of Conduct.

“17. That in its revision of the Code, the subject of improper use of influence be included and addressed in full.”

- This is a policy decision for City Council.
- Any inclusion would have to be consistent with *Cities Act* provisions which address this topic.

“18. That it be made mandatory for Members of Council to receive training on the amended rules concerning Conflict of Interest found in *The Cities Act* as amended.”

- Currently, City Council’s Orientation Session contains ethical training for members of City Council. Also, ethical issues are discussed throughout the term.
- City Council has the jurisdiction to make ethics training mandatory and such provisions could be included in a new Code.
- Agree with the concept.

“19. That to avoid any real or perceived conflict of interest, any Councillor who chooses to run for federal or provincial elected office must request a leave of absence from the time that the writ is dropped or when they file their nomination papers, whichever is earlier.”

- There is nothing in current provincial legislation which requires a member of Council to take a leave of absence when running for office of another level of government.
- To make this mandatory, an amendment to provincial legislation is required.

- “20. That to avoid any real or perceived conflict of interest, any Councillor who is elected to another level of government must immediately resign their position on Council, the day after their election is confirmed. If this recommendation is found to not be within the City’s jurisdiction, the City should request that the Province amend legislation to enforce this ruling.”**
- There is nothing in provincial legislation which requires this.
 - To make this mandatory, an amendment to provincial legislation is required.
- “21. That the recommendations contained in this report be incorporated into an entirely new, rather than revised Code, with the understanding that the City will be required to enact a bylaw that gives the new Code the force of law.”**
- Agree.
 - *The Cities Act* revisions require that a Code of Ethics be adopted by City Council by bylaw.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Jurisdiction to Appoint an Integrity Commissioner – Saskatoon and Other Cities

Report Approval

Written and Approved by: Patricia Warwick, City Solicitor
Reviewed by: Joanne Sproule, City Clerk

Admin Report – Comments-Conduct.docx
102-0474-pjw-1.docx

Jurisdiction to Appoint an Integrity Commissioner Saskatoon and Other Cities

The City of Saskatoon

The Cities Act (the “CA”) establishes the City of Saskatoon as a municipal government and defines its procedural and substantive rules of governance. It also provides cities with a broad purpose and broad spheres of jurisdiction within which to act and legislate. The CA does not specifically contemplate the appointment of an Integrity Commissioner or recognize jurisdiction of City Council to appoint one. However, the broad purposes and spheres of jurisdiction provided by the Province in the CA support City Council’s authority to appoint an Integrity Commissioner. They include:

- The purposes of the CA generally to:
 - provide the legal structure and framework within which cities must act;
 - provide cities with powers, duties and functions necessary to govern;
 - provide for flexibility in governance to respond to the existing and future needs of citizens; and
 - ensure that cities engage public participation in the governance process and are accountable to the people who elect them.
- Section 4, which charges the City, as a municipal corporation, with a number of responsibilities:
 - to provide good government;
 - to provide services, facilities and other things necessary or desirable for all or part of the City;
 - to develop and maintain a safe and viable community;
 - to foster economic, social and environmental well-being; and
 - to provide wise stewardship of public assets.
- Section 3, which recognizes the City as a local government; a level of government that is responsible and accountable within its jurisdiction.
- Section 8, which among other things, authorizes Council to pass bylaws generally in relation to the peace, order and good government of the City.
- The recently included section 66.1, which requires City Council to adopt a Code of Ethics that applies to all members of Council. Among other things, the CA requires that the Code of Ethics set out the process for dealing with contraventions of the Code.

Further, the fundamental premise of local government is that it is to be accountable and transparent. This is apparent in the requirements of the CA that municipal government conduct its business in public. More particularly, section 93 provides that an act or proceeding of Council or a Council Committee is not effective unless authorized by a

bylaw or a resolution at a duly constituted public meeting of the Council or Council Committee. With the exception of being excused for improper conduct, everyone has a right to be present at Council and Council Committee meetings.

The purpose of an Integrity Commissioner would be to enhance public confidence in local government by establishing an independent office to advise, educate and investigate Code of Conduct matters and the like. This role would support the very values which underlie the establishment of local government and the CA. The exact governance model, scope of duties, mandate and authority of an Integrity Commissioner appointed by City Council would require further reporting and direction from City Council.

Other Cities

Other jurisdictions which currently have appointed an Integrity Commissioner include Calgary, Winnipeg, the Rural Municipality of Sherwood and Toronto.

Rural Municipality of Sherwood

The Rural Municipality of Sherwood enacted Bylaw No. 04/15, *A Bylaw to Provide for a Code of Conduct for Members of Council* on May 27, 2015. The RM's Bylaw appears to be modeled largely after the City of Toronto's Code of Conduct. The basis for the RM's jurisdiction to enact the Bylaw appears in the Recitals and Key Principles contained within the Bylaw. They refer to *The Municipalities Act*, but fundamentally, the core values and principles identified above appear to have been relied on to establish jurisdiction.

Bylaw No. 04/15 contains both the substantive rules applicable to the conduct of Council members and the complaint protocol to be administered by the Integrity Commissioner, who is defined as "the legal counsel for the municipality appointed by the Administrator to fulfill the duties and responsibilities assigned to that office pursuant to this bylaw".

City of Calgary

In April, 2016, the City of Calgary established the Integrity and Ethics Office. Both an Ethics Advisor and an Integrity Commissioner were hired on a part-time basis. The mandate of the Ethics Advisor is to be a resource and instruct members of Council and the Administration on how to avoid potential ethical situations or conflicts of interest and educate the public on the ethical expectations of elected members of Council. The Integrity Commissioner is tasked with investigating ethics matters and claims against Council members.

Terms of Reference for each position were adopted by City Council, as was a Procedure Protocol to guide the investigation of complaints by the Integrity Commissioner.

Similar to the CA, the Alberta *Municipal Government Act* (the “MGA”) provides general powers and authority to local government in Alberta to pass bylaws and ensure that the powers, duties and functions of the municipality are appropriately carried out. More particularly, section 145 of the MGA permits a Council to pass bylaws in relation to

- “(b) the procedure and conduct of council, council committees and other bodies established by the council, the conduct of councillors and the conduct of members of council committees and other bodies established by council.”

It appears that Calgary relied on this section in pursuing the establishment of the Ethics and Integrity Office. It is anticipated that amendments to the MGA will be passed in the latter part of 2017, which would require a Council to pass, by bylaw, a Code of Conduct governing the conduct of members of Council.

City of Winnipeg

The Executive Policy Committee of the City of Winnipeg recently considered a report recommending the award of contract for an Integrity Commissioner. The start date of the contract is April 1, 2017. The scope of duties of the Integrity Commissioner include:

- providing written and oral advice or opinions to members of Council respecting the Code of Conduct, *The Municipal Council Conflict of Interest Act* and any other laws or policies governing the behaviour of Council;
- investigating complaints against members of Council for non-compliance with bylaws, policies or other laws governing ethical conduct and behaviour of Council members;
- educating the public and others by publishing an annual report on the work of the Office of the Integrity Commissioner;
- participating in the development of a new Code of Conduct; and
- overseeing the City of Winnipeg Lobbyist Registry, if and when established.

The City of Winnipeg Charter contains provisions substantially similar to those contained in the MGA respecting the City’s ability to pass a bylaw in relation to the procedure and conduct of Council. Given section 66.1 of Saskatchewan’s CA, Winnipeg’s legislation, like Alberta’s legislation, appears on its face to be less comprehensive than Saskatchewan’s legislation. Limitations respecting the investigative powers of Winnipeg’s Integrity Commissioner, and the ability of Winnipeg’s Council to impose penalties for breaches of relevant bylaws, policies or legislation are specifically identified by the Winnipeg Administration. It appears that the City of Winnipeg has been lobbying the Provincial Government for amendments to its enabling legislation to provide a more comprehensive framework within which the Integrity Commissioner can provide service.

City of Toronto

The City of Toronto's Office of the Integrity Commissioner is sophisticated in comparison to the jurisdictions noted above. Toronto's enabling legislation, the *City of Toronto Act, 2006* (the "C of T Act") requires Toronto City Council to appoint an Integrity Commissioner, in addition to other Accountability Officers. Accountability and transparency requirements are specifically enshrined in the legislation.

Chapter 3 of the *Toronto Municipal Code* was enacted by City Council in 2009. It establishes a comprehensive governance framework for all of the Accountability Officers. Chapter 3 echoes the C of T Act in identifying the independence of the Accountability Officers, and establishes safeguards to protect that independence, such as procedures for the appointment and remuneration of the Accountability Officers and identification of their responsibilities.

Toronto appointed its first Integrity Commissioner in 2004, prior to the current legislative scheme. The enabling legislation in force at the time was:

- (a) *City of Toronto Act, 1997*; and
- (b) *Municipal Act, 2001*.

The City of Toronto Act, 1997 does not contain similar governance provisions. Rather, the *Municipal Act, 2001* set out the parameters of Toronto's jurisdiction respecting governance. Even that Act, however, does not contain specific provisions respecting Toronto Council's jurisdiction to appoint an Integrity Commissioner. Under the old scheme, the City of Toronto's jurisdiction was provided by general provisions respecting the broad purposes and powers of the municipality, to act by bylaw in an open and transparent manner, similar to the powers provided to Saskatoon City Council under the CA.

At the time of establishment of its first Integrity Commissioner, like the City of Winnipeg now, Toronto's Administration recognized that the authority of the Integrity Commissioner was constrained without legislative change. In brief, the jurisdictional limitations that were noted without specific legislative authority to enact a bylaw with respect to integrity matters included:

- the Integrity Commissioner's ability to access personal information in the context of their investigatory role as a result of the *Municipal Freedom of Information and Protection of Privacy Act* ("MFIPPA");
- Council's ability to publicize complaint decisions and actions because of MFIPPA provisions;
- lack of procedural provisions ensuring immunity for the Integrity Commissioner and staff from testifying, access to information, inquiry powers and limitation provisions;

Attachment 1

- Council's power to implement and impose meaningful sanctions and penalties for non-compliance with the Code of Conduct; and
- the scope of the Integrity Commissioner's role in providing advice to members of Council on matters under consideration or being investigated elsewhere, (ie) under the *Municipal Conflict of Interest Act*.

Given the similarity of Saskatchewan's current legislation to the Ontario legislation at the time the first Integrity Commissioner was established, these same limits would exist. The exception would be Council's power to implement and impose meaningful sanctions and penalties for non-compliance with the Code of Conduct.

A more fulsome discussion of the other limits would need to occur if Council accepts the recommendation that the City Solicitor report further respecting the possible governance model, mandate, authority and scope of duties for an independent Integrity Commissioner.

Saskatoon Municipal Review Commission:
Municipal Code of Conduct Committee
Report

Saskatoon
MUNICIPAL REVIEW COMMISSION



ACCOUNTABILITY · TRANSPARENCY · FAIRNESS · PREDICTABILITY

Saskatoon, Saskatchewan
February 11, 2016

Saskatoon Municipal Review Commission Membership

Mr. Paul Jaspar (Chair)

Ms. Linda Moulin (Vice-Chair)

Ms. Jennifer Lester

Mr. Charles Smith, PhD.

Ms. Joan White

Hon. Merri-Ellen Wright

Researcher

Mr. Kurt Terfloth

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PART I: EXECUTIVE SUMMARY

1 (a). Summary

This report¹ discusses the Saskatoon Municipal Review Commission's (SMRC) investigation and recommendations for policy improvement² to the *Saskatoon Code of Conduct for Members of Council*³ (the Code). The SMRC found that the Code requires redevelopment, and that recent amendments to *The Cities Act*^{4,5} and *The Municipalities Act*^{6,7} require it.

The Code's revision into bylaw must include greater attention to the spirit of the law and use the standards of a modern code of conduct. The SMRC makes 21 recommendations that would bring clarity to the behavior expected of members of City Council, all without radical change. The recommended revisions would also synchronize the Code with the *City of Saskatoon's Strategic Plan*⁸ and make it more understandable and useful to the public and elected officials.

The SMRC recommendations address all of the stated areas of concern voiced by Council. Many small policy adjustments are recommended that lead to a stronger whole. The recommendation most notable to elected officials in daily life is the promotion of respectful conduct to fellow Council Members, City staff, media, and the public. In this, the SMRC address missed concerns about content absent from the Code and from the *Respectful Workplace Policy*⁹. Most important is the recommendation is for the creation of an Integrity Commissioner. This would boost the City's transparency and accountability, as well as fairness and predictability in investigations of complaints and in enforcement. These principles are considered by the SMRC to be at the heart of an effective Code as they are instrumental in promoting respect and thoughtful behaviour.

¹ *All documents referenced in the footnotes are described in the Appendix (see page 38).

References provide page numbers, and include hyperlinks to online documents or attachments.

² The City of Saskatoon. Bylaw No. 9242. *The Saskatoon Municipal Review Commission Bylaw, 2014*, page 7.

³ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council*. Reproduced in the Appendix.

⁴ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Cities Act". Nov. 2015.

⁵ Government of Saskatchewan. *The Cities Act*

⁶ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Municipalities Act". Nov. 2015.

⁷ Government of Saskatchewan. *The Municipalities Act*.

⁸ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values*, page.15. Reproduced in the Appendix.

⁹ The City of Saskatoon: *Respectful Workplace Policy A04-002*.

The City of Saskatoon has specifically requested the SMRC to address the following topics:¹⁰

- *the roles and obligations of members of Council;*
- *the standard of conduct for members of Council, including during municipal elections and by-election campaigns;*
- *the investigation and enforcement of standards;*
- *guidelines for use, disclosure, and access to confidential information;*
- *the use of City assets and receipt of gifts or benefits by members of Council; and*
- *the conduct of members campaigning for re-election.*

1 (b). Recommendations

Having completed its review and research, the SMRC makes the following recommendations. These are separated into discrete categories corresponding to those identified in the Table of Contents.

The Spirit and Letter of the Law (see page 14)

1. That in its revision of Code, the City:

- (a) Pay special attention to the inclusion of the City's values and principles, as described in *The City of Saskatoon's Strategic Plan*¹¹, to inform the spirit of the new bylaw¹²;
- (b) Include a statement of intent for interpretation and commitment to periodic review at the end of each term of office;
- (c) Provide extensive definitions¹³ to clarify terminology, to ease interpretation, and to remove ambiguity;
- (d) Write the Code in plain language, to ensure that it is appropriate for a public audience and elected representatives, whatever their background.

2. That the Code be brought forward for periodic review at the end of each term of Council, to include ongoing clarification and commentary¹⁴ so that the Code becomes a "living document".

¹⁰ The City of Saskatoon. *Bylaw No. 9242, The Saskatoon Municipal Review Commission Bylaw, 2014*, page 7.

¹¹ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values*, page.15. Reproduced in the Appendix.

¹² The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations, Code of Ethics*, page 146.

¹³ The City of Barrie: *Council Code of Conduct, Definitions*, section 4.

¹⁴ The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations, Code of Ethics Commentary*, page 146.

3. That the revised Code be drafted in a format that follows the structure recommended by the SMRC (see page 16).
4. That a mandatory ethics course be provided at the beginning of each term of office, to ensure Council members understand the Code and to provide them with an opportunity to ask questions and access additional resources.

Compliance (see page 18)

5. That, in its revision of the Code, the City provide detailed information and materials on informal and formal complaint procedures within the Code, as well as investigation procedures.
6. That, in its revision of the Code, Section 7B of the Saskatoon Code, *Breach of Confidentiality regarding subsection 65(e) of The Cities Act and/or the Confidential Information Section of this Policy* be repealed as the sanctions may be legally challenged.
7. That the City create the position of an Integrity Commissioner taking into account the following considerations:
 - (a) The position be subject to a proscribed mandate and enumerated duties;
 - (b) The hiring of the Integrity Commissioner be done through a committee that includes a member of Council, a member from the office of the City Solicitor, and an independent member of the public who is familiar with that position in either federal, provincial, or municipal government;
 - (c) The Integrity Commissioner be contracted for a specified period of time with an option for renewal, and be held on retainer;
 - (d) The City Council commit to following the advice of the Integrity Commissioner.

Good Governance, Roles, and Duties (see page 25)

8. That, in its revision of the Code, the City reflect good governance practices by providing meaningful links between the duties of elected officials and the expectations and key principles of public service, and the City's values.
9. That, in its revision of the Code, section 2(A), *Statutory Obligations: Statutory Offenses¹⁵ with Penalties* be repealed.

¹⁵ The City of Saskatoon: *Code of Conduct for Members of Council, Statutory Offenses with Penalties, section 2A*. Reproduced in the Appendix.

10. That in section 5 of the Code, *Statutory Obligations, Actions During Civic Election Periods*¹⁶, the Code clarify that during election campaigns Councillors continue to be held to the same standards of conduct as they normally would.

Privacy (see page 27)

11. That, in its revision of the Code, section 2 (C), *Confidential Information*, provide clear explanation by way of definitions and policy discussion, as well as ongoing and updated commentary on this topic.

12. That the subject of the use of personal information and freedom of information be addressed within the Code.

Respectful Conduct (see page 28)

13. That in its revision of the Code, the City provide new content that specifically addresses the following topics:

- (a) The conduct expected of Councillors at Council and Committee Meetings;
- (b) A Council-Staff Protocol;
- (c) Communications with Public & Media Relations;
- (d) Respect for the Municipality;
- (e) A Respectful Workplace Policy;
- (f) An Anti-Harassment Policy.

14. That the content within the *Respectful Workplace Policy A04-002*¹⁷ be modified to ensure that the respectful conduct of Councillors be extended to include other elected officials.

15. That in accordance with Bill 186, section 85.1,¹⁸ any revision to the Code include that the provisions regarding respectful conduct apply to Civic Boards, Commissions, Authorities and Committees appointed by Council¹⁹, and that that their members be made aware of those provisions of the Code.

¹⁶ The City of Saskatoon: *Code of Conduct for Members of Council, Actions During Civic Election Periods*, section 5. Reproduced in the Appendix.

¹⁷ The City of Saskatoon: *Respectful Workplace Policy A04-002*.

¹⁸ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015*, section 85.1.

¹⁹ The City of Saskatoon: *Policy C01-003: Appointments to Civic Boards, Commissions, Authorities, and Committees*.

Property (see page 30)

16. That, in its revision of the Code, to keep in line with contributions on election spending, the SMRC recommends that the City:

(a) Adjust the \$750 threshold of value considered as an exception to the reporting of a gift or benefit as presently found in section 4 (a), *Gifts and Benefits*, of the Code. The exceptions should be readjusted to \$100, which would correspond with the limit recommended by the SMRC and approved by Council, with respect to disclosure of election campaign contributions;

(b) Review the exceptions in Gifts and Benefits for appropriateness;

(c) Remove section 2(B), *Appropriate Use of City Assets and Services: Expectation of Privacy*, and replace it with a reference to *Policy A02-035, Computer Acceptable Use*, with attention to the sensitive nature of Councillor privilege and conduct;

(d) Address reimbursable expenses and support for charities.

Influence (see page 35)

17. That in its revision of the Code, the subject of improper use of influence be included and addressed in full.

18. That it be made mandatory for Members of Council to receive training on the amended rules concerning Conflict of Interest found in *The Cities Act* as amended.

Elections (see page 36)

19. That to avoid any real or perceived conflict of interest, a Councillor who chooses to run for federal or provincial elected office must request a leave of absence from the time that the writ is dropped or when they file their nomination papers, whichever is earlier.

20. That to avoid any real or perceived conflict of interest, any Councillor who is elected to another level of government must immediately resign their position on Council, the day after their election is confirmed. If this recommendation is found to not be within City's jurisdiction, the City should request that the Province amend legislation to enforce this ruling.

Final Recommendation (see page 37)

21. That the recommendations contained in this report be incorporated into an entirely new, rather than revised Code, with the understanding that the City will be required to enact a bylaw that gives the new Code the force of law.

PART II: INTRODUCTION

2. Overview

In 2014, Saskatoon City Council created the Saskatoon Municipal Review Commission (SMRC)²⁰ to examine public policy issues relating to the administration of city elections, councillor ethical conduct, and councillor remuneration. The City of Saskatoon has indicated that the *Saskatoon Code of Conduct for Members of Council*²¹ (the Code) requires redevelopment. This report discusses the SMRC's investigations and recommendations for policy improvement.

At the outset, it must be said that criticisms of the policy do not reflect on the behaviour of elected officials or staff. In fact, the critique reflects the desire for improved governance on the part of those directed by it. City Council is to be commended for recognizing the need for such a policy revision.

3. Methodology

In fulfilling its mandate, in the summer of 2015 the SMRC engaged in a series of broad public consultations to examine public opinion of the Code of Conduct. The opinions voiced in those consultations are incorporated in this report.

The SMRC researched Council Codes of Conduct and the supporting policies of Canadian public organizations, including federal, provincial, and municipal governments. Literary reviews on cases of Council misconduct were also undertaken. The greatest focus was placed on the investigation the Council Codes of Conduct of the 40 largest (by population) Canadian municipalities, (Saskatoon being the 21st largest). Such a wide range of investigation was necessary to understand the full scope of practices and their effects, and to reveal the leaders in this policy field.

The SMRC would also like to thank the Saskatchewan Conflict of Interest Commissioner and Registrar of Lobbyists, the Honourable Ronald. L. Barclay Q.C.. The Commissioner's investigation into the RM of Sherwood 159²², regarding a case of conflict of interest was an important source of information on how such breaches should be handled. That research also led to the development of the RM's new Council Code of Conduct²³, which was developed with the aid of the Province, and does much to illustrate the SMRC's recommendations.

²⁰ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council*. Reproduced in the Appendix.

²¹ The City of Saskatoon. *Bylaw No. 9242. The Saskatoon Municipal Review Commission Bylaw, 2014*.

²² The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159*.

²³ The RM of Sherwood No. 159. *Bylaw No. 04-15 Code of Conduct for Members of Council*.

4. Background

4 (a). Function of a Code of Conduct

Municipal Council Codes of Conduct (Codes) are used extensively throughout the world, and are considered an essential piece of legislation within public organizations. An effective code of conduct discusses the ethical principles behind it, the organization's values, and personal accountability – how staff are to take responsibility for their own actions, ensure appropriate use of information, exercise diligence and duty of care, fulfill obligations, and avoid conflicts of interest.

An effective code sets standards for compliance and expectations of commitment to the organization. The code should prescribe the investigative process and disciplinary actions, including complaint handling and specific penalties for violations of the code.

The scope of misconduct is often underestimated and has many hidden costs. Depending on the offense, misconduct may damage relationships – reducing, trust, respect, and morale; it may decrease productivity - wasting time, energy, and resources; and it may be expensive – creating legal costs and damages.

The SMRC literature review suggests that in many municipalities, cases of elected official misconduct are very damaging. As Code processes may lack transparency and accountability, and as there may not be an independent body to impartially address complaints, cases of misconduct often do not reach the public. Municipalities across Canada are coming to realize the high costs and failings of weak conduct policy, and are adopting more effective strategies.

4 (b). History and Legislation

Modern Canadian Council Code of Conduct requirements were first developed in the Province of Ontario, and were based on federal and provincial policies. The requirements became widespread when Ontario legislated *The Municipal Act, 2001*²⁴, making codes of conduct mandatory for Council and employees. Quebec soon adopted the same strategy,²⁵ and this format is now used widely.

²⁴ Government of Ontario. *The Municipal Act, 2001. Part 5 – Accountability and Transparency.*

²⁵ Government of Quebec. *Commissaire à l'éthique et à la déontologie: Code of Ethics and Conduct of the Members of the National Assembly of Québec.*

Following the inquiry into the proposed Wascana Village development scandal in the RM of Sherwood No. 159²⁶, the Government of Saskatchewan passed legislative amendments to *The Cities Act*^{27,28} and *The Municipalities Act*.^{29,30,31} These changes referenced the City of Mississauga Council Code of Conduct³², possibly the most thorough Code in Canada. The RM of Sherwood No. 159's new Council Code of Conduct also referenced Mississauga's code, and was developed with support of the Conflict of Interest Commission.³³

Bill 186, *Municipal Conflict of Interest Amendment Act, 2015. Section 55.1 (1)*³⁴ states that the City of Saskatoon council must adopt a bylaw incorporating a code of ethics that applies to all members of Council. The current Code is not a bylaw, and the terms "ethics" reflects a change in tone. This tone is further explored in section 66.1 (1)³⁵ of the Bill, which states that the code of ethics must define the standards and values that Council expects its members to comply with in their dealings with each other, employees of the city and the public. Revising the policy to demonstrate corporate values facilitates the *City of Saskatoon Strategic Plan*³⁶ and will bring Saskatoon's elected officials more in line with provincial and federal standards and practices, and demonstrate dedication to the values of the overall public service.

5. Assessment and Discussion

Policy, business, and human resources literature are in general agreement in what makes an effective code of conduct, but the Saskatoon Code does not fulfill this criteria. The Code does not address respectful behaviour, good governance, or influence. Topics normally addressed within Codes are absent, and topics not normally found within a Code are present. Further, the Code has problems with language, structure, and approachability. The spirit of the law is almost absent from the Code and the letter of the law demonstrates some weaknesses.

²⁶ The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159*.

²⁷ Government of Saskatchewan. *The Cities Act, Chapter C-11.1* of the Statutes of Saskatchewan, 2002*.

²⁸ Government of Saskatchewan, Ministry of Government Relations. "*Information Bulletin -Amendments to the Cities Act*", Nov. 2015, page 2.

²⁹ Government of Saskatchewan. *The Municipalities Act*.

³⁰ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015*.

³¹ Government of Saskatchewan, Ministry of Government Relations. "*Information Bulletin -Amendments to the Municipalities Act*". Nov. 2015.

³² The City of Mississauga. *Council Code of Conduct*.

³³ The RM of Sherwood No. 159. *Bylaw No. 04-15 Code of Conduct for Members of Council*.

³⁴ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015. Section 55.1 (1)*.

³⁵ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015. Section 66.1 (2)*.

³⁶ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values, page.15*. Reproduced in the Appendix.

With regard to the Council Code's complimentary policies,^{37,38,39} these do not amount to a comprehensive body of work that meets the required criteria of the amendments now found in *The Cities Act*, not *The Municipalities Act*. Recent amendments to this provincial legislation may also require the revision of other policies that are informed by the Code, including *Policy C01-003*^{40,41} and those policies that comprise the City of Saskatoon's employee code of conduct⁴².

6. Moving Forward

The focus of this report now shifts to a discussion of material essential to a Council Code of Conduct, and how to address problems within the current Code. In doing so, the SMRC hopes to satisfy the specific issues raised by Council, while setting up strong support for future policy reform and development.

The SMRC first discusses the foundational tenements of a Code that inform the "spirit of the law"⁴³ (values and principles, and good governance and respectful conduct), and then the "letter of the law" (accountability and transparency, and investigation and compliance). With these established, this report moves on to more specific topics, including roles and duties, elections, privacy, property, and influence.

³⁷ The City of Saskatoon. *Anti-Harassment Policy C01-025*.

³⁸ The City of Saskatoon. *Respectful Workplace Policy A04-002*.

³⁹ The City of Saskatoon. *Policy A02-035, Computer Acceptable Use Policy*.

⁴⁰ The City of Saskatoon. *Policy C01-003: Appointments to Civic Boards, Commissions, Authorities, and Committees*.

⁴¹ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015, Section 66.1, sub-section 6(a)*.

⁴² Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015, Section 85.1*.

⁴³ The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations*.

PART III: REQUIREMENTS

7. The Spirit and Letter of the Law

This section of the report addresses in a general manner the principles of accountability, transparency, fairness and predictability which the SMRC considers essential to any new or revised Code of Conduct adopted by Council. More specific considerations are addressed later in this report.

7 (a). Values and Principles

The public is entitled to expect the highest standards of conduct from the members that it elects, and adherence to these standards will protect and maintain the City's reputation and integrity. *The City of Saskatoon Strategic Plan*⁴⁴ requires that all policies reflect the values of trust, integrity, respect, honesty, and courage, as well as the principles of accountability and transparency. A new or revised Code should be considered a bastion of these values.

When complaints of misconduct do occur, they are rarely simple cases, and sometimes the rules do not cover what to do in a specific situation. When there is ambiguity legal professionals often rely on following the "spirit of the law", which is based on the intention of the law. Such a spirit is far easier to ascertain when strong values and principles are already set. Having established clear motivation and intent, decisions are more easily rendered and have much more legitimacy.

7 (b). Accountability and Transparency

The Conflict of Interest Commissioner for the Province of Saskatchewan, the Honourable Ron. L. Barclay Q.C., recommends that a Council Code of Conduct reflect the values of the municipality, and carefully focus on the principles of accountability and transparency⁴⁵. Councillors must be able to reference the Code and know how to conduct themselves in a host of challenging situations and choices. The Code must be thorough and thoughtful, with a clear emphasis on values so that the Councillor may easily and naturally follow the spirit of the code.

If a Code is meant to be transparent, the public must be able to access the Code and understand it easily. When the public examine the logic and spirit of the Code, the manner in which Councillors conduct themselves is better appraised. Additionally, when the processes of compliance favors the public interest, trust grows. Without fair and predictable rules regarding complaint investigation and sanction enforcement, elected representatives are not held appropriately accountable.

⁴⁴ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values*, page.15. Reproduced in the Appendix.

⁴⁵ The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations*.

7 (c). Validity and Efficiency

Unlike the spirit of the law, which relies heavily on interpretation, the letter of the law relies on what is specifically written. When these aspects are well described and demonstrate explicit terminology and clearly defined roles, responsibilities, and procedures, the Code is said to have high validity. When a Code's content appropriately addresses behaviour in a manner consistent with intent and other policies, it is considered efficient.

If a Code lacks validity it may be easily challenged in a court of law, and offenders may not receive sanctions. If a Code lacks efficiency it will fail to achieve the outcomes of good governance and respectful conduct, and offenders may continue to act inappropriately, either through ignorance of standards, or through calculated assessment of the restrictions placed upon them.

7(d). Comprehension and Support

There is no universal standard of "common knowledge, values, or understanding" and being explicit is absolutely necessary. When policy is weak and Council misconduct issues arise, complaints fail due to ambiguous textual descriptions of standards or terminology.

To address problems of comprehension, the majority of Codes reviewed contained sections for definitions,⁴⁶ something the City of Saskatoon lacks in its Code. Cities are also taking care to write their policies in plain language, rather than a legalese style, which requires training to interpret. The Code must be written using clear, common language and include definitions. It must be explicit and thorough, and present a logical flow for any processes it recommends, such as investigation and compliance.

7(d)(i). Living Documents

The Cities of Mississauga⁴⁷ and Toronto⁴⁸ treat their Codes as "living documents". The Code is brought forward for review at the end of each term of Council, when relevant legislation is amended, and at other times when appropriate to ensure that it remains current and continues to be a useful guide to Members of Council. Commentary and examples used in these Codes of Conduct are illustrative and not exhaustive. From time to time additional commentary and examples may be added to the documents and supplementary materials may also be produced, as deemed appropriate.

⁴⁶ The City of Barrie. *Council Code of Conduct, Definitions, section 4.*

⁴⁷ The City of Mississauga. *Council Code of Conduct.*

⁴⁸ The City of Toronto: *Code of Conduct for Members of Council – Annotated Version.*

7 (d) (ii). Structure and Content

Based on its investigation and research, the SMRC has developed an ideal Code of Conduct content format. It incorporates effective practices, thoroughness and sound policy considerations.

Table 1. Effective Council Code of Conduct Policy Contents

TABLE OF CONTENTS	
General	
1.	Policy Statement, Preamble, Interpretation, and Periodic Review
2.	Statements of Principles and Purpose
3.	Authority and Related Policies
4.	Application (Those affected by the policy)
5.	Definitions
Good Governance, Roles, and Duties	
6.	Transparent, Accountable and Good Governance
7.	Statutory Obligations (City Councillors and the Mayor)
Privacy	
8.	Confidential Information
9.	Confidential Information - Personal Information
Respectful Conduct	
10.	Respectful Conduct of Members and Harassment
11.	Conduct for Council and Committee Meetings
12.	Council-Staff Protocol.
13.	Communications with Public & Media Relations
Property	
14.	Gifts and Benefits
15.	Councillor Expenses
16.	Appropriate Use of City Assets and Services
Influence	
17.	Improper Use of Influence
18.	Employment of Council Relatives/Family Members
Elections	
19.	Actions During Civic Election Periods
20.	Leaves of Absence: Exclusive to the City of Saskatoon
Compliance	
21.	Compliance with Code of Conduct
22.	Investigations

7(d)(iii)). Training and Resources

Most levels of government and large public organizations now offer mandatory ethics courses to ensure understanding, address questions, and prevent cases of misconduct. These courses often require periodic refreshers, which may occur annually, by term, or by contract. Many municipalities also provide ethics resources, such as annual FAQs⁴⁹, to complement their codes of conduct.

7(e). Recommendations

To ensure that any new or revised Code of Conduct reflects both the “spirit of the law” and the “letter of the law”, the SMRC recommends as follows:

1. That in its revision of the Code, the City:
 - (a) Pay special attention to the inclusion of the City’ values and principles, as described in *The City of Saskatoon’s Strategic Plan*⁵⁰, to inform the spirit of the new bylaw⁵¹;
 - (b) Include a statement of intent for interpretation and commitment to periodic review at the end of each term of office;
 - (c) Provide extensive definitions⁵² to clarify terminology, to ease interpretation, and to remove ambiguity;
 - (d) Write the Code in plain language, to ensure that it is appropriate for a public audience and elected representatives, whatever their background.
2. That the Code be brought forward for periodic review at the end of each term of Council, to include ongoing clarification and commentary⁵³ so that the Code becomes a “living document”.
3. That the revised Code be drafted in a format that follows the structure recommended by the SMRC (see page 14).

⁴⁹ Government of Ontario - Office of the Integrity Commissioner. *Encouraging a Culture of Integrity, Annual Report 2014-15*.

⁵⁰ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values, page.15*. Reproduced in the Appendix.

⁵¹ The RM of Sherwood No. 159. Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations, Code of Ethics, page 146.

⁵² The City of Barrie: *Council Code of Conduct, Definitions, section 4*.

⁵³ The RM of Sherwood No. 159. *Final Report of the Inspection and Inquiry into the RM of Sherwood No. 159, Part IV Recommendations, Code of Ethics Commentary, page 146*.

4. That a mandatory ethics course be provided at the beginning of each term of office, to ensure Council members understand the Code and to provide them with an opportunity to ask questions and access additional resources.

8. Compliance

This section of the report responds to the specific request of Council for the SMRC to review the investigation and enforcement of standards.

The most difficult challenge in drafting a Code of Conduct is to adequately address the issues of complaint investigation and compliance. Problems with each occur when there is weak policy, no oversight, little transparency or accountability, and when personal self-interest and bias trump the public interest. When an organization's senior officials have the power to reward or police themselves there is a temptation to keep rules of conduct loose and to keep the ability to be judged out of the hands of those not easily influenced.

8 (a). Investigations and Compliance

Section 7B of the Saskatoon Code, *Breach of Confidentiality regarding subsection 65(e) of The Cities Act and/or the Confidential Information Section of this Policy*, is unique. No other Municipality reviewed addressed confidentiality, or other forms of misconduct, with proscribed sanctions. By setting strict sanctions for breaches of confidentiality, the Council locks in penalties that may not be the favored course of action. Most importantly, *The Cities Act* warns that compliance with such customs is not technically legal, and may be challenged.

The procedures discussed in Code section 7A, C, and D appear clear and impartial, possess little ambiguity and a logical flow, and provide processes for complaint receiving, investigation, judgement, and enforcement. Although these processes are similar to other Cities, the Saskatoon Code lacks detailed information and materials on informal and formal complaint procedures, as well as investigation procedures, and has no forms or materials attached. Such details are very important to Councillors and the public as they assure fairness, predictability, and confidentiality.

Code section 7A *Statutory Offences with Penalties* structures the Executive Committee in such a way that it has the choice to accept or reject the complaints against its members, with or without the advice of an independent body. When a complaint is received regarding a Councillor, the Executive Committee decides, in-camera, as to the legitimacy of the complaint, and they are not required to report the number, types, or sources of complaint. Further, the body rendering judgement on the accused is also the Executive Committee, and they determine the type and extent of sanctions against the accused if found guilty.

Members of the Executive Committee face a serious conflict of interest in these cases. They are expected to render impartial judgement on people whom they work closely with in politically charged relationships, and in an arena that is normally intensely political. Members of the Executive Committee may be very close to the issue at hand, and may personally benefit from a biased decision.

The temptation to reject complaints is strong when an Integrity Commissioner is not in place. The process of hiring a new investigator creates delays in justice, is expensive, and the Executive Committee may feel that they can deal with the issue without these complications. As complaints may be slow, arduous, and politically unfavorable, members may wish to act in favor of the accused and reject the complaint, simply to avoid the process of investigation and enforcement.

Executive Committee members may also worry that if a complaint is registered against them personally, an independent adjudication may not favor them as well as one conducted by their peers. There may be great anxiety experienced by Councillors forced to render negative judgement on their friends, allies, and respected peers. There is also potential for personal bias against another member, as they are political rivals or may simply be at odds with one another. Overall, Executive Committee members with complaints against them may unjustly face less or greater scrutiny.

8 (b). Integrity Commissioners

Extensive literature on government policy demonstrates that the public appreciates assurance in the form of an institutionalized independent body for the occasions when a complaint does arise as it improves confidence in the system of Council justice. When such a body is in place, the guarantee of a swift, impartial case resolution lessens public concern of influenced or biased judgements, and adds important layers of transparency and accountability.

Conflict of Interest complaints and misconduct complaints are often intertwined and Saskatchewan's Conflict of Interest Commissioner and Registrar of Lobbyists, the Honourable Ron. L. Barclay Q.C. occasionally addresses them. When consulted by the SMRC, the Conflict of Interest Commissioner stated that provincial law was not in conflict with an Integrity Commissioner position as described by the *Ontario's Municipal Act, 2001*⁵⁴.

⁵⁴ Government of Ontario. *Ontario's Municipal Act, 2001*, Section 223.3(1).

In 2015, jurisdictions within each of the Prairie Provinces began using Integrity Commissioners (the RM of Sherwood, SK⁵⁵; Calgary, AB (Council voted 13-1 in favour of creating the position Feb.9, 2016⁵⁶); and Winnipeg, MB⁵⁷). The creation of an Integrity Commissioner has been described as good organizational hygiene – the position demonstrates due process (accountability), independent advisement (transparency), and the City’s values. The framework for the position has demonstrated great validity and efficiency, and receives strong public and staff support.

8(b)(i). Integrity Commissioner Mandate and Duties

The suggested mandate and duties of an Integrity Commissioner are outlined below, using the five categories of advisory function, complaint investigation, complaint adjudication, educational function, and additional duties and functions.

(i) Advisory Function

- To provide written and oral advice on request of Council respecting the Code, *The Cities Act*, and any other Acts, by-laws, or policies governing the ethical behaviour of Members.
- To provide written and oral advice to individual Members of Council at their request regarding situations covered under the Code, *The Cities Act*, and any other Acts, by-laws, or policies governing the ethical behaviour of Members.
- To provide Council with specific and general opinions on Acts, by-laws, policies, or protocols that regulate the behaviour of members of Council, and issues of compliance with those Acts, by-laws, policies, or protocols.
- To provide advice to Members of Council on issues of ethics and integrity including codes of conduct, policies, and protocols, and to emphasize the importance of ethics for public confidence in municipal government.
- To report directly to Council on matters related to the Code of Conduct for Members of Council and/or local boards or organizations under its authority.

⁵⁵ The RM of Sherwood No. 159. *Bylaw No. 04-15 Code of Conduct for Members of Council.*

⁵⁶ Calgary Sun, Feb 9, 2016. “*Integrity Commissioner to oversee Calgary Councillors; New booze rules ratified.*”

⁵⁷ The City of Winnipeg. *Office of Integrity Commissioner to be established for Winnipeg City Council. Appendix A – Jurisdictional Review, page 12. Dec 2, 2015.*

(ii) Complaint Investigation

- To assess, investigate and conduct inquiries into a request made by Council, a member of Council, or a member of the public, into whether a Member of Council has contravened the Code of Conduct, any applicable by-law, policy, or Act, and to report to Council on its findings.

(iii) Complaint Adjudication

- To oversee any or all of the policy matters surrounding the enforcement of the Code of Conduct for elected officials and/or members of local boards.
- To determine whether a member of Council has, in the Integrity Commissioner's opinion, violated the Code of Conduct, any applicable by-law, policy of Act, and to report to Council.
- To make recommendations on appropriate penalties if applicable.

(iv) Educational Function

- To provide to the City Clerk for publication, an annual report on the work of the Office of the Integrity Commissioner, including in general terms, examples of advice rendered and complaints received and disposed of for the preceding year.
- To make all reports public while maintaining confidentiality regarding personal identity information.
- To provide outreach programs for Council and staff on legislation, protocols and office procedures emphasizing the importance of ethics for public confidence in municipal government and disseminating information to the public on the City's website.

(v) Additional Duties and Functions

- To assist in the development of the policies and processes for the Integrity Commissioner's Office, including input into the development of a thorough Code of Conduct for Members of Council.
- To perform any other functions council deems appropriate and that are compatible with the role of an Integrity Commissioner.

8b.2. Integrity Commissioner Recruitment

Three further considerations for the City to consider are the hiring practice, term of office, and remuneration for an Integrity Commissioner. The SMRC has reviewed various options which are summarized below:

(i) *Hiring Process*

Municipalities may delegate the hiring of the Integrity Commissioner to a committee; to the City Clerk and City Solicitor under the guidance of specific hiring criteria; or through a formal Request for Proposal (RFP) process. Committees appear to be the preferred method, and may combine a member of council, a member from the office of the City Solicitor, and an independent member of the public who is familiar with the Integrity Commissioner position in either federal, provincial, or municipal government.

(ii) *Term of Office*

Municipalities often set a defined term for the Integrity Commissioner's office to ensure the security of tenure as well as flexibility for the Integrity Commissioner to establish an appropriate working relationship with Council. Many choose to appoint their Integrity Commissioner on a one year term with an optional renewal for a one or five-year term. Some Cities place five-year limits on the amount of time an Integrity Commissioner may be contracted to ensure independence. No evidence was found of Canadian municipalities removing the Integrity Commissioner position once the policy was implemented.

(iii) *Remuneration*

In many municipalities, Integrity Commissioners are hired on a contract basis with either a flat annual fee or are retained with a base fee and an agreed hourly rate for investigations and educational sessions. Support staff may be provided by the Integrity Commissioner, or by the City Clerk as needed. In contrast, larger cities hire on a full-time basis with support staff, often assigning additional duties such as managing whistleblower policy and/ or lobbyist registrars.

Table 2 below gives a recent sample of publically declared retainer and hourly costs, as well as terms of office for Integrity Commissioners. There is considerable variation in costs due to the highly individualized scope of each municipality's requirement.

Table 2. Integrity Commissioner Terms and Costs^{58,59}

Municipality	Term of Office	Cost
Barrie	Held on Retainer	Retainer: \$1000/year; Hourly Rate: \$125 + Expenses
Brampton	One year	\$150,000/year
Guelph	Held on Retainer	Retainer: \$5000/year; Hourly Rate: \$235
Kitchener	Held on Retainer	Retainer: \$20,000/year; Hourly Rate: \$150
Markham	Held on Retainer	Retainer: \$20,000/year; Hourly Rate: \$509
Mississauga	5 year, non-renewable	\$100,000/ year (2012)
Ottawa	One year, option to renew for a 5 year term	Retainer: \$25,000/year; Hourly Rate: \$200 (maximum \$1,000/day)
Town of Richmond Hill	Held on Retainer	Retainer: \$25,000/year; Hourly Rate: Unknown. Annual maximum \$40,000
Sault St. Marie	No ongoing contract	Used for one investigation
St. Catharines	Held on Contract	No Annual Retainer; Hourly Rate: \$150
Toronto	5 year, non-renewable	\$300,000/year (2014)
Vaughan	2 or 4 year terms	Up to \$200,000/year
Waterloo	Held on Retainer	Retainer: \$2000/year; Hourly Rate: \$150 + Expenses
Windsor	Held on Retainer	Retainer: \$12,000/year; Hourly Rate: \$300/hour
Winnipeg	Held on Retainer	\$100,000/year

⁵⁸ The City of Winnipeg. *Office of Integrity Commissioner to be Established for Winnipeg City Council. Appendix A – Jurisdictional Review, page 12. Dec 2, 2015.*

⁵⁹ The City of Greater Sudbury. *Integrity Commissioner Report to City Council. Appointment of the Integrity Commissioner. Remuneration. Greater Sudbury, June 10, 2014.*

8(c). Recommendations

Based on its research, the SMRC makes the following recommendation with respect to compliance with the Code of Conduct and any relevant by-laws, policies or legislation.

5. That, in a new or revised Code, the City provide detailed information and materials on informal and formal complaint procedures within the Code, as well as investigation procedures.

6. That Section 7B of the Saskatoon Code, *Breach of Confidentiality regarding subsection 65(e) of The Cities Act and/or the Confidential Information Section of this Policy* be repealed as the sanctions may be legally challenged.

7. That the City create the position of an Integrity Commissioner taking into account the following considerations:

- a) The position be subject to a prescribed mandate and enumerated duties;
- b) The hiring of the Integrity Commissioner be done through a committee that includes a member of Council, a member from the office of the City Solicitor, and an independent member of the public who is familiar with that position in either federal, provincial, or municipal government;
- c) The Integrity Commissioner be contracted for a specified period of time with an option for renewal, and be held on retainer;
- d) The City Council commit to following the advice of the Integrity Commissioner.

PART IV: CODE OF CONDUCT

9. Good Governance, Roles, and Duties

This section of the report responds to the specific request of Council for the SMRC to review the principles of good governance and the statutory obligations of Council members, including their roles and obligation

The City of Saskatoon's Code does little to address respectful conduct or good governance. The preamble of the Code states "Citizens of Saskatoon expect high standards of conduct from all government officials. The quality of the City of Saskatoon's public administration and governance, as well as its reputation and integrity, depend on the highest standards of conduct from its elected representatives." "Ethics and integrity are at the core of public confidence in government and in the political process."⁶⁰ What constitutes good conduct and what ethics standards is not discussed in the Code.

9 (a). Good Governance

Good governance policy identifies the key principles of appropriate conduct, and provides a strong baseline of expectations for members of Council, such as:

- Serving constituents in a conscientious and diligent manner;
- Performing their functions with integrity and avoiding the improper use of the influence of their office, and conflicts of interest;
- Performing their duties in office and arranging their private affairs in a manner that promotes public confidence and in a manner that will bear close public scrutiny;
- Upholding both the letter and the spirit of the laws and policies established by the Federal Parliament, Provincial Legislature, and Council.

These basic assumptions must be clearly expressed in a Code in order to communicate public expectations and to hold Members of Council accountable. Several of these key principles are expressed in *Statutory Duties of City Councillors and the Mayor*⁶¹, but these details are mostly functionary and do not reflect the spirit of the Code.

⁶⁰ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council*. Reproduced in the Appendix.

⁶¹ The City of Saskatoon: *Code of Conduct for Members of Council, Statutory Duties of City Councillors and the Mayor*, section 2B. Reproduced in the Appendix.

9 (b). Statutory Duties of City Councillors and the Mayor

As requested, the SMRC reviewed and addressed the roles and obligations of members of Council.

The SMRC found that section 5 (B) of the Code defined Roles and Obligations,⁶² *Statutory Duties of City Councillors and the Mayor*, in a manner that was consistent with the Codes of other cities⁶³, *The Cities Act*,⁶⁴ and *Bill 186*⁶⁵, but it did not reflect the spirit of the Code. Other Codes often provided meaningful links between the conduct, corporate values⁶⁶, and duties of elected officials (see Good Governance).

Section 5 (A) of the Code, *Statutory Offenses with Penalties*,⁶⁷ discusses the legal requirements for being elected to and for holding office. This section is unusual as this material was not found in other Codes, and is now found in the amendments to *The Municipalities Act*⁶⁸. As above, variations of this material are often described in documents that describe the requirements of office, the election process, etc.

9(c). Recommendations

The SMRC, based on the forgoing rationale, makes the following recommendations regarding good governance and the roles and obligations of Members of Council:

8. That, in its revision of the Code, the City reflect good governance practices by providing meaningful links between the duties of elected officials with the expectations and key principles of public service, and the City's values.
9. That, in its revision of the Code, section 2(A), *Statutory Obligations: Statutory Offenses with Penalties* be repealed.
10. That in section 5 of the Code, *Statutory Obligations, Actions During Civic Election Periods*⁶⁹, the Code clarify that during election campaigns Councillors continue to be held to the same standards of conduct as they normally would.

⁶² The City of Saskatoon: *Code of Conduct for Members of Council, Statutory Duties of City Councillors and the Mayor*, section 2B. Reproduced in the Appendix.

⁶³ The City of Markham. *Council Code of Conduct, Roles and Obligations*, section 5.

⁶⁴ Government of Saskatchewan. *The Cities Act, Chapter C-11.1* of the Statutes of Saskatchewan, 2002*.

⁶⁵ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015*.

⁶⁶ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values*, page 15. Reproduced in the Appendix.

⁶⁷ The City of Saskatoon: *Saskatoon Code of Conduct for Members of Council, Statutory Offenses with Penalties*, section 2A. Reproduced in the Appendix.

⁶⁸ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin -Amendments to the Municipalities Act". Nov. 2015.

⁶⁹ The City of Saskatoon: *Code of Conduct for Members of Council, Actions During Civic Election Periods*, section 5. Reproduced in the Appendix.

10. Privacy

This section of the report responds to the request of Council for the SMRC to review guidelines for the use, disclosure and access to confidential information

Conduct policy and literature, as well as the policies of other municipalities and organizations give considerable emphasis to issues of confidentiality and personal information. It was found that information sharing problems were universal, complex, and frequent. As such, most government offices now require strong policy and mandatory training⁷⁰.

10 (a). Confidentiality

The City of Saskatoon has experienced how ambiguities in policy may create problems, and accordingly may understand why some municipalities have devoted many pages of their Codes to this topic. It is with this consideration that the SMRC recommends that a revised code provide extensive coverage in definitions, policy discussion, and ongoing commentary on all topics, as well as mandatory training on conduct expected of elected officials, including expectations with respect to privacy and confidentiality.

10 (b). Personal Information

The City of Markham's Code specifically addresses the use of personal information, often under the jurisdiction of the City Clerk's Office. In other jurisdictions, it has been found that occasionally elected officials will abuse their access to City documents, and use confidential files, protected under the *Freedom of Information and Protection of Privacy Act*,⁷¹ for their personal business advantage. The legal and breach of public trust consequences for such misconduct is often underestimated, and bears special consideration.

10 (c). Recommendations

With respect to privacy issues, the SMRC recommends as follows:

11. That, in its revision of the Code, section 2 (C), *Confidential Information*, provide clear explanation by way of definitions and policy discussion, as well as ongoing and updated commentary on this topic.

12. That the subject of personal information and freedom of information be addressed within the Code.

⁷⁰ Government of Ontario - Office of the Integrity Commissioner. *Encouraging a Culture of Integrity, Annual Report 2014-15*.

⁷¹ Government of Saskatchewan. *Freedom of Information and Protection of Privacy Act. Chapter F-22.01 of the Statutes of Saskatchewan*

11. Respectful Conduct

This section of the report responds to the request of Council for the SMRC to review the standard of conduct for members of Council, including during municipal elections and by-election campaigns.

Conduct policy specialists recognize the complexity of conduct, and recommend that mandatory training and resources⁷² be provided to avoid behaviour that damages relationships, productivity, morale, and public confidence. The Government of Saskatchewan now requires oaths of office,^{73,74} to promote respectful behaviour and dedication to the public service. Respectful conduct is universally considered essential, but is absent from Saskatoon's Code.

The City has somewhat addressed this issue through the implementation of the *Respectful Workplace Policy*⁷⁵ and the *Anti-Harassment Policy*⁷⁶. These policies sufficiently address the conduct of staff and administration's conduct, but neither refers to the conduct of elected officials. Elected officials are bound to the *Anti-Harassment Policy* in an indirect way, through the *Council Policy*,⁷⁷ but this policy does not refer to the Respectful Workplace Policy.

11 (a). Council and Committee Meetings

Setting clear expectations and tone for meetings is important. Municipalities that institute clear rules regarding meetings find that this policy changes the change in tone in meetings – making them much more positive and productive.

11 (b). Council-Staff Protocol

A major concern addressed by Codes is Councillors' interactions with staff. The influence and authority a Councillor has deserves special attention. When weak standards and procedures are in place, staff may have little recourse against inappropriate conduct, and submitting complaints places the administration in a difficult position. Cases such as these often go unreported unless an impartial investigation can be guaranteed by a trusted and reliable independent body, such as an Integrity Commissioner.⁷⁸

⁷² Government of Ontario - Office of the Integrity Commissioner. *Encouraging a Culture of Integrity, Annual Report 2014-15*.

⁷³ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015*.

⁷⁴ Government of Saskatchewan, Ministry of Government Relations. *"Information Bulletin - Amendments to the Cities Act"*. Nov. 2015.

⁷⁵ The City of Saskatoon: *Respectful Workplace Policy A04-002*.

⁷⁶ The City of Saskatoon: *Anti-Harassment Policy C01-025*.

⁷⁷ The City of Saskatoon: *Policy C01-003: Appointments to Civic Boards, Commissions, Authorities, and Committees*.

⁷⁸ The City of Mississauga: *Integrity Commissioner*.

11 (c). Communications with the Public and Media

It is important for elected officials to remember that they are responsible to their constituents, and to maintaining the public trust in the City. Cities that implement communication policies have guidelines regarding expectations of respectful conduct, and often provide training and/or independent advice on appropriate ways to discuss challenging topics.

11(d). Recommendations

With respect to respectful conduct, the SMRC recommends:

13. That in its revision of the Code, the City provide new content that specifically addresses;

- (d) The conduct expected of Councillors at Council and Committee Meetings;
- (e) A Council-Staff Protocol;
- (f) Communications with Public & Media Relations;
- (g) Respect for the Municipality;
- (h) Respectful Workplace Policy;
- (i) Anti-Harassment Policy.

14. That the content within the *Respectful Workplace Policy A04-002*⁷⁹ be modified to ensure that the respectful conduct of Councillors be extended to include other elected officials.

15. That in accordance with *Bill 186*, section 85.1⁸⁰, any revision to the Code include that the provisions regarding respectful conduct apply to Civic Boards, Commissions, Authorities and Committees appointed by Council⁸¹, and that that their members be made aware of those provisions of the Code.

⁷⁹ The City of Saskatoon: *Respectful Workplace Policy A04-002*.

⁸⁰ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015, section 85.1*.

⁸¹ The City of Saskatoon: *Policy C01-003: Appointments to Civic Boards, Commissions, Authorities, and Committees*.

12. Property

This section of the report responds to the specific request of Council for the SMRC to review the use of City assets and receipt of gifts or benefits by members of Council.

12 (a). Gifts and Benefits

The City of Saskatoon's Code was quite comparable to other Cities in its *Gifts and Benefits* section⁸² requirements. All Cities reviewed had codes that agreed with the spirit of the law in the quote from the City of Brampton's Code;

*"Members of Council are entrusted to make decisions based on an impartial and objective assessment of each situation, free from the real or perceived influence of gifts, hospitality or benefits. Regardless of monetary value, the gift, hospitality or benefit could be seen as an instrument of influence, favouritism and bias on the part of the elected official. To promote transparency and accountability to the public, Members of Council will continue to set a high standard of conduct and be prepared to openly disclose all gifts and benefits that have been received in carrying out their official duties"*⁸³.

In most Cities surveyed, the individual or annual acceptable value of gifts must be reported subject to a threshold for gifts that do not exceed a certain value. The following is an excerpt from Saskatoon's Code of Conduct regarding Gifts and Benefits setting out the threshold in this City:

"The following are recognized as exceptions:

- (a) such gifts or benefits that normally accompany the responsibilities of office and are received as an incident of protocol or social obligation, provided that the value of the gift or benefit does not exceed \$750.00."*

An analysis of sixteen other Codes of Conduct requiring the reporting of such information reveals that the City of Saskatoon's Gifts and Benefits Code stands out, as the value of the gifts and benefits that it recognizes as not worthy of reporting far exceed that of other Cities. A Gift valued at \$750 far exceeds the norm (average \$253⁸⁴) and the SMRC does not consider this amount to be appropriate⁸⁵. Further, other Cities' Codes often discuss in depth the limitations on the acceptance of gifts, concerning food and beverages, lodging, transportation, event tickets and entertainment. Further clarification on these matters may be desired by Council.

⁸² The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Gifts and Benefits, section 4.*

⁸³ The City of Brampton. *Code of Conduct for the Members of Council.*

⁸⁴ This average does not include Saskatoon.

⁸⁵ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Gifts and Benefits, section 4.*

Table 3. Municipal Council Gifts and Benefits Policy Reporting Exceptions

Municipality	Annual Acceptable Value of Gift
City of Saskatoon	\$750
City of Barrie	\$250
City of Brampton	\$0, report all
City of Hamilton	\$200
City of Kitchener	\$300
City of London	\$300
City of Markham	\$350
City of Mississauga	\$500
City of Ottawa	\$100
City of St. Catharines	\$500
City of Surrey	\$0, cannot accept
City of Sydney	\$0, cannot accept
City of Toronto	\$300
City of Vaughan	\$500
City of Winnipeg	\$200
City of Windsor	\$200
Town of Richmond Hill	\$350
Average Annual Acceptable Value of Gift: \$253.00	

The gifts and benefits policies of other Prairie Province cities are not included, as these Cities do not publically display their Council Codes of Conduct / Ethics. Instead, these municipalities hold their Members of Council to the standards of their employee code of conduct, if one exists, or to provincial standards of conduct.

As of 2016, municipal codes of conduct are now mandatory, and refer to provincial legislation;

- *The Cities Act*, section 85.1^{86,87}
- *The Municipalities Act*, section 111.1^{88,89}
- *The Northern Municipalities Act, 2010*, section 127.1⁹⁰

Employee codes of conduct standards, as set by the Province of Saskatchewan, do not allow the acceptance of any gifts, considering them to be Conflicts of Interest. Any gifts considered ceremonial tokens must be immediately reported.

⁸⁶ Government of Saskatchewan. *The Cities Act*, section 85.1

⁸⁷ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Cities Act". Nov. 2015.

⁸⁸ Government of Saskatchewan. *The Municipalities Act*, section 111.1.

⁸⁹ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Municipalities Act". Nov. 2015.

⁹⁰ Government of Saskatchewan. *The Northern Municipalities Act, 2010*, section 127.1.

12 (b). Appropriate Use of City Assets and Services

Other municipalities provide principles of regulation similar to that of Saskatoon regarding the appropriate use of city assets and services. However, the commentary provided by the City of Mississauga captures the unique opportunity for potential abuse by elected officials, which is overlooked in many policies (see below).⁹¹

“Members, by virtue of their position, have access to a wide variety of property, equipment, services and supplies to assist them in the conduct of their City duties as public officials. This privilege should not be seen to be abused. In recognizing that members are held to a higher standard of behavior and conduct, members should not use such property for any purpose other than for carrying out their official duties. Careful attention should be given to the provisions of the City’s Councillor policy which identifies approved allowable expenses.”⁹²

12 (c). Reimbursable Expenses

The reimbursable expenses that an elected official may claim appear in some Codes of Conduct, but are not addressed in the Saskatoon Code. The reason that these expenses should appear alongside Gifts and Benefits is to aid in public accountability and transparency. Questioning what gifts are appropriate leads naturally to questions as to what expenses are appropriate. Further, the use of specific sources of funds, such as the Communications Allowance should be addressed. The use of specific sources of funds, such as the Communication’s Allowance, will be addressed in a subsequent report of the SMRC. It shall dealing with issues of Councillor remuneration and benefits, and emphasize that these allowed are to be used solely for City processes, and should not be used as a supplement to any campaign expense.

An example of the appropriate regulation of reimbursable expenses is found in s. 9 of The RM of Sherwood No. 159, Code of Conduct for Members of Council.⁹³

“Reimbursable expenses

9. Members of Council may claim reimbursement by the municipality for the following expenses:

- (a) expenses incurred by Members of Council for an official duty or function that are modest and represent the prudent use of public funds and do not involve the purchase of alcoholic beverages;*

⁹¹ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Appropriate Use of City Assets and Services: Appropriate Use, section 3 (B).*

⁹² The City of Mississauga. *Council Code of Conduct, Rule No. 5. Use of City Staff, Property, Services and Other Resources.*

⁹³ The RM of Sherwood No. 159. *Bylaw No. 04-15. Code of Conduct for Members of Council, Reimbursable Expenses (Part 2 – Section 9), page 4.*

(b) hospitality expenses incurred by Members of Council for meetings that include:

(i) engaging representatives of other levels of government, international delegations or visitors, the broader public sector, business contracts and other third parties in discussions on official matters;

(ii) providing persons from national, international and charitable organizations with an understanding and appreciation of the municipality or the workings of its municipal government;

(iii) honouring persons from the municipality in recognition of exceptional public service and staff appreciation events

(iv) recognition events for various agencies, boards and commissions of the municipality;

(v) ratepayers associations, minor league sports associations, and other community groups.”

12 (d). Support for Charities

Charity fundraisers present potential scenarios for influence misconduct and conflicts of interest. The RM of Sherwood 159. regulates fundraising behaviour (financial handling and support) to ensure that elected officials are not inappropriately benefiting from this activity.

Again, another example of appropriate regulation regarding support for charities is found in s. 10 of The RM of Sherwood No. 159, Code of Conduct for Members of Council⁹⁴.

“Support for charities

10(1) As community leaders, Members of Council may lend their support to and encourage community donations to registered charitable, not-for-profit and other community-based groups, as long as monies raised through fundraising efforts go directly to the groups or volunteers or chapters acting as local organizers of the group.

(2) Members of Council shall not directly or indirectly manage or control any monies received relating to community or charitable organizations fundraising.

(3) Members of Council shall not solicit or accept support in any form from an

⁹⁴ The RM of Sherwood No. 159. Bylaw No. 04-15. *Code of Conduct for Members of Council, Support for Charities (Part 2 – Section 10)*, page 5.

individual, group or corporations, with any pending planning, conversion or demolition variance application or procurement proposal pending before Council.

(4) Nothing in this section affects the entitlement of a Member of Council to:

- a) urge constituents, businesses or other groups to support community events put on by others in the municipality to advance the needs of a charitable organization;*
- b) play an advisory ex officio, honorary or membership role in any charitable or non-profit organization that holds community events in the municipality; or*
- c) collaborate with the municipality and its agencies, boards or commissions to hold community events.”*

12 (e). Expectation of Privacy

This section⁹⁵ of the Code repeats the content of *Policy A02-035, Computer Acceptable Use*,⁹⁶ in that it states that elected officials should expect the City to have full access to data on all electronic media devices that they provide.

Other Cities do not dedicate a section of their Code to this topic – it is addressed in their *Computer Acceptable Use* equivalent policies.

As such, the SMRC does not recommend any changes or additions to the Code of Conduct regarding the acceptable use of computers, provided that the existing Policy A02-035 continues to be incorporated into any new or revised Code.

12 (f). Recommendations

With respect to the use of City property or assets, and the appropriate use of gifts and other benefits, the SMRC recommends:

16. That, in its revision of the Code, to keep in line with contributions on election spending, the SMRC recommends that the City:

- (a) Adjust the \$750 threshold of value considered as an exception to the reporting of a gift or benefit as presently found in section 4 (a), *Gifts and Benefits*, of the Code. The exceptions should be readjusted to \$100, which would correspond with the limit recommended by the SMRC and approved by Council, with respect to disclosure of election campaign contributions;

⁹⁵ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Appropriate Use of City Assets and Services: Expectation of Privacy, section 3 (A).*

⁹⁶ The City of Saskatoon. *Policy A02-035, Computer Acceptable Use Policy.*

- (b) Review the exceptions in Gifts and Benefits for appropriateness;
- (c) Remove section 2(B), *Appropriate Use of City Assets and Services: Expectation of Privacy*, and replace it with a reference to *Policy A02-035, Computer Acceptable Use*, with attention to the sensitive nature of Councillor privilege and conduct;
- (d) Address reimbursable expenses and support for charities.

13. Influence

This section of the report responds to the specific request of Council for the SMRC to review the investigation of the standard of conduct expected of members of council regarding conflict of interest and the improper use of influence.

Influence is a complex and serious issue, and often deals with business relations and the employment of individuals related to a member of Council. Complaints of influence often involve Council, administration, and staff, and an independent Integrity Commissioner or similar body may be required to address the case.

13 (a). Influence

The improper use of influence is not addressed in the Saskatoon Code, but is addressed thoroughly in the most extensive policies, and in those of the largest cities⁹⁷ and small towns. These policy sections always states that Councillors must not use their position outside of their official duties for private advantage; they must not use influence on independent bodies that perform functions for the City; and they must not use their position beyond their roles and obligations to influence the administration.

13 (b). Conflicts of Interest

Conflict of Interest guidelines are not generally included in a Code of Conduct, but as they are intertwined with other concerns and as there are new standards^{98,99} the issues bears referencing. The amended Cities Act and Municipalities Act do much to address Conflict of Interest and allows Council the right to set standards also for appropriate conduct concerning property and use of influence. Council members would benefit from being trained on these changes simultaneously.

⁹⁷ The City of Mississauga. Council Code of Conduct, Rule No. 7. *Improper Use of Influence*.

⁹⁸ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - New Municipal Conflict of Interest Rules - Frequently Asked Questions". Dec. 2015.

⁹⁹ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Cities Act". Nov. 2015.

13 (c). Recommendations

The SMRC recommends as follows:

17. That in its revision of the Code, the subject of improper use of influence be included and addressed in full.
18. That it be made mandatory for Members of Council to receive training on the rules concerning Conflict of Interest found in *The Cities Act* as amended.

14. Elections

This section of the report responds to the specific request of Council for the SMRC to review the conduct of members campaigning for re-election.

14 (a). Actions During Civic Election Periods

Section 5 of the Code discussing *Actions During Civic Election Periods*¹⁰⁰ is well described, procedurally sound, and comparable to that of other cities. The SMRC understands that the City of Saskatoon is looking for guidance regarding specific points of election conduct, but feels that the material addressed in the Code, and in other Codes was well handled by the Elections Committee. However, the SMRC recommends the inclusion of a statement that clarifies that during election campaigns Councillors continue to be held to normal standards of conduct.

With further regard to Elections, in Table 1¹⁰¹ of this report, the SMRC makes reference to the City of Mississauga¹⁰² as an example of excellent policy.

14 (b). Leaves of Absence

An excellent example of Codes each having a unique character is Saskatoon's section on Leaves of Absence¹⁰³. This section discusses rules for elected members, as they take leaves of absence specifically during their pursuit of being elected to other levels of government office. Although the SMRC found no similar rules in other municipalities, the policy was found to be consistent with the rules set out by *The Cities Act*¹⁰⁴ and *Bill 186*¹⁰⁵.

¹⁰⁰ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Actions During Civic Election Periods, section 5.*

¹⁰¹ See page 5.

¹⁰² The City of Mississauga: Council Code of Conduct

¹⁰³ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council. Leaves of Absence, section 6.*

¹⁰⁴ Government of Saskatchewan. *The Cities Act, Chapter C-11.1* of the Statutes of Saskatchewan, 2002.*

¹⁰⁵ Government of Saskatchewan. *Bill 186, Municipal Conflict of Interest Amendment Act, 2015.*

14 (c). Recommendations

19. That to avoid any real or perceived conflict of interest, a Councillor who chooses to run for federal or provincial elected office must request a leave of absence from the time that the writ is dropped or when they file their nomination papers, whichever is earlier.

20. That to avoid any real or perceived conflict of interest, any Councillor who is elected to another level of government must immediately resign their position on Council, the day after their election is confirmed.

PART V: CONCLUSION

15. Final Recommendation

The SMRC has made a number of recommendations to ensure that the *Saskatoon Code of Conduct for Members of Council*¹⁰⁶ meets the requirements of the recently amended legislation found in *The Cities Act*^{107,108} and *The Municipalities Act*,^{109,110} as well as the values of accountability, transparency, predictability, and fairness. These recommendations embody the values contained in the *City of Saskatoon's Strategic Plan*¹¹¹ as well as those that form the basis of Provincial and Federal conduct policy.

It is the opinion of the SMRC that the recommendations contained in this report be incorporated into an entirely new, rather than revised Code, with the understanding that the City will be required to enact a bylaw that gives the new Code the force of law.

¹⁰⁶ The City of Saskatoon. *Saskatoon Code of Conduct for Members of Council*. Reproduced in the Appendix.

¹⁰⁷ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Cities Act". Nov. 2015.

¹⁰⁸ Government of Saskatchewan. *The Cities Act*.

¹⁰⁹ Government of Saskatchewan, Ministry of Government Relations. "Information Bulletin - Amendments to the Municipalities Act". Nov. 2015.

¹¹⁰ Government of Saskatchewan. *The Municipalities Act*.

¹¹¹ The City of Saskatoon. *The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values*, page.15. Reproduced in the Appendix.

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16 (b). Copy of The City of Saskatoon Strategic Plan 2013-2023, Our Corporate Values, p.15

Our Corporate Values

It's not hard to make decisions when you know what your values are.
 – Roy Disney

Our Strategic Goals will be achieved through the talent, creativity and commitment of staff who demonstrate our five workplace values everyday.

Trust

We assume responsibility for our own trustworthiness and continuously build trust with our colleagues so they know they can rely upon us. We maintain and respect the confidentiality of our citizens, partners and organizational information. We support, inspire and empower others to do their job, honour our commitments and are always responsible and dependable.

Integrity

Everyday, we demonstrate accountability and our actions are always honourable and ethical. We make wise decisions that are the best for the group rather than us alone. We make time to help others and lead by example. We acknowledge and know our job responsibilities and are motivated to make

things happen within the scope of our positions. We take ownership for our work and are able to report, explain and be answerable for the results. We strive to find solutions and continuously make improvements.

Respect

We respect others in the organization, regardless of their position or status, through our specific actions. We build on each other's strengths and always remain courteous to everyone even when we may not agree with the opinions of others. We respectfully acknowledge individual beliefs, diversity, aspirations, skills, and experiences even if they are different from our own. We demonstrate mutual respect and practice fair and ethical treatment.

Honesty

We are known for our ability to hold frank and honest discussions that maintain the dignity and perspectives of others. We demonstrate sincerity

while being open and honest. We also listen well, ask for clarity before reacting and are always willing to admit mistakes.

Courage

We have the courage to face adversity with strength, confidence and poise. We take smart risks and accept responsibility for the outcome. We are able to think through problems, lead with passion, and manage and embrace change. We are willing to challenge prevailing assumptions while suggesting new and innovative approaches. We are able to make tough decisions and question actions inconsistent with the values of our organization.

16 (c). Copy of the Code of Conduct for Members of Council

CODE OF CONDUCT FOR MEMBERS OF

SASKATOON CITY COUNCIL

1. INTRODUCTION

Purpose

Citizens of Saskatoon expect high standards of conduct from all government officials. The quality of the City of Saskatoon's public administration and governance, as well as its reputation and integrity, depend on the highest standards of conduct from its elected representatives.

Ethics and integrity are at the core of public confidence in government and in the political process. The purpose of this Code of Conduct is to provide standards for members of Saskatoon City Council relating to their roles and obligations, and a procedure for the investigation and enforcement of those standards.

Section 55(b)(ii) of *The Cities Act* provides that Council may establish "rules for the conduct of Councillors, of members of Council committees and of members of other bodies established by council".

2. STATUTORY OBLIGATIONS

A. Statutory Offences with Penalties

Section 120 of *The Cities Act* provides that a member of Council is disqualified from Council if the member:

- (a) when nominated, was not eligible for nomination or election as a candidate pursuant to *The Local Government Election Act*;
- (b) ceases to be eligible for nomination or election or to hold office pursuant to *The Local Government Election Act* or any other Act;
- (c) is absent from all regular Council meetings held during any period of three consecutive months, starting with the date that the first meeting is missed, unless the absence is authorized by a resolution of Council;

- (d) is convicted while in office:
 - (i) of an offence punishable by imprisonment for five years or more; or
 - (ii) of an offence pursuant to section 123, 124 or 125 of the *Criminal Code of Canada* (eg. municipal corruption);
- (e) contravenes:
 - (i) a bylaw passed pursuant to section 145.1 of *The Local Government Election Act* (eg. fails to file a statement of election contributions and expenses in accordance with the provisions of The Campaign Disclosure and Spending Limits Bylaw); or
 - (ii) section 116 or 117 of *The Cities Act* (eg. fails to file a public disclosure statement or fails to declare a pecuniary interest); or
- (f) ceases to reside in the city.

B. Statutory Duties of City Councillors and the Mayor

Section 65 of *The Cities Act* specifies the following duties for all members of Council:

- (a) to represent the public and to consider the well-being and interests of the City;
- (b) to participate in developing and evaluating the policies, services and programs of the City;
- (c) to participate in Council meetings and Council Committee meetings and meetings of other bodies to which they are appointed by the Council;
- (d) to ensure that administrative practices and procedures are in place to implement the decisions of Council;
- (e) to keep in confidence matters discussed in private at a Council or Council committee meeting until discussed at a meeting held in public;
- (f) to maintain the financial integrity of the City;
- (g) to perform any other duty or function imposed on Councillors by this or any other Act or by the Council.

Section 66 of *The Cities Act* provides that the Mayor has the following additional duties:

- “(a) to preside when in attendance at a Council meeting, unless this Act or another Act or a bylaw of Council provides that another Councillor is to preside;
- (b) to perform any other duty imposed on a Mayor by this or any other Act or by bylaw or resolution.”

C. Confidential Information

In addition to the statutory duties set out in section 65(e) of *The Cities Act*, Council members shall:

- refrain from disclosing or releasing by any means to any member of the public or the media, any confidential information acquired by virtue of their office in either oral or written form, except when required by law or authorized by Council to do so;
- not use confidential information (such as knowledge respecting bidding on the sale of City property or assets) for personal or private gain, or for the gain of relatives or any person or corporation; and
- refrain from accessing or attempting to gain access to confidential information in the custody of the City unless it is necessary for the performance of their duties and not prohibited by council policy.

3. APPROPRIATE USE OF CITY ASSETS AND SERVICES

A. Expectation of Privacy

All City Council members are notified that all computers, cell phones, blackberries and other electronic devices provided by the City are the property of the City, and shall, at all times, be treated as the City’s property. Council members are hereby notified that they are to have no expectation of privacy in the use of these devices.

Council members are entitled to use these devices for personal as well as for City purposes. However, they are hereby notified that:

- (a) all emails or messages sent or received on City devices are subject to *The Local Authority Freedom of Information and Protection of Privacy Act*;

- (b) all files stored on City devices, all use of internal email and all use of the internet through the City's firewall may be inspected, traced or logged by the City;
- (c) in the event of a complaint pursuant to this Policy, Executive Committee may require that any or all of the electronic devices provided by the City to Council members may be confiscated and inspected as part of the investigation including downloading information which is considered relevant to the investigation. All email messages or internet connections may be retrieved.

B. Appropriate Use

Members of City Council are entitled to various City-paid services or resources, and in using said resources they shall:

- follow the same rules and practices regarding reimbursement of travel expenses that are followed by civic staff;
- use City resources including civic staff, postage, photocopiers, phones, newsletters, stationery and any other civic property and equipment, with the exception of electronic devices, for civic business only; and
- refrain from including personal information on civic business cards or on the civic webpage.

4. GIFTS AND BENEFITS

No member of Council shall accept a fee, gift or personal benefit that is connected directly or indirectly with the performance of his or her duties of office, unless permitted by the exceptions listed below. For these purposes, a fee or gift or benefit that is paid to or provided with the member's knowledge to a member's spouse, partner, child or parent that is connected directly or indirectly to the performance of the member's duties is deemed to be a gift to that member.

The following are recognized as exceptions:

- (a) such gifts or benefits that normally accompany the responsibilities of office and are received as an incident of protocol or social obligation, provided that the value of the gift or benefit does not exceed \$750.00;

- (b) a suitable memento of a function honouring the member;
- (c) food, lodging, transportation, event tickets or entertainment provided by provincial, regional and local governments or political subdivisions of them, by the Federal government or by a foreign government within a foreign country, or by a conference, seminar or event organizer where the member is either speaking or attending in an official capacity; and
- (d) food and beverages consumed at banquets, receptions, business lunches or similar events, if attendance serves a legitimate business purpose, the person extending the invitation or a representative of the organization is in attendance, and the value is reasonable and the invitations infrequent.

5. ACTIONS DURING CIVIC ELECTION PERIODS

No member of Council shall use the facilities, equipment, supplies, services or other resources of the City (including Councillor newsletters, the City's website and websites linked through the City's website) for any election campaign or campaign-related activities. Any campaign-related activities that occur in City Hall or any civic facility must take place in a location that is normally available for rental to the public and which has been arranged through the normal rental process. No member shall use the services of civic staff for election-related purposes during hours in which those civic staff members receive any compensation from the City.

For greater clarity and to ensure that members of Council do not receive any undue benefit by virtue of being an incumbent, during the period between Nomination Day (i.e. the second-last Wednesday in September of an election year) and the date of the election, Council members will:

- refrain from using any City-owned resources, including but not limited to cell phones, blackberries, business cards, laptop computers, civic phone number, email address, official photograph, and City crest, for election-related purposes;
- refrain from using City postage or other resources for mass mailings of any kind, regardless of whether or not they are specifically related to the election campaign;
- refrain from wearing the Mayor's Chain of Office at any event, regardless of whether or not it is related to the election campaign;
- refrain from putting their City-issued phone number and e-mail address as their contact information on their campaign material;

- refrain from placing ward information updates in community newsletters;
- refrain from referring to themselves in campaign advertisements as “Councillor X” or “Mayor Y”;
- refrain from organizing activities such as formal openings of facilities or public spaces or similar events; and
- strictly adhere to all of the rules that govern candidates in local elections.

6. LEAVES OF ABSENCE

Occasionally a member of Council will take a leave of absence in order to run for elected office of another level of government. During the period of the leave the Council member:

- will not receive any confidential agendas, communications or documents from the City;
- will receive copies of all public information;
- will not be required to return their City-issued material during the period of the unpaid leave, but will not use it for any non-civic purpose; and
- will not be reimbursed for any mileage or telephone or similar expenses.

7. COMPLIANCE

All members of council shall cooperate in any investigation made pursuant to this Section.

A. Statutory Offences with Penalties

A complaint under this Section of the Code must be in writing and must be made either:

- (a) by a member of Council; or
- (b) by the City Clerk except where the matter relates to section 117 (i.e. failure to declare a pecuniary interest).

The City Clerk shall forward all complaints, including the name of the complainant, to the Executive Committee (in camera), and to the member about whom the complaint is made.

Upon receipt of a complaint under this Section of the Code, the Executive Committee shall meet, in camera, excluding the member of Council concerned, and decide whether to proceed to investigate the complaint or not. The Executive Committee, in its sole discretion, may decide to take no action on the complaint. In that event, the member of Council concerned shall be notified of the Executive Committee's decision.

If the Executive Committee decides to investigate the complaint, it shall take such steps as it may consider appropriate, which may include hiring an independent investigator, seeking legal advice, etc. All proceedings of Executive Committee regarding the investigation shall be in camera.

If the Executive Committee believes that the member of Council concerned has breached section 120 of *The Cities Act*, it shall advise the member of Council of this, and give them an opportunity to make oral or written submissions to the Committee.

If the Executive Committee concludes that the member of Council concerned has breached section 120 of *The Cities Act*, it may, in its sole discretion, decide to advise the Council member concerned of its conclusion and of its intent to recommend to City Council that the appropriate proceedings be commenced pursuant to section 121 of *The Cities Act*.

Section 121 of *The Cities Act* provides that a member who is disqualified must resign immediately. If a member of Council does not resign as required, the Council or an elector may apply to a judge of the court for:

- (a) an order determining whether the person was never qualified to be or has ceased to be qualified to remain a member of Council; or
- (b) an order declaring the person to be disqualified from Council.

Should the Council member concerned not resign immediately, the Executive Committee may, in its sole discretion, recommend to City Council that the appropriate proceedings pursuant to section 121 of *The Cities Act* be commenced against the council member concerned.

B. Breach of Confidentiality regarding subsection 65(e) of The Cities Act and/or the Confidential Information Section of this Policy

Where a member of Council or a member of the City's Senior Administration has reason to believe that a breach of confidentiality has occurred, the facts, as they are known, shall be reported in writing to the Executive Committee (in camera). If the facts, as reported, include the names of a member or members of Council who are alleged to be responsible for the breach, the member or members of Council concerned shall receive a copy of the report to Executive Committee.

The Executive Committee shall meet, in camera, excluding the member or members of Council concerned, if known, and decide whether to proceed to investigate the potential breach or not. The Executive Committee, in its sole discretion, may decide to take no action in the matter. In that event, the member or members of Council concerned, shall be notified of the Executive Committee's decision.

If the Executive Committee decides to investigate the complaint, it shall appoint an independent investigator to conduct the investigation. All proceedings of Executive Committee regarding the investigation shall be in camera.

Upon receipt of the report of the independent investigator, the Executive Committee shall meet to consider the matter. If one or more Council members are named in the investigative report as being potentially responsible for the breach of confidentiality, that member or members shall be excluded from the meeting.

If the Executive Committee believes that the member or members of Council named are responsible for a breach of confidentiality, it shall advise the member or members of this, and give them an opportunity to make oral or written submissions to the Committee.

If the Executive Committee concludes that the member or members of Council named are responsible for a breach of confidentiality, it may, in its sole discretion, decide to recommend to City Council that sanctions be imposed. The Council member or members concerned shall be advised of the Executive Committee's conclusion and recommendations.

C. All Other Breaches of this Policy

A complaint under this Section must be in writing and must be made either:

- (a) by a member of Council; or
- (b) by the City Clerk.

The City Clerk shall forward all complaints to the Executive Committee (in camera) and to the member about whom the complaint is made.

Upon receipt of a complaint under this Section, the Executive Committee shall meet, in camera, excluding the member of Council concerned, and decide whether to proceed to investigate the complaint or not. The Executive Committee, in its sole discretion, may decide to take no action on the complaint. In that event, the member of Council concerned shall be notified of the Executive Committee's decision.

If the Executive Committee decides to investigate the complaint, it shall appoint an independent investigator to conduct the investigation. All proceedings of Executive Committee regarding the investigation shall be in camera.

If, after receipt of the report of the independent investigator, the Executive Committee believes that the member of Council concerned has breached a provision of this Policy, it shall advise the member of Council of this, and give them an opportunity to make oral or written submissions to the Committee.

If the Executive Committee concludes that the member of Council concerned has breached a provision of this Policy, it may, in its sole discretion, decide to recommend to City Council that sanctions be imposed. The Council member concerned shall be advised of the Executive Committee's conclusion and recommendations.

D. Sanctions

The Cities Act does not provide specific sanctions for Council members who breach their statutory duties pursuant to sections 65 and 66 of *The Cities Act* or the rules of conduct established by this Policy pursuant to subsection 55(b)(ii) of *The Cities Act*.

City Council does have the right to sanction Council members provided that Council members continue to have sufficient access to information and services so as to be able to carry out their duties as Council members. Sanctions may include, but are not limited to:

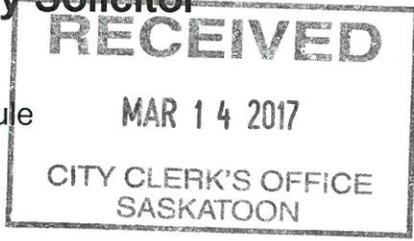
- (a) removal of the council member from any national or provincial organization, civic board, commission, authority or committee except for Executive Committee, Planning and Operations, Administration and Finance and Budget Committee;
- (b) restriction of access to civic services or City Hall;
- (c) restrictions on how documents are provided (eg. no electronic copies, but only watermarked paper copies);

- (d) reduction in salary and/or benefits and/or expenses.

CodeofConduct.doc

CITY OF SASKATOON

Office of the City Solicitor



To: Joanne Sproule
City Clerk

MAR 14 2017

Date: March 13, 2017

Phone: 975-3270

From: Patricia Warwick
City Solicitor

Our File: 102.0460

Your File: CK. 175-23

Re: Notice of Motion – Councillor Hill – Additional Civilian Members – Board of Police Commissioners

Further to your email of March 13, 2017, this will confirm that we updated our research on this matter and that there are no changes to our report of November 16, 2015. Our report of November 16, 2015 may be added to the March 20, 2017 Governance and Priorities Committee Agenda to accompany this item. A copy of the report is attached for ease of reference.

Thank you.

A handwritten signature in blue ink, appearing to read "P. Warwick".

PJW:cml

Attachment

Membership - Board of Police Commissioners – Councillor C. Clark (May 25, 2015)

Recommendation

That Executive Committee recommend to City Council that this Report be received as information.

Topic and Purpose

City Council passed a motion at its meeting held on June 22, 2015, that the Administration provide a report to Executive Committee on the process for adding two additional civilian members to the Board of Police Commissioners, including some analysis of the governance implications and considerations for determining the ratio of civilian to elected members of police boards and how this has been determined in other Canadian cities.

This Report provides a summary of these matters.

Report Highlights

This Report summarizes the process for adding members to the Board of Police Commissioners and identifies considerations regarding the composition of boards of police commissioners in jurisdictions across Canada.

Strategic Goal

This Report supports the Strategic Goal of Quality of Life as it promotes good policing practices.

Report

The Police Act, 1990 (the "Act") requires a municipality with a population over 5,000 to establish, by bylaw, a board of police commissioners. The board of police commissioners must consist of at least three members, appointed annually by the council.

If the board consists of three members, it must include the mayor, one member of council, and one other person, who is not a member of council, as a member at large.

If the board consists of more than three members, it must consist of the mayor, two members of council, and two or more other persons, who are not members of council, as members at large.

As the board of police commissioners is established by bylaw, any changes to the number of members of the Saskatoon Board of Police Commissioners would require an amendment to *The Saskatoon Board of Police Commissioners Bylaw*.

Prior to 2001, the Act required a board of police commissioners to contain either three or five members. In 2001, the Act was amended such that a board could consist of more than five members. Notably, the number of members on the Saskatoon Board of Police Commissioners was increased from five to seven in December, 2001. Effective January 1, 2004, the number of members was decreased from seven to five. The rationale for the decrease was that a majority of the members should be elected to ensure accountability to the public.

The Boards of Police Commissioners in both Regina and Moose Jaw consist of five members. The Prince Albert Board of Police Commissioners is made up of seven members, with the City Manager, Chief of Police and Director of Financial Services acting as advisory officials.

Unlike Saskatchewan, legislation in other Canadian jurisdictions typically requires that the majority of members of a police board are not municipal councillors or employees of the municipality. In many of those jurisdictions, a board of police commissioners has a significantly greater role and specific responsibilities respecting the provision of police services set out within the legislation.

In Saskatchewan, the powers of a board of police commissioners are more general, including the delivery of policing services generally, and providing general direction, policy and priorities for the police service and developing long-term plans.

A summary of the legislative requirements in other Canadian jurisdictions is as follows:

- British Columbia – a municipal police board is to consist of the mayor, one person appointed by council and up to seven persons appointed by the Lieutenant Governor in Council (“LGC”). Appointees may not be a councillor or ineligible to be elected as a councillor;
- Alberta - a board of police commissioners may consist of three to 12 members. If it consists of four or fewer, only one may be a member of council or an employee of the municipality. If it consists of more than four people, two may be councillors or employees of the municipality;
- Manitoba - a municipal police board to consist of at least five members. One member is appointed by the LGC and the others are appointed by council. No more than half of the members of a municipal police board may be councillors or employees of the municipality;
- Ontario - a police services board in a municipality with a population over 25,000 must have five members, including the head of the municipal council,

- one member of council, one person appointed by council who is neither a councillor nor an employee of the municipality, and two persons appointed by the LGC. A municipality with a population of over 300,000 may apply to the LGC to increase the size of its board to seven members; and
- Nova Scotia – a board of police commissioners may consist of five or seven members. A five-member board must consist of two councillors, two people appointed by council who are not councillors or employees of the municipality and one person appointed by the Minister. A seven-member board must consist of three councillors, three people appointed by council who are not councillors or employees of the municipality and one person appointed by the Minister.

Greater detail of the legislative requirements in other Canadian provinces is attached as Attachment 1.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Detailed Summary of Legislative Requirements in Other Provinces.

Report Approval

Written by: Jon Danyliw, Solicitor
Approved by: Patricia Warwick, City Solicitor

Detailed Summary of Legislative Requirements in Other Provinces

British Columbia - *Police Act*

Pursuant to the British Columbia *Police Act*, a municipal police board is to consist of the mayor of the municipality, one person appointed by the council, and not more than seven persons appointed by the Lieutenant Governor in Council. A person appointed to the police board cannot be a councillor or ineligible to be elected as a councillor. The legislative intent behind the creation of a police board is to ensure that a police department remains a separate and independent body from the municipality and to insulate the police department from the political decision-making process.

In British Columbia, a municipal police board has four main governance functions:

- (a) employer of all sworn and civilian staff of a police department;
- (b) primary financial oversight for the department;
- (c) establishes policy priorities and policies that set direction for the department; and
- (d) authority for policy and service complaints, and discipline authority for complaints against chief and deputy chief constables.

The City of Vancouver Police Board is made up of the mayor, one person appointed by the council and six people appointed by the Lieutenant Governor in Council. Board members are chosen to reflect the demographics of the community. The stated goal of the Vancouver Police Board is to provide civilian governance and oversight of policing. The Board has five standing committees, including Finance, Freedom of Information, Governance, Human Resources, and Service and Policy Complaint Review.

Alberta - *Police Act*

The Alberta *Police Act* states that a board of police commissioners may consist of three to 12 members. If it consists of four or fewer, only one may be a member of council or an employee of the municipality. If it consists of more than four people, two may be councillors or employees of the municipality.

In Alberta, municipal boards of police commissioners have the following legislated functions:

- (a) to allocate funds provided by a city council, in consultation with the chief of police;
- (b) to establish policies providing for efficient and effective policing;
- (c) to issue instructions as necessary to the chief in regards to those policies; and
- (d) to ensure sufficient persons are employed by the police service to carry out its functions.

The Calgary Police Commission has 11 members, nine of whom are members of the public and two of whom are municipal appointees, who may be councillors or municipal employees. The stated purpose of the Commission is to provide independent civilian oversight and governance of the Calgary Police Service to ensure a safe community.

The Calgary Police Commission has three subcommittees, including Finance and Audit, Governance, and Complaints Oversight.

The Edmonton Police Commission has nine members, two of whom are councillors. The Commission is intended to be a non-political, independent body representing the view of the public on policing matters. While the Commission is appointed by and accountable to City Council, it is intended to remain an unbiased body whose primary responsibility is ensuring professional and ethical front line policing.

The Edmonton Police Commission has three standing policy committees appointed to make recommendations to the Commission for review and decisions, including the Governance Committee, Finance and Audit Committee, and Professional Standards Committee. Each committee must have at least three members.

Manitoba - *Police Services Act*

The Manitoba *Police Services Act* requires a municipal police board to consist of at least five members. One member is appointed by the Lieutenant Governor in Council and the others are appointed by council. The City of Winnipeg Police Board must have at least seven members, two of whom are appointed by the Lieutenant Governor in Council. No more than half of the members of a municipal police board may be councillors or employees of the municipality.

As stated in the *Police Services Act*, the purpose of a police board is to provide civilian governance respecting the enforcement of law, the maintenance of public peace and the prevention of crime and to provide administrative direction and organization required to provide adequate and effective police service in the municipality. A police board has four general duties:

- (a) after consulting with the police chief, establish priorities and objectives for the police service;
- (b) establish policies for the effective management of the police service;
- (c) direct the police chief and monitor his or her performance; and
- (d) perform any other prescribed duties.

More specifically, a police board in Manitoba must:

- (a) ensure that the police chief establishes programs and strategies to implement the priorities and objectives established by the board for the police service;
- (b) ensure that community needs and values are reflected in the policing priorities, objectives, programs and strategies;

- (c) ensure that police services are delivered in a manner consistent with community needs, values and expectations; and
- (d) act as a liaison between the community and the police service.

A police board in Manitoba may give orders and directions to the police chief, but not to other police officers. No individual member of a board may give an order or direction to any police officer. Furthermore, a police board must not give orders or directions on specific operational decisions, individual investigations or the day-to-day operation of the police service.

The Winnipeg Police Board is required to establish four standing committees, including the Governance Committee, Finance Committee, Strategic Planning Committee, and Risk Management and Audit Committee. Each standing committee must have at least three members, in addition to the Board Chair.

Ontario - Police Services Act

In Ontario, a police services board in a municipality with a population over 25,000 must have five members, including the head of the municipal council, one member of council, one person appointed by council who is neither a councillor nor an employee of the municipality, and two persons appointed by the Lieutenant Governor in Council.

A municipality with a population of over 300,000 may apply to the Lieutenant Governor in Council to increase the size of its board to seven members, including the head of the municipal council, two members of council, one person appointed by council who is neither a councillor nor an employee of the municipality, and three persons appointed by the Lieutenant Governor in Council.

Pursuant to the *Police Services Act*, a police services board in Ontario is responsible for the provision of adequate and effective police services in the municipality and must:

- (a) appoint the members of the municipal police force;
- (b) generally determine, after consultation with the chief of police, objectives and priorities with respect to police services in the municipality;
- (c) establish policies for the effective management of the police force;
- (d) recruit and appoint the chief of police and any deputy chief of police, and annually determine their remuneration and working conditions, taking their submissions into account;
- (e) direct the chief of police and monitor his or her performance;
- (f) establish policies respecting the disclosure by chiefs of police of personal information about individuals;
- (g) receive regular reports from the chief of police on disclosures and decisions made regarding secondary activities;
- (h) establish guidelines with respect to the indemnification of members of the police force for legal costs;
- (i) establish guidelines for dealing with complaints; and

- (j) review the chief of police's administration of the complaints system and receive regular reports from the chief of police on his or her administration of the complaints system.

The Toronto Police Services Board consists of seven members. Its purpose is to provide civilian oversight of the Toronto Police Service. The Board may appoint subcommittees to address various matters. The Chair of the Board is a member of each subcommittee.

Nova Scotia - Police Act

A board of police commissioners may consist of five or seven members. A five-member board must consist of two councillors, two people appointed by council who are not councillors or employees of the municipality, and one person appointed by the Minister. A seven-member board must consist of three councillors, three people appointed by council who are not councillors or employees of the municipality, and one person appointed by the Minister.

A board of police commissioners in Nova Scotia is to provide civilian governance on behalf of the council in relation to the enforcement of law, the maintenance of law and order, and the prevention of crime in the municipality; and to provide administrative direction, organization and policy required to maintain an adequate, effective and efficient police department. A board of police commissioners is required to:

- (a) determine, in consultation with the chief officer, priorities, objectives and goals respecting police services in the community;
- (b) ensure the chief officer establishes programs and strategies to implement the priorities, objectives and goals respecting police services;
- (c) ensure that community needs and values are reflected in policing priorities, objectives, goals, programs and strategies;
- (d) ensure that police services are delivered in a manner consistent with community values, needs and expectations;
- (e) act as a conduit between the community and the police service providers;
- (f) recommend policies, administrative and organizational direction for the effective management of the police department;
- (g) review with the chief officer information provided by the chief officer respecting complaints and internal discipline;
- (h) ensure a strategic plan and business plan is in place; and
- (i) ensure the department is managed by the chief officer according to best practices and operates effectively and efficiently.

The Halifax City Council appoints six members of the Board of Police Commissioners, three of whom are councillors. The Solicitor General may appoint one additional member to the Board. The Board provides civilian governance regarding strategic policy and policy driven budget planning for police service delivery. It does not appear that the Board has appointed subcommittees.

Multi-Year Business Plan and Budget Framework

Recommendation

That the Governance and Priorities Committee recommend to City Council that the Multi-Year Business Plan and Budget Framework be approved in principal.

Topic and Purpose

The purpose of this report is to outline the various components of a Multi-Year Business Plan and Budget (MYB) Framework that need to be developed and receive approval of the Framework in principle.

Report Highlights

1. A Framework will form the basic structure and guiding principles for multi-year planning and budgeting.
2. A policy sets the groundwork for an MYB process by establishing guidelines, responsibilities and direction.
3. A defined process will increase the transparency of the process as well as ensure a seamless delivery of the MYB.
4. A new document(s) will be developed for the delivery and presentation of multi-year plans and budgets with increased emphasis on targets, outcomes and service levels.
5. The implementation plan has a significant focus on change management within the corporation and includes the formation of an internal project team to ensure the successful implementation of this initiative.

Strategic Goal

The recommendation within this report supports the Strategic Goal of Continuous Improvement by using innovative and forward thinking to go beyond conventional approaches to meet the changing needs of our city. This report also supports the Strategic Goal Asset and Financial Sustainability, as the business planning and budgeting process is open, accountable and transparent, and reflects the needs of citizens today and tomorrow.

Background

At its meeting on May 16, 2016, the Governance and Priorities Committee considered a report of the City Manager (Attachment 1) which provided an overview of MYB, including what MYB is, advantages and disadvantages of an MYB, and where it is used.

The Committee resolved that the Administration report back by January 31, 2017, with further detail and a possible implementation strategy and plan for multi-year budgeting.

The Standing Policy Committee on Finance also commissioned the internal auditor (PricewaterhouseCoopers) to conduct a review of the City of Saskatoon's readiness for

multi-year budgeting, and identify the gap and steps required to implement the initiative. An accompanying report from the internal auditor provides the results of this review. In addition, during 2017 budget deliberations, City Council approved Capital Project 2515, Multi-Year Business Plan and Budget, for \$650,000 in order to fund the implementation of the initiative including organizational change management, public engagement, strategic planning, updates to the budgeting software and revamping the current budget document(s).

Report

While a report was targeted for early 2017 to the Committee, the Administration believes the observations and recommendations that are included in the audit report on MYB are important to consider at the same time.

Based on the auditor's review as well as the research conducted by the Administration, the following key elements for a successful implementation of MYB are being presented.

Multi-Year Budget Framework

An MYB Framework will form the basic structure and guiding principles to proceed with a targeted implementation for the 2020 – 2021 budget cycle. The MYB Framework includes the development of:

- a guiding policy;
- a recommended process; and
- presentation of the Business Plan and Budget in an easy-to-read document(s) for a targeted audience of City Council and the public.

The Cities Act requires that City Council approve an annual operating and capital budget. A multi-year budget would adopt a longer term budget, but would still require an annual approval of the operational and capital plan.

The recommended framework for multi-year budgets would focus on four-year cycles. However, there is a considerable amount of work required, as well as effecting change management in the corporation to successfully implement this initiative. The 2018 budget cycle is expected to follow the traditional one-year cycle as the Administration starts to make the necessary changes in preparation of the multi-year business plan and budget process. As recommended by the internal auditor, it is vital to test the multi-year process before going live in order to work out the kinks and revise processes and systems to ensure a smooth implementation. Therefore, an initial three-year cycle (2019 – 2021) will be tested administratively that will coincide with a one-year public budget for 2019. Based on a full target implementation for the 2020 budget year, a two-year budget cycle would correspond with the 2020 civic election by providing a one-year lag for the new City Council prior to setting its own four-year business plan and budget in 2022.

Subsequent cycles (2022 – 2025) would be four years to coincide with the electoral term of City Council. Mid-year cycles will allow the Administration and City Council to

amend the budget based on the factors outlined in an MYB Policy. As such, each year within these cycles, an annual approval process will still allow for adjustments and the final approval of the budget approval legislative requirement.

Multi-Year Budget Policy

A policy sets the framework for the development and ongoing support of an MYB process. A Council Policy will stipulate the approach that will be taken throughout the process. MYB policies typically outline the following:

- overview of the Business Plan and Operating/Capital Budget requirements;
- establishment of service-based budgets that focus on service levels;
- types of adjustments that will be allowable in mid-year cycles;
- overview of the information which will be provided to City Council in the MYB document(s);
- guidance regarding corporate and departmental annual variances (over/under budget allocations); and
- overarching process to link the Business Plan, Budgets and Performance Measures.

The current Budget Process Policy (Council Policy No. 03-001) will be amended to reflect an MYB Policy.

Process

It is important that the process be laid out well in advance in order to allow time to prepare and implement the Plan and Budget, and to increase transparency regarding multi-year budgeting. There are four distinct processes that are identified leading up to a fully implemented MYB cycle:

1. The 2018 Business Plan and Budget Cycle will provide an opportunity to assess several principles within the MYB Framework process including:
 - a. service level reports and recommendations at the appropriate Standing Policy Committee;
 - b. setting a preliminary mill rate by the Governance and Priorities Committee early in the process to provide direction as the Administration prepares the budget; and
 - c. more open and transparent discussion by debating options at the appropriate Standing Policy Committee for achieving City Council's priorities for consideration and inclusion into the plan and budget.
2. The 2019 – 2021 Administrative Test Multi-Year Business Plan and Budget process.
3. The 2020 – 2021 Multi-Year Business Plan and Budget process.
4. The 2020 – 2021 Mid-Year Cycle Review process.

Attachment 2 provides an overview of the recommended framework for the City's 2018 Business Plan and Budget process.

Budget Document Presentation

The MYB document will need to look considerably different than the current budget book. This new presentation will work towards increasing the usefulness of the Business Plan and Budget document with increased emphasis on:

- performance targets, outcomes and initiatives and how they relate to City Council's strategic priorities;
- past, current and forecasted results in relation to performance targets;
- clearly outlining the current service delivery on a service line basis;
- providing a multi-year financial forecast and higher level explanations regarding budgetary dollar changes as they relate to strategic initiatives;
- aligning to the Long-Term Financial Sustainability Plan; and
- providing linkages between the capital budget and larger initiatives such as the Growth Plan and the Corporate Asset Management Plan.

The Administration will provide a future report with alternative budget document presentations in order to receive City Council input regarding the design and information to be included in the document that allows for the ability to make informed decisions.

Implementation Plan

In order to implement multi-year planning and budgeting into the organization, there is a considerable amount of work required. A significant focus of this implementation plan will be on the change management component of the initiative. A change management strategy will be applied to the overall plan which will include ensuring the vision is well understood and communicated, as well as the motivation or reasons for the change. The change management plan will also ensure the appropriate skills and resources are in place to lead and deliver the project, and that a well thought out action plan is developed, followed and communicated.

The implementation plan will ensure the following items are addressed:

- Strategic Plan and Council priorities
- Performance targets
- Service levels
- Processes and systems
- Documents
- Reporting
- Public engagement
- Communication

A project team is being created that will report to an established Steering Committee within the Administration to drive and coordinate the work for a successful implementation of this initiative.

Financial Implications

Capital Project 2515, Multi-Year Business Plan and Budget, was approved in the 2017 Budget for \$650,000. The implementation of the MYB will be funded from this project and includes funding for project staffing, system changes, training, engagement and other related costs. This project was funded by a contribution from the Reserve for Capital Expenditures.

Options to the Recommendation

City Council could choose not to endorse the MYB Framework, either in part or in full. Any amendments to the recommendation would result in varying degrees of rework to the proposed framework. This option is not recommended as the current framework is consistent with City Council's previous direction and other municipal best practices.

Public and/or Stakeholder Involvement

A full engagement plan will be developed to support and inspire public and/or stakeholder engagement, once the framework of the MYB is approved. It is anticipated that at a minimum, the stakeholder engagement will include the annual Citizen Civic Services Survey, the Citizen Budget online tool and various ad hoc round-table discussion groups on key issues. Extensive engagement opportunities will be created for all internal and external audiences at the appropriate time.

Policy Implications

City Council Policy No. C03-001 would require an overhaul to address the new MYB Framework and processes.

Communication Plan

A detailed communication strategy/plan will be developed once the framework of the proposed Multi-Year Budget process is finalized. A variety of communication tools will be developed, many similar to those created to support the 2016 and 2017 budget processes. To achieve success throughout the launch of this new initiative, all key milestones and phases of the MYB project will be well communicated.

Other Considerations/Implications

There are no financial, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

The Administration will report back on the following items:

- Strategic Plan and City Council priorities - early second quarter 2017
- Preliminary property tax rate for existing service levels - May 2017 (as directed by City Council)
- Option papers/reports tabled with the appropriate Standing Policy Committees for discussion and possible referral to Budget Review - May to August 2017
- Updates to Council Policy - fall 2017
- Options for MYB presentation - early 2018

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. Overview of Multi-Year Business Planning and Budgeting – May 16, 2016 Report to Governance and Priorities Committee
2. 2018 and Multi-Year Budget Processes

Report Approval

Written by: Clae Hack, Director of Finance
Reviewed by: Kim Matheson, Director of Strategic and Business Planning
Mike Jordan, Director of Government Relations
Catherine Gryba, General Manager, Corporate Performance Department
Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department
Approved by: Murray Totland, City Manager

MYB Framework.docx

Overview of Multi-Year Business Planning and Budgeting

Recommendation

That the Administration report back by January 31, 2017, with further detail, and a possible implementation strategy and plan for multi-year budgeting.

Topic and Purpose

The purpose of this report is to provide a general overview of multi-year business planning and budgeting.

Strategic Goal

In general, the report supports all the strategic goals as business planning and budgeting does have implications for all goals. More specifically, the report aligns more closely with a culture of Continuous Improvement and Asset and Financial Sustainability.

Report

Attachment 1 provides a brief discussion paper about multi-year budgeting. It addresses three general points about multi-year budgeting: (1) what it is; (2) what its advantages and disadvantages are; and (3) where it is used.

The paper illustrates that fully integrated multi-year business plans and budgets can be very useful in terms of helping cities achieve long-term, strategic objectives, and more short-term operational improvements. If implemented correctly, the advantages of a multi-year budget are significant, while the disadvantages are minimal.

The paper describes the multi-year budget frameworks and processes used in three Canadian jurisdictions: Calgary, Edmonton, and London. Calgary has one of the most mature processes in Canada, while Edmonton and London have just recently adopted a fully integrated approach to multi-year budgeting.

The City of Saskatoon (the City) currently budgets on an annual basis. However, in recent years, the City has adopted several long-term strategic plans. The annual business planning and budgeting process may no longer be sufficient for the City to achieve its long-term strategic priorities. Thus, a fully integrated multi-year business plan and budget may be an optimal way to better link longer-term plans and resources. Appendix 1 to the attachment illustrates this linkage.

If the City decided to move to a multi-year business plan and budget then a process would need to be adopted. Based on the research from other cities, Appendix 2 outlines a potential process that the City could implement.

Options to the Recommendation

The Administration could discontinue with any further exploration of multi-year budgeting, but for the reasons and benefits cited in this report, this would not be recommended.

Other Considerations/Implications

There is no policy, financial, environmental, privacy or CPTED implications or considerations at this time.

A public and/or stakeholder involvement or communication plan is not required at this time.

Due Date for Follow-up and/or Project Completion

The Administration will report back to Committee no later than January 31, 2017.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

Budgeting to Make Plans Work or Working to Make a Budget? An Overview of Multi-Year Budgeting (May 16, 2016)

Report Approval

Written by: Mike Jordan, Director of Government Relations
Reviewed by: Kerry Tarasoff, CFO/General Manager, Asset and Financial Management Department
Approved by: Murray Totland, City Manager

Budgeting to Make Plans Work or Working to Make a Budget?

An Overview of Multi-Year Budgeting

**Prepared by Mike Jordan
Director of Government Relations**

5/16/2016

[1] Introduction

Many Canadian cities or municipalities have implemented – or are in the process of implementing – integrated multi-year capital and operating budgets. This approach has been recommended by various organizations and associations, such as the Government Finance Officers Association (GFOA), as a better way for municipal governments to plan and allocate resources.

In Canada, the approach to multi-year budgeting at the municipal level varies considerably. For example, some cities, such as Calgary, have adopted fully integrated business plans that are supported by multi-year capital and operating budgets. Others, such as Regina, have adopted multi-year capital plans, but annual operating budgets. Finally, the Regional Municipality of York in Ontario, has recently adopted multi-year capital and operating budgets, but these are not linked to a corporate business plan.

Despite these variations, cities and municipalities in Canada are increasingly adopting the fully integrated framework. For example, in late 2015, the City Councils of Edmonton and London (Ontario) adopted integrated, multi-year capital and operating budgets that are linked to business plans and performance measures. The City of Toronto is in the process of adopting a similar approach.

There are several reasons why cities and municipalities in Canada are utilizing this approach for planning and budgeting. A few of the most prominent are: (1) the integration and alignment with long-term development plans and strategic plans; (2) flexible allocation of resources over time to accomplish goals/objectives; and (3) more efficient use of time and resources as the organization is not in “perpetual budget mode”.

These, and other benefits, were formally recognized by the Government of Alberta. In 2015, the Alberta Legislature passed *Bill 20, the Municipal Government Amendment Act*. One important element of this legislation is the requirement that municipalities in the province must prepare multi-year capital and operational plans (or budgets).¹ The legislation still requires the approval of annual budgets, but in the context of a multi-year framework.

As such, the purpose of this document is to provide an overview of a fully integrated multi-year business plan and budget framework that may be useful and beneficial to the City of Saskatoon in achieving its long-term goals. To do so, this document is organized as follows:

- Section 2 describes what a multi-year budget is and, in general terms, how it works.
- Section 3 addresses some of the advantages and disadvantages of multi-year budgeting.
- Section 4 provides a brief overview of the City of Saskatoon’s existing business planning and budgeting framework.

¹ See The Legislative Assembly of Alberta, *Bill 20, Municipal Government Amendment Act, 2015*, accessed from http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_28/session_3/20141117_bill-020.pdf. This section of the Act will come into force in the fall of 2017, once regulations are developed.

- Section 5 offers a jurisdictional scan, illustrating how other selected Canadian cities have adopted fully integrated, multi-year budgets.
- Section 6 concludes by providing a summary of multi-year budgeting and offers an approach that the City of Saskatoon could adopt in deciding to travel down this path.

[2] What is Multi-Year Budgeting? A Conceptual Review of the Models

As briefly noted in the introductory section, multi-year budgeting can take various forms. However, for the purposes of this document, a multi-year budget includes the integration of capital and operating budgets, adopted together, over the course of a budget cycle. Therefore, frameworks that use multi-year capital budgets and annual operating budgets in the budget cycle are excluded from this definition.

According to the literature, there are two main types of multi-year budgets that coincide with the description in the previous paragraph: (1) the classic multi-year budget; and (2) the rolling multi-year budget.² The distinction between these two types is subtle, but important.

The classic multi-year budget is a document that has detailed expenditures and anticipated revenues for two or more budgetary periods (years) where the document is adopted at one time. Once the multi-year budget is approved, minor adjustments are made at the end of each budget year to reflect any changes in fiscal conditions.³ However, there is no need to approve budgets annually in the multi-year framework under this model. This model is used in various American cities and states, where legislation permits the practice.

The rolling multi-year budget is a document that contains detailed expenditures and anticipated revenues for two or more budgetary periods (meaning years), but each spending plan is approved individually each year.⁴ The way this model works is that the Administration tables a multi-year budget with Council. Council then deliberates on the entire package and adopts the multi-year budget, but also approves the budget for the upcoming year. In subsequent years, there is no new budget tabled, but adjustments are made to the existing multi-year plan.

For example, assume the Administration tables a three-year budget with Council in December 2018. Council then deliberates on the entire three years and has the ability to amend the spending plans based on its priorities/goals, etc. At the conclusion of the deliberations, Council will adopt the multi-year budget for the years of 2019, 2020, and 2021.

However, Council will approve only the Budget for 2019, which takes effect on January 1 of that year. Rather than tabling a whole new budget with Council for the 2020 year, all that would be tabled with Council are any adjustments that need to be made to the original plan that Council adopted in December 2018. Council would then adopt the necessary adjustments and approve the budget for 2020. It would follow a similar process for 2021. Once the 2021 budget is

² See, for example, Salomon Guajardo, "An Elected Officials Guide to Multi-Year Budgeting," (Chicago: Government Finance Officers Association, November, 2006) 17.

³ See *ibid*, 23.

⁴ See *ibid*, 22.

approved, the multi-year budget cycle restarts and another three-or four-year budget is prepared and then ultimately adopted.

The rolling multi-year budget is commonly used in many Canadian cities, such as Calgary, Edmonton, and London. The primary reason for this is that municipal enabling legislation in Canada still requires cities (and or municipalities) to approve annual budgets. However, this does not mean that cities/municipalities cannot adopt multi-year budgets. They are permitted to do so as long as they approve an annual budget each year.⁵

[3] Advantages and Disadvantages of Multi-Year Budgeting

The preceding section of this document addresses multi-year budgeting from a conceptual perspective. It provides the two models that are used in various North American jurisdictions. However, that section did not address some of the advantages and disadvantages of multi-year budgeting. This section briefly addresses the main advantages and disadvantages with respect to multi-year budgeting, as found in the literature. It will also provide some mitigation strategies to address the disadvantages.

Before doing so, however, a major issue that emerges in the multi-year budgeting process needs to be addressed: dealing with election years. If done correctly, a multi-year budget will straddle election years.

For example, if a City Council is elected in four-year terms, let's say in October of 2016, and the term runs to October 2020, ideally, a four-year budget cycle would then take effect on January 1, 2018 and continue to December 31, 2021. The lag time in the budget cycle gives a newly elected Council the opportunity to educate itself, coordinate its priorities, and direct the Administration to implement various initiatives. Similarly, because the budget cycle will overlap with the next election, a new Council will not be "thrown" immediately into making major budgetary decisions weeks after an election.

Thus, the advantages of this process are as follows:

- Majority of new Council members appreciate the opportunity to learn the business and set strategic plans before approving a budget.
- New Council has opportunity to set direction for its term.
- Council not "thrown into" budget immediately after election.

However, the perceived disadvantage with this approach is that it may be more difficult for a new Council to effect budgetary change immediately following an election. This assumes that the new Council has a strong understanding of the budgetary challenges and opportunities of the city/municipality.

As section five describes, those cities that have adopted multi-year budgets ensure that they do in fact straddle election years for the reasons listed above. The rest of this section will now turn

⁵ See for example, section 291 of Ontario's Municipal Act and Alberta's proposed Bill 20.

to address some general advantages, disadvantages, and mitigation strategies with respect to multi-year budgeting.

3.1 Advantages

According to research conducted by the GFOA, the advantages of multi-year budgeting far outweigh the disadvantages.⁶ These include:

- Significant savings in Council and Administration time, as they are not spending half of the year on the budget.
- Potential to redeploy staff to other functions.
- Enables Council to implement multi-year vision which flows through business plans to be incorporated into the operating budget.
- Encourages a focus on achieving longer-term plans, goals, and objectives.
- Improves financial management and long-range strategic planning.
- Better alignment with (infrastructure) funding from other orders of government and to plan projects.
- Provides a better link between capital and operating investments and activities.
- The longer-term view is said to produce better and more thoughtful budgets.

3.2 Disadvantages

The GFOA lists the following as the primary disadvantages with multi-year budgeting.

- Discomfort with forecasting longer-term revenues and expenditures.
- Publishing of potential property tax increases.
- Additional effort required for implementation.
- Perceived loss of flexibility in making budgetary decisions.

3.3 Mitigation Strategies

Many of the disadvantages identified above may be addressed through various mitigation strategies such as:

- Amending existing financial and budget policies and procedures.
- Producing, monitoring, and updating socio-economic outlooks/forecasts.
- Adopting an extensive public engagement process to obtain public input.
- Establishing a budget review process for ensuring compliance with budget policies, processes, and targets.

⁶ See note 2, page 18, and Barry Blom and Salamon Guajardo, "Multi-year Budgeting: A Primer for Finance Officers" (Government Finance Review) 2000, accessed from [https://rockmail.rockvillemd.gov/clerk/egenda.nsf/d5c6a20307650f4a852572f9004d38b8/8b550fa29dc798b085257a5b0068b406/\\$FILE/AttachA_Primer_Multi-YearBudgeting.pdf](https://rockmail.rockvillemd.gov/clerk/egenda.nsf/d5c6a20307650f4a852572f9004d38b8/8b550fa29dc798b085257a5b0068b406/$FILE/AttachA_Primer_Multi-YearBudgeting.pdf)

If one assumes that the goal of multi-year budgeting is to provide better alignment with various strategic or long-term plans of the City, then the disadvantages are relatively minor when analyzed in the context of a longer-term vision.

The next section of this document will provide a brief overview of the City of Saskatoon's budgeting framework. The City does not use a multi-year budget at the moment, but the time may be right for consideration and implementation.

[4] The City of Saskatoon's Existing Budget Framework

Enabling legislation requires cities in Saskatchewan, including Saskatoon, to pass a budget each year. More specifically, section 128(1) of the Saskatchewan *Cities Act* prescribes "a council shall adopt an operating and a capital budget for each financial year".⁷ Section 128(2) restricts a City Council from billing for property taxes in a financial year, unless it has adopted a capital and operating budget for that year.

Finally, the legislation also prescribes that a City must balance its operating budget each year. In other words, operating expenditures must match operating revenues when Council approves the operating budget. At the end of the year, the budget may be in a surplus or deficit, but it must be balanced at the time Council approves the budget.⁸

Despite these legislative requirements, nothing in the legislation restricts the City of Saskatoon (the City) from adopting a multi-year budget framework, so long as it passes an annual capital and operating budget each year. In fact, as the next section of this document acknowledges, cities that have adopted a multi-year budgeting framework follow this process.

Nevertheless, the City currently approves its capital and operating budgets annually. The capital and operating budgets are linked to, and passed together with, the City's annual Business Plan (in December). In other words, each year, City Council approves the annual Business Plan and Budget. The Business Plan lays out the projects, programs, and services that the City hopes to accomplish over the course of the year, while the capital and operating budgets provide the resources to support the Business Plan.

Over the past six years, the City's approach to budgeting has evolved substantially. In 2011, the City implemented major changes to its planning and budgeting process to create a framework which would allow the City to be more adaptive and responsive to the changing dynamics in the city, the province, and the country.

This evolution has been driven by the need to become more strategic in making capital investments, more responsive to the service delivery requirements of the community, and to become more efficient in the use and allocation of resources. Indeed, the impetus for this change was driven by the:

- input of the community, through the "Saskatoon Speaks" Community Visioning project;

⁷ See, the Queen's Printer, Saskatchewan, "The Cities Act". Accessed from <http://www.qp.gov.sk.ca/documents/english/Statutes/Statutes/c11-1.pdf>.

⁸ See *ibid*, section 129(3).

- direction of City Council and its priorities;
- adoption of the City's 10-Year Strategic Plan;
- ability to measure performance and achieve targets; and
- desire to control expenditures.

The City's approach to business planning and budgeting continued to evolve in 2016. Although the above factors figured prominently in building the 2016 Business Plan and Budget, they were supplemented with an unprecedented focus on education, awareness, and public engagement.

Despite this evolution, one of the major drawbacks with the City's existing approach to budgeting is that it is difficult to determine the longer-term impacts of decisions made in previous years. The City's focus on the repair of its aging infrastructure, improving service delivery, and building new amenities, cannot all be achieved in one single year or budget; it requires a multi-year approach to reach the desired levels of success.

Cities in Canada have started – or are starting – to recognize this by implementing fully integrated, multi-year business plans and budgets. The next section of this document will address how a few cities in Canada have adopted multi-year business plans and budgets.

[5] The Frameworks in Other Jurisdictions

This section provides an overview of the multi-year budget frameworks and processes used in three Canadian jurisdictions: Calgary, Edmonton, and London. While it is beyond the scope of this document to go into great detail on the processes used in these cities, it will provide a general, high-level overview on how they approach multi-year budgeting. The City of Calgary is included in the analysis because it has the most mature process in Canada. The City of Edmonton is included in the analysis because it started its process midway through Council's electoral term. Finally, the City of London is included because it offers a perspective from Eastern Canada, and has adopted a fully integrated multi-year business plan and budget (four-year cycle).

5.1 The City of Calgary

Calgary, along with the City of Lethbridge, is the most experienced jurisdiction in Canada with respect to multi-year budgeting. Calgary City Council approved its first multi-year business plan and budget in 2004, effective for the 2006-2008 budget cycle. It then repeated the process for two subsequent three-year budget cycles (2009-2011 and 2012-2014). Calgary's three-year budget cycle coincided with the three-year electoral terms of City Council, but with a one-year lag. In other words, the City's multi-year business plan and budget came into effect in the second year of Council's three-year term.

In 2012, the Government of Alberta amended the *Municipal Government Act* to allow municipal elections to occur every four years, beginning with the 2013 municipal elections. As a result of this change to Alberta's municipal election terms, the City of

Calgary undertook reforms to its multi-year business plan and budget process by extending the budget cycle to four years.

In November 2014, the City of Calgary adopted its first four-year business plan and budget, called Action Plan, which runs from January 1, 2015 to December 31, 2018. However, because legislation requires an annual budget to be approved, Council also passed the 2015 operating and capital budget at the same meeting.

Calgary's four-year budget cycle follows the one-year lag from Council's four-year electoral term – as it did under the three-year cycle. Although Council's term ends in 2017, the multi-year business plan and budget runs to the end of 2018. This alignment allows the new Council to make adjustments to the business plan and budget for the 2018 year, but does not require the tabling of a new budget or an extensive education process for newly elected councillors.

Calgary City Council has adopted a "Multi-Year Business Planning and Budgeting Policy" that outlines the process and key deliverables.⁹ According to the policy, Calgary begins each budget cycle with an extensive public engagement exercise. It supplements this exercise with education and awareness about the multitude of issues, challenges, and opportunities the City will need to address during the budget cycle. However, it does not do any significant public engagement on the budget in the intervening years of the budget cycle.

Calgary's process allows Council to make annual business plan and budget adjustments in the budget cycle. According to the City's Action Plan Summary document, "this is done to allow City Council and Administration to respond to emerging events and unexpected issues (economic, demographic, financial), and maintain the integrity of four-year plans and budgets."¹⁰ Calgary's multi-year budgeting policy limits the adjustments to the following circumstances:

- External factors such as provincial or federal budgets, or changes imposed on pension plan contributions or WCB payments (for example).
- Adjustments to the operating impacts related to capital project adjustments.
- Unforeseen changes to economic forecasts affecting costs, service demand volumes, or revenue projections.
- Council-directed changes to priorities, or results shown in performance reporting, that cause: (a) requests to carry over operating variances, and/or (b) business plan amendments that require budget changes.

Special emphasis is placed on what is termed "mid-cycle" adjustments. The mid-cycle adjustment occurs in year two of the budget cycle, and year three of the Council term (in a four-year cycle). This mid-cycle adjustment includes an updated review of key planning documents, such as a socio-economic outlook, and opportunities to revisit

⁹ See. Council Policy CFO004, Multi-Year Business Planning and Budgeting Policy for The City of Calgary.

¹⁰ See, Action Plan Summary, <http://www.calgary.ca/CA/fs/Documents/Action-Plan/Approved/Action-Plan-2015-2018-Summary-Approved.pdf>. XXIX

Council priorities and citizen engagement. This adjustment will enable changes to the second half of the cycle, if necessary.

Notwithstanding the fact that Calgary has a multi-year budget process, it still provides annual accountability reports, such as a Corporate Annual Report and Audited Financial Statements, as required by provincial legislation. This annual reporting helps the Administration and Council in making more informed decisions in the annual adjustment process.

5.2 The City of Edmonton

After several years of adopting multi-year capital budgets and annual operating budgets, the City of Edmonton elected to adopt a fully integrated multi-year budgeting process in 2015. According to the Mayor of Edmonton, the City adopted this approach because "...multi-year budgeting is going to allow us to make better long-term decisions and get better value for money, engage the public more effectively – while still having the flexibility to make adjustments as situations emerge".¹¹

The City of Edmonton's process draws significantly from the Calgary model, but it starts with a three-year cycle (2016-2018). Following the next civic election (in 2017), the City of Edmonton will transition to a four-year budget cycle, beginning with the 2019 budget year.

As both Calgary and Edmonton are governed under the same legislation, Edmonton's process matches that of Calgary's in that the City will still have to pass an operating and capital budget each year, although it may adopt a multi-year budget. Nonetheless, according to the City of Edmonton, the primary reason for transitioning to a fully integrated, multi-year budget is to "...allow for greater integration between the strategic decisions and the operational impacts, as well as showing how an operational decision made in any given year has implications in future years".¹²

Like Calgary, Edmonton began its process by undertaking an extensive public engagement exercise to obtain input from the community on projects, services, and programs. Edmonton has also built in an annual adjustment process.

The annual budget adjustment review process includes an opportunity for Council to deliberate and approve an adjustment to the multi-year budgets or make adjustments based on changes in strategies. Edmonton provides some circumstances as to what may trigger major adjustments to the approved multi-year budget:

- External factors such as provincial or federal budgets, or changes imposed by legislation.
- Adjustments to reflect operating impacts related to the implementation and completion of capital projects.

¹¹ See, "City moves towards multi-year budget plan," CBC News, retrieved from: <http://www.cbc.ca/news/canada/edmonton/city-moves-towards-multi-year-budget-plan-1.2762512>.

¹² See City of Edmonton, Multi Year Budgeting Council (City Council, September 10, 2014) 1.

- Unforeseen changes to economic forecasts affecting costs, service demand volumes, or revenue projections.
- Council-directed changes to priorities, policies, and programs.¹³

Similar to Calgary, Edmonton will also provide annual reporting on its performance report to “discuss what the programs and services were able to achieve during the year, along with how these achievements measure against the expectations”.¹⁴ The information collected from the annual reporting will be used to inform the annual adjustment review process and forthcoming business planning cycles.

5.3 City of London

In March 2016, the City of London adopted its first ever multi-year budget (four years) for the 2016-2019 budget cycle. According to the Mayor of London, the City adopted this approach because it links:

*directly to Council's four-year strategic plan. It will allow us to both identify our priorities for this term and align them with the resources needed to execute on them...This process will help us plan better for the short, medium and long term. It is another step we are taking towards creating a more open and forward-looking local government.*¹⁵

London has adopted a very similar approach to that of Calgary and Edmonton, in that it begins with extensive public engagement and has a built-in annual adjustment process. According to the City of London, the annual adjustment process will provide Council with flexibility to adjust the budget for legislative reasons, or special circumstances that require funding and resource adjustments. More specifically, the City of London restricts the adjustment process to the following circumstances:¹⁶

- Changes to Council priorities that impact the delivery of services.
- Changes from external factors, such as federal and/or provincial policies that impact the budget, insurance premiums, and pension plan contributions.
- Unanticipated changes to economic forecasts and financial markets.
- Changes to the assessment base.
- Changes to the operating budget as a result of capital project adjustments.

Clearly, with minor distinctions, the three cities have very similar rationale, and have adopted very similar approaches to multi-year budgeting. Each is fully-integrated, focused on achieving long-term goals, and emphasizes public engagement and flexibility to make necessary adjustments. As the next section explores, perhaps it is time for Saskatoon to travel down this path?

¹³ See *ibid*, 3.

¹⁴ See *ibid*

¹⁵ See City of London, “City Officials Table 2016-19 Multi-Year Budget,” obtained from <https://www.london.ca/newsroom/Pages/Table-2016-2019-Multi-Year-Budget.aspx>

¹⁶ See City of London, 2016-2019 Multi-Year Budget Document, Executive Summary 17. Retrieved from <http://www.london.ca/city-hall/budget-business/budget/Documents/Executive%20Summary.pdf>

[6] Conclusion: A Path Forward for Saskatoon?

The intent of this document is to provide an overview of multi-year budgeting. In particular, the focus was to provide a general, high-level overview of:

- What a multi-year budget is.
- What its advantages and disadvantages are.
- Where they are used.

The document illustrates that fully integrated multi-year business plans and budgets can be very useful in terms of helping cities achieve long-term, strategic objectives, and more short-term operational improvements. If implemented correctly, the advantages of a multi-year budget are significant, while the disadvantages are minimal.

As section five illustrates, the City of Calgary has the most mature process of all Canadian cities. And while it may be difficult to say how successful Calgary's approach is, the model continues but keeps evolving, regardless of the changes to City Council. The cities of Edmonton and London have followed Calgary's lead, and they too have adopted fully integrated multi-year business plans and budgets.

So, has the time come for Saskatoon to follow this approach? If so, when and how?

As section four addresses, the City of Saskatoon's approach to budgeting has evolved considerably since 2011. Since that time, Council has adopted several long-term plans, such as the Community Vision, Growing Forward, the Ten-Year Strategic Plan, and a long-range financial plan. Because of this focus on long-term strategic objectives, coupled with the fact that funding (infrastructure) from federal and provincial governments has become more long term, and predictable, the City finds itself at a budgetary crossroads. As a result, it may be time for the City of Saskatoon to seriously consider implementing a fully integrated multi-year business plan and budget.

Appendix 1 shows how this approach to planning and budgeting would align the other longer-term plans of the City. As the graphic illustrates, there is an inherent linkage between the long-term vision of the community, and the day-to-day operational plans of the Administration. Today, that link is somewhat broken, but by 2019 it could be easily fused together.

As the City of Saskatoon considers moving to a multi-year business plan and budget, the natural questions are: When? And how? Appendix 2, attempts to answer this by providing a visual process that starts in 2016, and extends to 2025, covering two budget cycles.

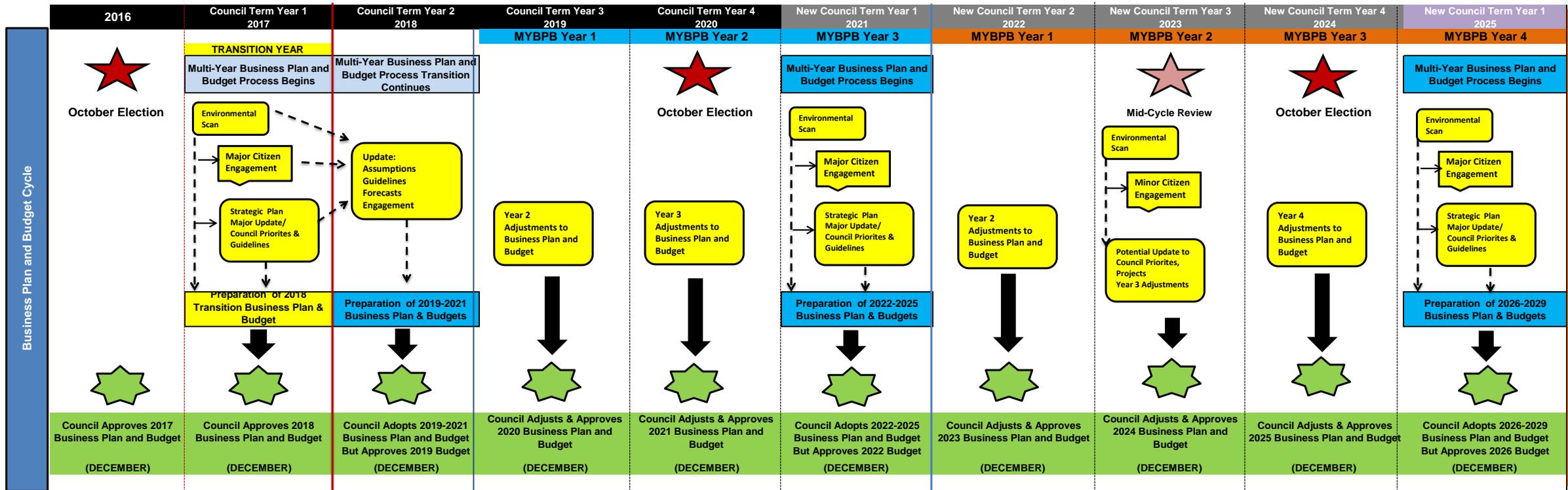
Because considerable development time will be required for implementation, it is likely that the City of Saskatoon could implement a multi-year business plan and budget effective for January 1, 2019. Much like Edmonton, the first budget cycle will be three years in duration (2019-2021) to straddle the election year and the second cycle would be four years in duration (2022-2025).

**APPENDIX 1:
THE STRATEGIC FRAMEWORK
ALIGNMENT WITH LONG-TERM PLANS**



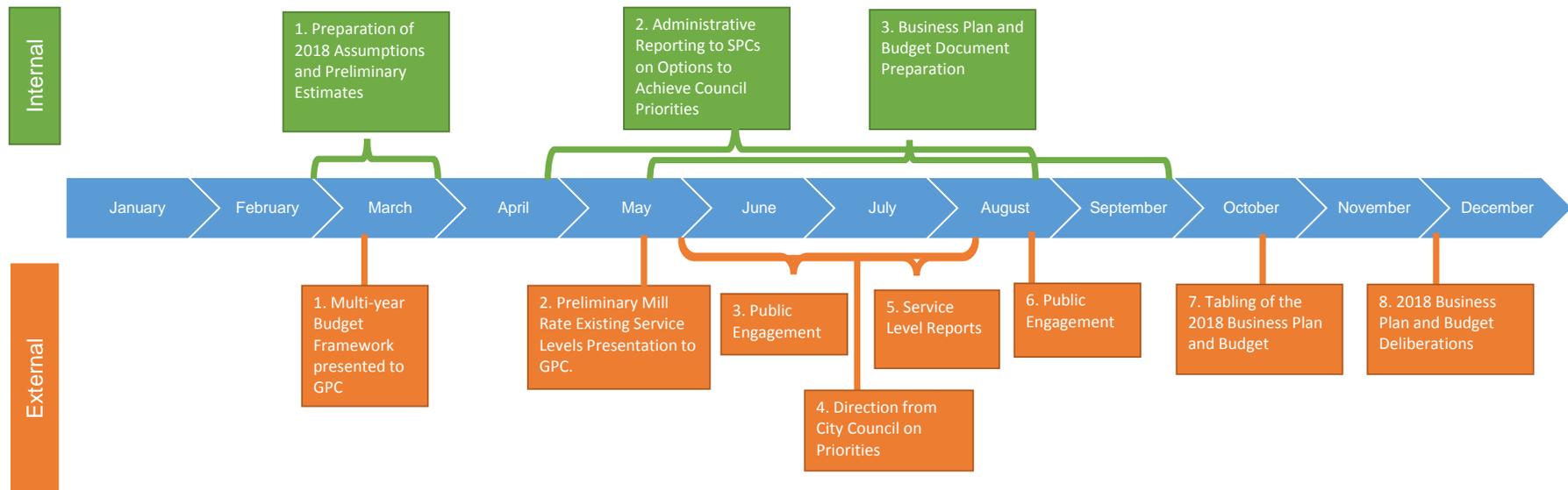
May 16, 2016

Appendix 2: Proposed Implementation of Multi-Year Business Plan and Budget



(May 16, 2016)

2018 Business Plan and Budget Process

**External**

1. Multi-Year Budget Framework Presented to GPC - In order for the Administration to continue down the multi-year budget direction, approval of a framework is required in order to guide the next steps in the implementation process.
2. Preliminary Mill Rate Presentation to GPC - This presentation will provide an overview of preliminary inflationary and growth estimates to maintain the current service levels within the City. The presentation will also provide a detailed walk-through of the current inflationary and growth pressure facing the City and the effect on both expenditures and revenues.
3. Public Engagement - To occur from May to August and include initiatives such as open houses, Citizen Budget Tool and Citizen Engagement Survey.
4. Options to Achieve Council Priorities - The Administration will table reports with the appropriate Standing Policy Committees outlining the various initiatives to achieve City Council's strategic priorities for consideration as inclusion in the 2018 Business Plan and Budget as directed by City Council.
5. Service Level Reports - The Administration will be tabling several reports through May to August which outline current service levels. The eventual goal, which will not be fully completed in 2018, is to have service level discussions at the various Committees regarding civic services.
6. Public Engagement Results - The results of the May to August public engagement will be tabled with City Council in August or September 2017 for consideration.
7. 2018 Business Plan and Budget - Will be tabled in mid October 2017.
8. 2018 Business Plan and Budget Deliberations - Will occur November 27 - 29, 2017.

Internal

1. Administration to prepare 2018 assumptions and preliminary estimates. Several estimates including inflation and growth will be used to prepare these estimates.
2. Administration to prepare and report on options to achieve City Council's strategic priorities as directed by Council. These options will be tabled with the appropriate Standing Policy Committee for consideration to be included into the 2018 Business Plan and Budget as directed by City Council.
3. Administration to prepare Business Plan and Budget document(s). Following the external and internal business plan and budget processes, the Administration will prepare the detailed document through the months of May to September for presentation to City Council in October 2017.

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City of Saskatoon

Multi-year business planning & budgeting

Final Report

February 28th, 2017

pwc

The City of Saskatoon

December 8th, 2016

Dear Mr. Tarasoff,

Thank you for giving PwC and our team the opportunity to work with the City and various functional teams on the multi-year budgeting (MYB) assessment and framework. In this engagement, we've had a chance to engage with staff from finance, the business units and functions to understand the key challenges and opportunities in front of the City as you start on the journey towards a multi-year budgeting process.

We believe the City of Saskatoon has tremendous opportunity ahead of them to lay the groundwork for a multi-year budgeting process considering the appointment of a new council recently. The attached report highlights key areas of focus, the case for change – why the City should take this path and last but not least, opportunities and key enablers that will be critical for the City to achieve success over the short and long term.

The opportunities and enablers highlighted are strategic and tactical in nature that will help the City not only think through the inputs and outputs of the multi-year process but also develop an implementable project plan to execute the tasks ahead. To come up with our recommendations, we leveraged our experience from a number of other cities that have already gone down this path. We also connected the City's team leading this with those other cities to help establish an open dialogue around it.

As part of the case of change, we strongly believe that council and leadership support will be critical as the City moves towards this new reality that will encompass people, process and technology changes. PwC and staff from the City have vested significant time into this process that has led to these recommendations but this is just the beginning of the journey.

We are more than happy to answer any questions or queries about the report as well. Thank you again for the opportunity.

Yours truly,

Arun Gupta, Partner
Finance Effectiveness Leader
PwC

PwC

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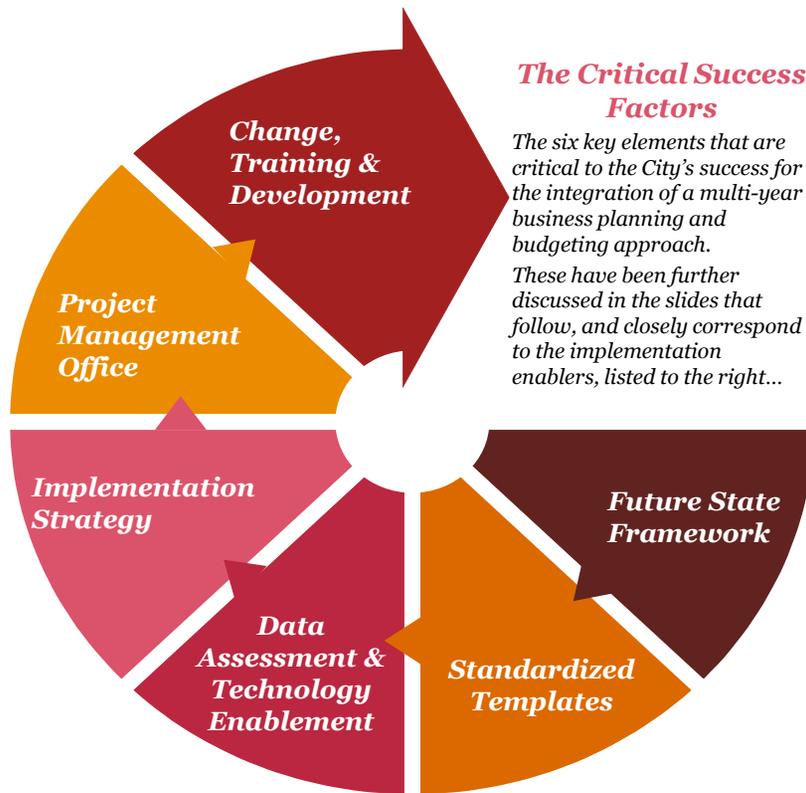
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<i>Thank you</i>	

Executive summary

Transitioning to a multi-year budgeting process for the City of Saskatoon will require significant change throughout the entire organization. That being said, we believe the City is uniquely placed to take advantage of the current opportunities and set itself up for future success. Key critical success factors for the City of Saskatoon will include focusing on improving the overall strategic planning process and closely tying it to the business planning and budgeting process.

The following key critical success factors will enable the City of Saskatoon to implement the changes needed:



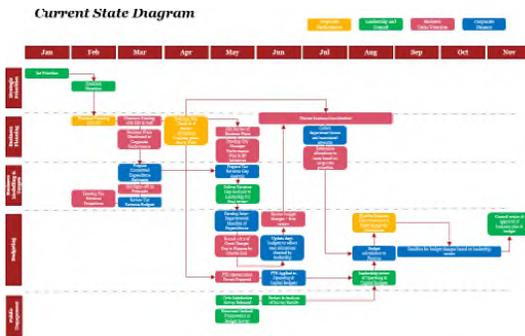
Our interaction with all of the other cities and our experience around this indicates that these changes are not easy and require strong buy-in from the organization. Our pilots and discussions with the business units do indicate that there is a strong desire to simplify the budgeting process and make it less effort intensive.

Moving to a multi-year business planning and budgeting process will allow the City of Saskatoon to start taking a long-term perspective on financial planning closely tying the long term business needs to financial budgets. This in-turn will allow the organization to have meaningful and collaborative dialogue focused on citizen outcomes.

The transition will require significant focus on educating the council, business unit leaders and the public on the change and the related impacts.

Evidence is clear suggesting the City's path to change ...

Combination of process reviews, interviews and an employee survey suggests clear areas of improvement as part of the readiness assessment for multi-year





42,000 hours
spent on business planning
and budgeting annually



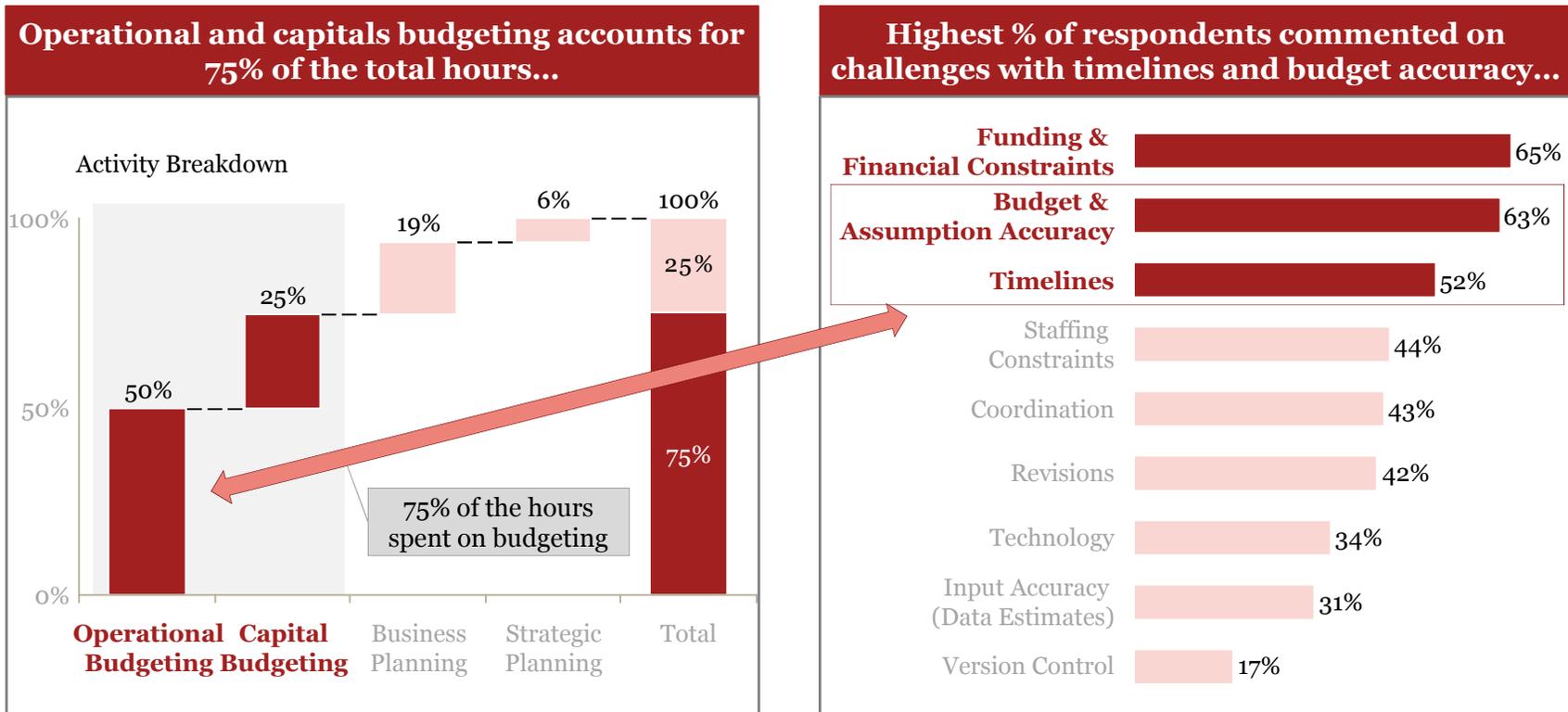
21 FTEs
working year-round

Suggested areas of improvement towards multi-year budgeting

- | | | | |
|----------|--|---|-----------|
| 1 | Formulate strategic priorities and business plans earlier in the process framework based on prior performance. | Plan to allocate resources around long-term priorities, goals and objectives with quantifiable impacts and requirements . | 6 |
| 2 | As part of the strategic goal setting, set a high level mill rate impact communicated to the public, business units and functions. | Increase time savings over the four-year cycle, and the potential to redeploy staff to other functions. | 7 |
| 3 | Design an effective method to allocate and deploy capital and make investments decisions over a council term. | Initiate dialogue to link specific functional outcomes with degree of spend allocation to drive accountability. | 8 |
| 4 | Closely tie capital expenditure planning to operational planning to understand short-term and long term OPEX impacts. | Engage division leadership in meaningful dialogue around key changes, opportunities and challenges to consider. | 9 |
| 5 | Improve inputs, activities and outputs (templates) to plan for a multi-year process as part of the change. | Align business planning process closely with financial budgeting to improve efficiency. | 10 |

Survey Observations

75% of the time in the overall process is spent on budgeting. **Only 25%** of the time is spent on strategic and business planning. The less time spent up-front leads to greater change throughout the whole process.

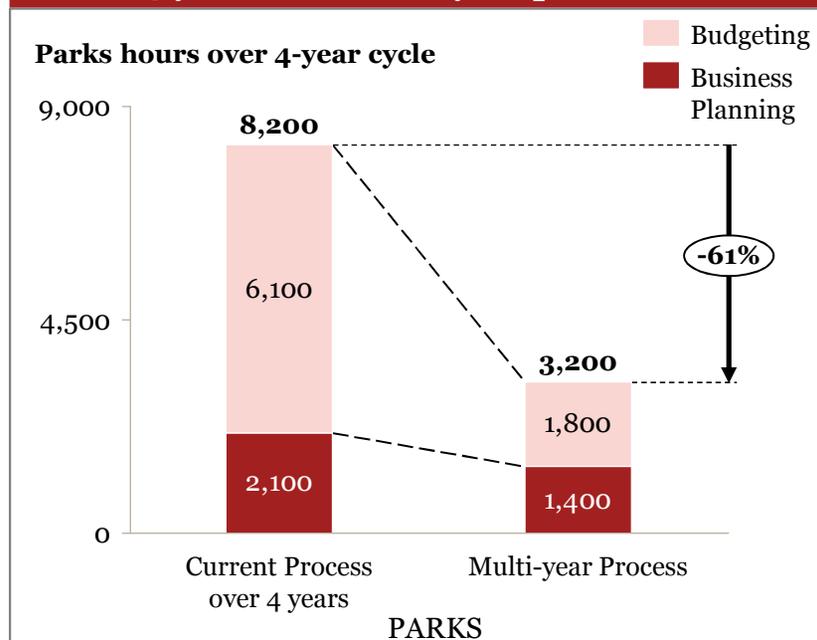


Improve efficiency by aligning functional and business leaders early in the process. Enabling them with the right tools and templates will improve the overall process.

Observations by Parks & Facilities...

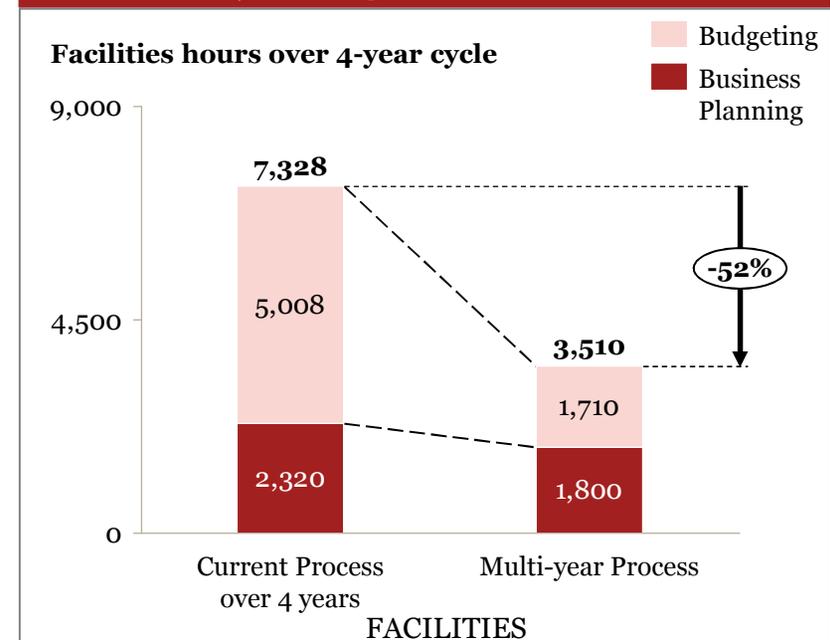
The white-boarding session reaffirmed the survey results: the majority of time spent within the business planning and budgeting process is spent on budgeting itself.

Parks can potentially reduce hours by 61% over 4-years via a multi-year process...



See appendix for more details

Facilities can potentially realize similar benefits, with a 52% reduction in hours



Transitioning to multi-year budgeting process with the right sequence of activities will reduce the overall effort and will allow the business units and functions to focus on value added activities.

Overall recommendations

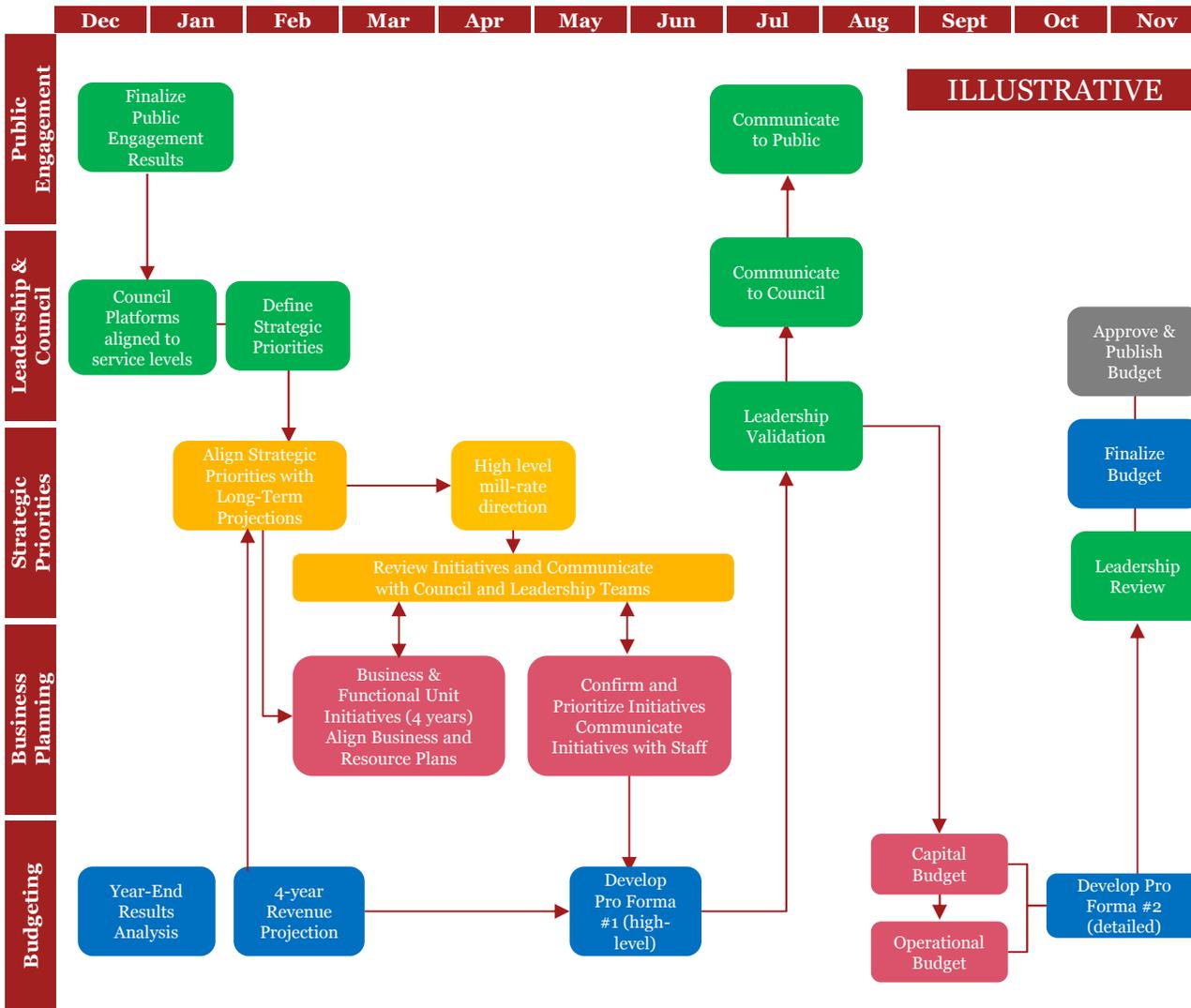
Our recommendations stem from the process reviews, interviews and analysis. These are summarized below:

- | | |
|--------------------------------------|--|
| <p>1 Strategic Priorities</p> | <ul style="list-style-type: none"> ▪ Increase Council involvement and buy in when developing strategic priorities in alignment with prior performance ▪ Clearly define Council direction through communication of priorities, goals, and objectives ▪ Initiate public engagement earlier in the business planning and budgeting process and cover full period as part of that process ▪ Early during the strategic process, provide high level direction on mill-rate impact to business units and functions to simplify business planning and budgeting process |
| <p>2 Business Planning</p> | <ul style="list-style-type: none"> ▪ Leverage the business plan as the baseline to create the operational and financial budget ▪ Link strategic and operational priorities to high level citizen based outcomes ▪ Create business plans keeping in mind capital and operational impacts with specific KPIs/outcomes ▪ Deploy business planning templates that align and contribute to with financial budgeting ▪ Drive meaningful dialogue around what each division needs to strategically focus on |
| <p>3 Budgeting</p> | <ul style="list-style-type: none"> ▪ Adoption of new budgeting software and/or ERP system – enable the users with the right information ▪ Refine roles and responsibilities across the business planning and budgeting process to improve accountability ▪ Develop a framework, including mandated Budgeting Variables ▪ Undertake a review of the cross-charging process to improve efficiency ▪ Quantify mill-rate impact to the business units and City resident’s over the four-year cycle |

Please refer to the Current State Assessment Report for additional information if necessary

The Future State Business Planning & Budgeting Framework

Year 1



Key changes proposed ...

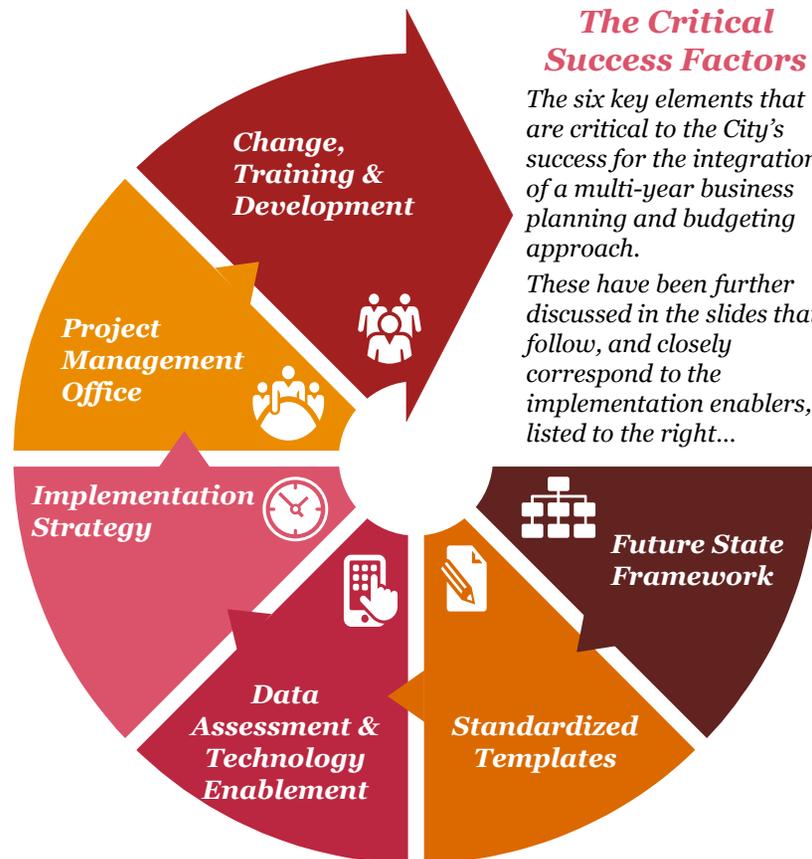
- Realigned chronology and sequencing of activities throughout the entire process
- Solicit public engagement earlier, to complement alignment of council platforms and priorities
- Leverage year-end actuals and projections to define strategic direction, goals and priorities
- Create a business planning process that uses financial and non-financial metrics to feed the overall business unit planning
- Focus on high-level budgets prior to detailed processes, to align leadership and reduce effort and late-term iteration
- Develop policies that limit the window of opportunity for late-term budget changes

Corporate Performance Leadership and Council Business Units/Function Corporate Finance

Please refer to the appendices for additional information...



Critical success factors to the integration of a multi-year approach



Enablers of a multi-year business planning & budgeting process

People

1. Council & Leadership Support
2. Clearly defined roles and responsibilities
3. Training & Resourcing

Process

4. Public Engagement & Strategic Direction
5. Process Alignment
6. Improved Templates & Reports
7. Aligned Service Levels to financial results
8. Policy & Governance updates to support

Technology

9. Budgeting Software & ERP System



Critical success factors



Future State Framework

- **Strategic Alignment & Set Mill rate:** Strategic alignment early in the process to align on key strategic and business objectives over council term. Determine the mill-rate for the four-year cycle and communicate the impact to the business units.
- **Logical Chronology:** Process to help align the right inputs with the right information.
- **Responsibility & Accountability Matrix:** used to highlight the roles and responsibilities from start-to-finish, highlighting the responsibility and accountability expectations for each business unit and function.
- **Restricted Update Period:** framework outlines update-window, any updates should be timely and restricted, balanced based on the urgency and subsequent impact to the overall budgeting process.
- **Service Level Alignment:** A model that allows business units and functions to relate financial outcomes to service levels and citizen impacts.
- **Policy updates:** Effective policy updates to the City of Saskatoon guidelines to ensure implementation of the future state framework.



Standardized Templates

- **Structured Input Process:** templates will provide a structure as to what inputs are necessary at what stage of the process and how that information will benefit the overall process over the course of a four-year cycle.
- **Business Planning + Budgeting:** key component to integrating the strategic planning with the business unit level goals & objectives, and the budgets themselves, ensuring there is a cross-pollination of the qualitative and quantitative metrics driving dialogue and discussion.
- **Other Municipalities:** Leverage best in practice content and feedback from municipalities that have already implemented multi-year budgeting, keeping in mind PwC best practices.
- **Technology Enablement:** Just having excel templates for everyone to fill out and manually accumulating data will not be very efficient or effective. The templates should be enabled through an effective budgeting tool so the underlying data can be effectively harnessed for creating the right insights and comparison with actual performance later within the process.



Critical success factors



Data Assessment & Technology Enablement

- **Financial Data Assessment:** Critical path to making right decisions relies on ensuring you have the right data. As part of implementing any budgeting tool and/or ERP, a holistic financial data assessment would allow the City to plan for the future. The data assessment would also provide input into key inputs into templates for budgeting and reporting.
- **Budgeting Tool:** The current tool does not serve the purposes for business units and functions and provides a tool for Finance to aggregate information only. An effective planning and budgeting tool (Hyperion, Oracle Cloud, SAP BPC, etc.) can help the City provide effective tools for business units and functions.
- **ERP Selection:** As part of the City's journey, the goal would be to implement a new ERP in coordination with the budgeting tool to help refresh the overall usability of financial data. Evolution of the City and its mandates does not allow the current financial system to report effectively (i.e. service level budgeting and outcomes)



Implementation Strategy

- **Implementing Multi-year:** The key to implement multi-year planning will require some key initiatives:
 - First Cycle year (aligned to new council entry)
 - Enlisting council and mayor support
 - Development of overall charter and project plan
 - Creating a steering committee
 - Public Engagement committee
 - Identifying key resources for project
 - Developing a detailed project plan with milestones, inputs and activities
 - Identifying change management strategy
- **Key Outcomes:** It will be important to have a comprehensive discussion around the key outcomes that are expected from the MYB process. These outcomes should be citizen centric i.e. how does MYB assist the city in providing better or more efficient services to the citizens
- **Work-stream Approach:** As part of the overall strategy, various work-streams will need to be stood up as part of the overall project management office (more ahead in project management details).



Critical success factors



Project Management Office

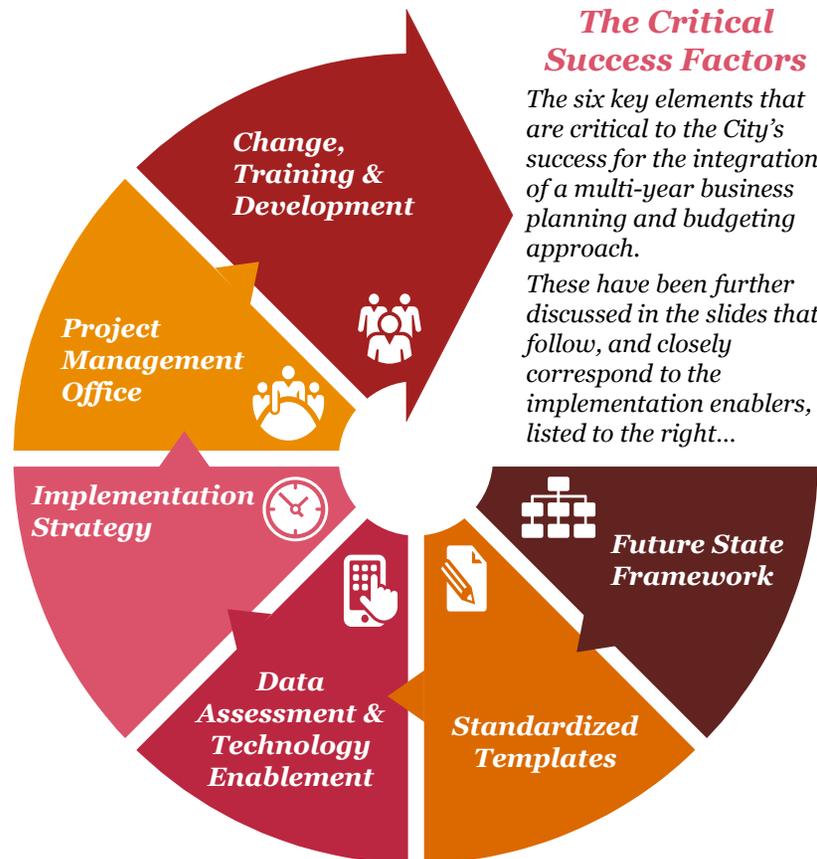
- **PMO Office:** Central PMO to manage the overall multi-year budgeting project with dedicated FTEs. This office would manage various key areas including:
 - Scope & Delivery Timelines
 - Stakeholder Management
 - Change Management
 - Budget
- **Work-stream Development:** The PMO office would develop all different work-streams listed under the implementation strategy and the enablers (scope detailed ahead). This would entail creating the charter for each work-stream, time-lines, scope, effort and team members.
- **One throat to choke:** Having the PMO will also centralize the responsibility to get this initiative effectively implemented with the PMO having singular responsibility for it
- **Risk Management:** Risk management will be a critical part of the scope of the PMO to ensure interdependencies between work-streams and overall risk is managed and escalated to the steering committee.
- **Governance Structure:** An appropriate governance structure to make the right strategic decisions would need to be established during implementation.



Change, Training & Development

- **Benefits Realization:** Critical to large changes to any organizational process requires an understanding of the overall business case and potential benefits. Getting buy-in and communicating this business case will be critical.
- **Change Agents:** Identifying key individuals within the City will be important to ensure we can manage the change through different business units and functions
- **Organizational Capacity:** Our project plan highlights the various work streams and some estimate of effort required to complete the implementation process for MYB. It will be important to do a careful evaluation of how to support the implementation while continuing to do day to day operations.
- **Training:** A disciplined training program with all different aspects of the multi-year budgeting process will be critical for success. The training program will include:
 - Process & Timelines
 - New Tools & Templates
 - Governance

Critical success factors to the integration of a multi-year approach



Enablers of a multi-year business planning & budgeting process

People

1. Council & Leadership Support
2. Clearly defined roles and responsibilities
3. Training & Resourcing

Process

4. Public Engagement & Strategic Direction
5. Process Alignment
6. Improved Templates & Reports
7. Aligned Service Levels to financial results
8. Policy & Governance updates to support

Technology

9. Budgeting Software & ERP System



Enablers of a multi-year business planning & budgeting process

Enablers	Activities	City Resources	Effort	Duration
1 Council & Leadership Support	<p>Soliciting Input from new Council</p> <ul style="list-style-type: none"> New council members and mayor will be unfamiliar with this ongoing project Necessary to attain their buy-in for both the technology enablers and the multi-year aspect <p>Organizational-Wide Impact</p> <ul style="list-style-type: none"> Increase the awareness of effort resulting from budget process inefficiencies <p>Long-Term Benefits</p> <ul style="list-style-type: none"> Establish the right case for change for business units and functions 	<ul style="list-style-type: none"> Council CFO City Manager involvement and facilitation All GMs 	40 hrs	2 – 3 weeks
2 Roles Responsibilities	<p>Review of Existing Structure</p> <ul style="list-style-type: none"> Review existing roles and responsibilities (R&R) Clarify and update R&R with inputs from the directors and general managers <p>Gap Analysis in the R&R framework</p> <ul style="list-style-type: none"> Identify areas requiring greater accountability and guidance within current processes, assign responsibility to increase accountability <p>Develop responsibility matrix</p> <ul style="list-style-type: none"> Develop matrix around the new business planning and budgeting process 	<ul style="list-style-type: none"> Corporate Performance GMs & Directors DBAs 	200 hrs	4 - 6 weeks



Enablers of a multi-year business planning & budgeting process

Enablers	Activities	City Resources	Effort	Duration
3 Public Engagement & Strategic Direction	<p>Obtain Public Feedback and Input</p> <ul style="list-style-type: none"> Engage the public at the beginning of the business planning process to gain feedback on areas of improvements and public requirements through civic satisfaction surveys <p>Develop Strategic Priorities and Direction</p> <ul style="list-style-type: none"> Align public feedback with Mayoral and Council platforms to develop and enhance strategic priorities Develop and define long-term priorities and objectives, and clearly communicate the strategic direction throughout the organization Quantify the millrate impact over the four-year cycle to the business units and City residents Align on service levels by business units and functions in alignment with the council 	<ul style="list-style-type: none"> Council & Leadership Finance GMs Communications 	320 hrs	16 – 18 weeks
4 Process Alignment	<p>Documentation at the Business Unit level</p> <ul style="list-style-type: none"> Business planning and budgeting process vary between the Business Units Align Business Unit processes to the general MYB framework <p>Customization of the Processes</p> <ul style="list-style-type: none"> Operational and structural differences at the Business Unit level will necessitate a degree of customization for a successful adoption of MYB across the City <p>Realization of Long-Term Objectives</p> <ul style="list-style-type: none"> Transparency of budget allocation Impact of late-term updates Importance of a structured process to the organizational efficiency 	<ul style="list-style-type: none"> Finance Strategic & Business Planning Business Units IT 	750 hrs	16 – 20 weeks



Enablers of a multi-year business planning & budgeting process

Enablers	Activities	City Resources	Effort	Duration
5 Templates & Reports	<p>Review Current Templates</p> <ul style="list-style-type: none"> Identify current limitations Highlight areas requiring modification to accommodate a multi-year approach Repeat process at all levels of the organization and across multiple business units <p>Design & Development</p> <ul style="list-style-type: none"> Design templates, reports, and tools with end-user input Ensure templates and tools can be integrated into budgeting and ERP systems <p>Test Functionality</p> <ul style="list-style-type: none"> Dry-run of templates, reports and tools Validate integration of templates process-wide 	<ul style="list-style-type: none"> Business unit representatives Finance department Performance management 	400 hrs	8 – 10 weeks
6 Policy & Governance Updates	<p>Policy Inventory & Recommendations</p> <ul style="list-style-type: none"> Obtain feedback and agree on the changes necessary for the City policy to be reflective of the needs of a multi-year business planning and budgeting process <p>Action the Recommended Changes</p> <ul style="list-style-type: none"> Collaborate with Councillors, Leadership and GMs to flush out the details of a policy structured around effective timelines, communication and transparency <p>Further Information & Detail</p> <ul style="list-style-type: none"> Please refer to the appendices for additional information on our policy inventory and recommendations 	<ul style="list-style-type: none"> GMs & Directors Finance 	300 hours	3 – 4 weeks



Enablers of a multi-year business planning & budgeting process

Enablers	Activities	City Resources	Effort	Duration
7 Service Levels & KPIs	<p>Review of Current Service Levels</p> <ul style="list-style-type: none"> Review service levels with directors and general managers to identify outdated or incomplete areas requiring focus <p>Develop Key Performance Indicators</p> <ul style="list-style-type: none"> Work with business units to identify service levels Develop corresponding KPIs that enable them to measure the accomplishment of their service levels <p>Ongoing Maintenance</p> <ul style="list-style-type: none"> Refine the service catalogs annually Update for new service offerings Ensure all service levels have a quantifiable metric 	<ul style="list-style-type: none"> Business units Performance management Public engagement 	600 hours	20 – 24 weeks
8 Training & Resources	<p>Identify Skills, Knowledge, and Resource Gaps</p> <ul style="list-style-type: none"> Ensure Leadership recognizes and reinforces skills required for the change effort Identify skills and knowledge gaps necessary to implement a multi-year process Determine resource availability and capacity within the organization to implement a multi-year process <p>Develop Training Plans</p> <ul style="list-style-type: none"> Identify development goals and align learning objectives with the change effort Develop a training and development plan based on the skills and knowledge gap assessment Develop methods and channels for training (e.g., in-class, web-based, guides, workshops, etc.) 	<ul style="list-style-type: none"> Business units Performance management Public engagement 	1000 hrs	12 – 14 weeks



Enablers of a multi-year business planning & budgeting process

Enablers	Activities	City Resources	Effort	Duration
9 Technology Enablement	<p>Planning and Budget for Software</p> <ul style="list-style-type: none"> Establish a project team/steering committee, obtain support from Leadership (GM and Council), and develop a high-level budget <p>Conduct Software Requirement Analysis</p> <ul style="list-style-type: none"> Evaluate existing system performance and determine the limiting factors of the existing financial systems (e.g., existing infrastructure limitations, integration considerations, data security, etc.) Engage stakeholders and users to gather functional and business requirements for financial software selection <p>Market Scan and Vendor Research</p> <ul style="list-style-type: none"> Identify potential vendors that meet the functional and business requirements Ensure the vendor’s solution is compatible with all business units regardless of their structure and financial systems, and can be integrated with future ERP systems <p>Vendor Evaluation and Selection</p> <ul style="list-style-type: none"> Vendors to provide demonstration of solutions, and determine which solution best-fits the functional and business requirements <p>Implementation</p> <ul style="list-style-type: none"> Implement the new budgeting software and tools with the selected vendor Develop an implementation plan with the vendor Establish a project governance process 	<ul style="list-style-type: none"> IT Finance Business Units & Functions 	3000 - 3500 hours	24 – 30 weeks

Readiness Assessment – Leadership and Strategic Alignment

Focus Area	Assessment	Rationale/ Details	Key Risks	Next Steps	Time Frame
Council and Leadership Support		The City Council is already aware of the overall transition plan to multi-year budgeting and will support the transition as the City prepares for the change.	<ol style="list-style-type: none"> 1. Inability to align a multi-year budgeting cycle with an incoming Council to ensure alignment with strategic objectives. 2. Resistance from incoming council to approve a multi-year plan. 3. Ensuring alignment of key requirements from the council (outputs) from a multi-year budgeting cycle (reporting etc.). 	<ol style="list-style-type: none"> 1. Overall alignment with council on key milestones and dates for transition to multi-year budgeting. 2. Workshop to align on expectations from council (outputs) from a multi-year cycle and education on potential process changes required for alignment of strategic priorities. 	June - August
Public Engagement and Strategic Direction		Following best practices, it is important to engage the public before transitioning to MyB to ensure that the transition is communicated to allow the public to provide input to the process. Public feedback should also be used to guide the City's strategic direction.	<ol style="list-style-type: none"> 1. Resistance from public stakeholders for transition to MyB and committing to a multi-year mill-rate. 2. Understanding how to link public expected outcomes effectively to a multi-year budgeting cycle and communicating back to the public (link to service level outcomes) 	<ol style="list-style-type: none"> 1. Public engagement survey to gather information on public opinion around MyB. 2. Develop a communication and engagement plan leading up to transition for MyB. 	June - July
Business Unit & Functional Leadership Engagement		Engaging all business units and functions leadership effectively and developing buy-in to a new business planning and budgeting process will be critical to ensure that the new processes can be implemented effectively.	<ol style="list-style-type: none"> 1. No effective buy-in from specific business units and functions on the multi-year budgeting framework (aligned to their business planning process). 2. Inability for business units or functions to develop a multi-year business planning methodology to support budgeting. 	<ol style="list-style-type: none"> 1. Developing a business unit and function engagement plan to educate and understand key challenges to transitioning to MyB and building mitigations to address. 2. Forming a steering committee with BU/FN leaders to drive the overall MyB project with support from corporate leadership (CFO, Director of Finance, City Manager) 	March - April

Readiness Assessment – CFO and Finance Office

Focus Area	Assessment	Rationale	Key Risks	Next Steps	Time Frame
Business Process and Functional Alignment		Creating a net new multi-year budgeting process associated with the strategic planning process (in tandem with the City Council's term) and in alignment with each business unit and function requires clear inputs, activities and outputs. (*Refer to attached future state process map for more detail).	<ol style="list-style-type: none"> 1. Developing a detailed future state new process requires consultation and buy-in from business units and functions to ensure there is alignment from a top down and bottom up perspective. 2. Ensuring that the new process provides the right inputs and outputs to the business units and functions and finance will be critical to ensure that it adds value across the organization. Ensuring we let go of non-value add activities and focus on providing the right information to manage the business. 	<ol style="list-style-type: none"> 1. Developing a detailed future state business planning process map in alignment with inputs and outputs (reports, templates etc.) and ensuring buy-in across the finance organization and business units/functions. 2. Leveraging the detailed future state process map, preparing to pilot a multi-year budgeting financial process to understand the challenges posed and what process changes need to be made to make the transition. 	April - June
Financial Planning & Budgeting Process		There should be a focus on developing a more detailed financial planning process that is aligned with the overall business planning process. Currently, these two processes are not tied and require that they are complementing activities providing input to each other. Clearly articulating steps, from a Finance organization perspective, on inputs required for multi-year planning (finance metrics, variances, assumptions, etc.) and sequence of events will allow for alignment to the strategic planning process.	<ol style="list-style-type: none"> 1. Not spending enough effort and time detailing out the future state financial process can lead to significant issues at go-live. Piloting the new process prior to the actual transition will be critical to ensure success. 2. Not having the right information in the right format available will make it harder to plan for a multi-year budgeting cycle. It will be important to ensure that as we detail out the new processes, we articulate the information we need to actually complete the process successfully. 	<ol style="list-style-type: none"> 1. Based on the future state framework and detailed process map, work with Finance organization to clearly articulate financial planning process including all inputs and outputs. Develop a mock timeline for pilot process to build, test and evaluate the new process (supplemented by reports and templates). 2. Work with business planning organization to align all key inter-dependencies for financial information between the two processes (listed above). 3. Socialize and solicit feedback on the financial budgeting process across key financial stakeholders (GMs, Directors, DBAs). 	April - June

Readiness Assessment – CFO and Finance Office

Focus Area	Assessment	Rationale	Key Risks	Next Steps	Time Frame
Policy & Governance changes		As part of the new multi-year budgeting framework, policy and governance changes will need to be made to ensure alignment with process steps and expected outcomes. As part of our review, we've highlighted, key policy changes and net new policies that will need to be written to enable the transition to multi-year budgeting.	<ol style="list-style-type: none"> 1. A realistic, enforceable and implementable policy framework will be critical for success for multi-year budgeting. City of Saskatoon currently has a lot of policies that may not adhered to and this causes friction between the business units/functions and corporate leadership. 2. Not defining clear new policies and guidelines for MyB and supporting processes will not allow the City to adopt a sustainable long-term process. New policies and governance mandates are critical to ensure that consistency is applied to the planning framework as leadership evolves and there is a change in council. 	In coordination with the process reviews and policy recommendations provided, draft new financial budgeting policies related to multi-year budgeting over the course of the project.	July - September
Key enablers: inputs & outputs (reporting)		Current business planning processes are independent of financial budgeting processes and each business unit and function uses un-standardized tools and templates to provide inputs into budgeting for Finance. Standardized templates, that provide visibility into key service level metrics and financial information from the business units, need to be developed. This visibility will allow the leadership and City Council to make the right operational and long-term planning decisions.	The right inputs and outputs (templates and reporting) will drive the right behaviors throughout the organization in terms of understanding the need to provide the right information. Incomplete or inaccurate information can lead to decisions that will have an impact on the mill-rate for multiple years which will not be accepted by leadership or council.	As part of the Finance work stream, create a work-stream to design and develop new templates that would be leveraged for the multi-year budgeting process. Templates would be a combination of documents that allow business units and functions to provide inputs from a capital and operating perspective while keeping in mind business objectives. These templates will become critical in tying the business planning process to the financial budgeting process.	April - June

Readiness Assessment – CFO and Finance Office

Focus Area	Assessment	Rationale	Key Risks	Next Steps	Time Frame
Technology Enablement		Currently, the City does not have the right tools to enable multi-year budgeting process tying back driver based planning. The right tools need to be implemented to provide users the right information and tool set to plan effectively over multiple years.	Not having the right tools available to plan and budget effectively leads many organizations down the path of creation additional work (effort) that needs to be supported by additional FTE. The right tools will not only mitigate risks for inaccurate information being provided and translated into financial budgets but also provide ease of planning and budgeting overall.	Conduct a detailed assessment on the tools used for business planning and budgeting from a finance perspective and recommend potential solutions that will help enable the multi-year planning process. Keep in mind potential impacts for a new ERP that may provide this functionality.	July - August
Service Levels and KPIs Alignment		<p>Currently, the City is not able to directly tie service levels and outcomes to financial results. When moving to a multi-year process, and from a public platform standpoint, the ability to tie the mill-rate to service levels and expected outcomes becomes critical to all elected officials.</p> <p>This is a critical decision for the City to make as a whole and will require significant effort and energy to stand up an end-to-end service level framework tied to financial metrics.</p>	Although tying service levels and outcomes to financial results is not critical to move to a multi-year planning cycle, it will be more difficult to articulate public outcomes effectively without doing so.	<ol style="list-style-type: none"> Clearly understanding the how we remove any hurdles in creating a financial planning framework tied to service levels and activities. Facilitating a clear discussion with senior leadership across business units and functions. Making a decision whether directly tying activities and service levels is critical to transitioning to a multi-year budgeting cycle. 	April - May

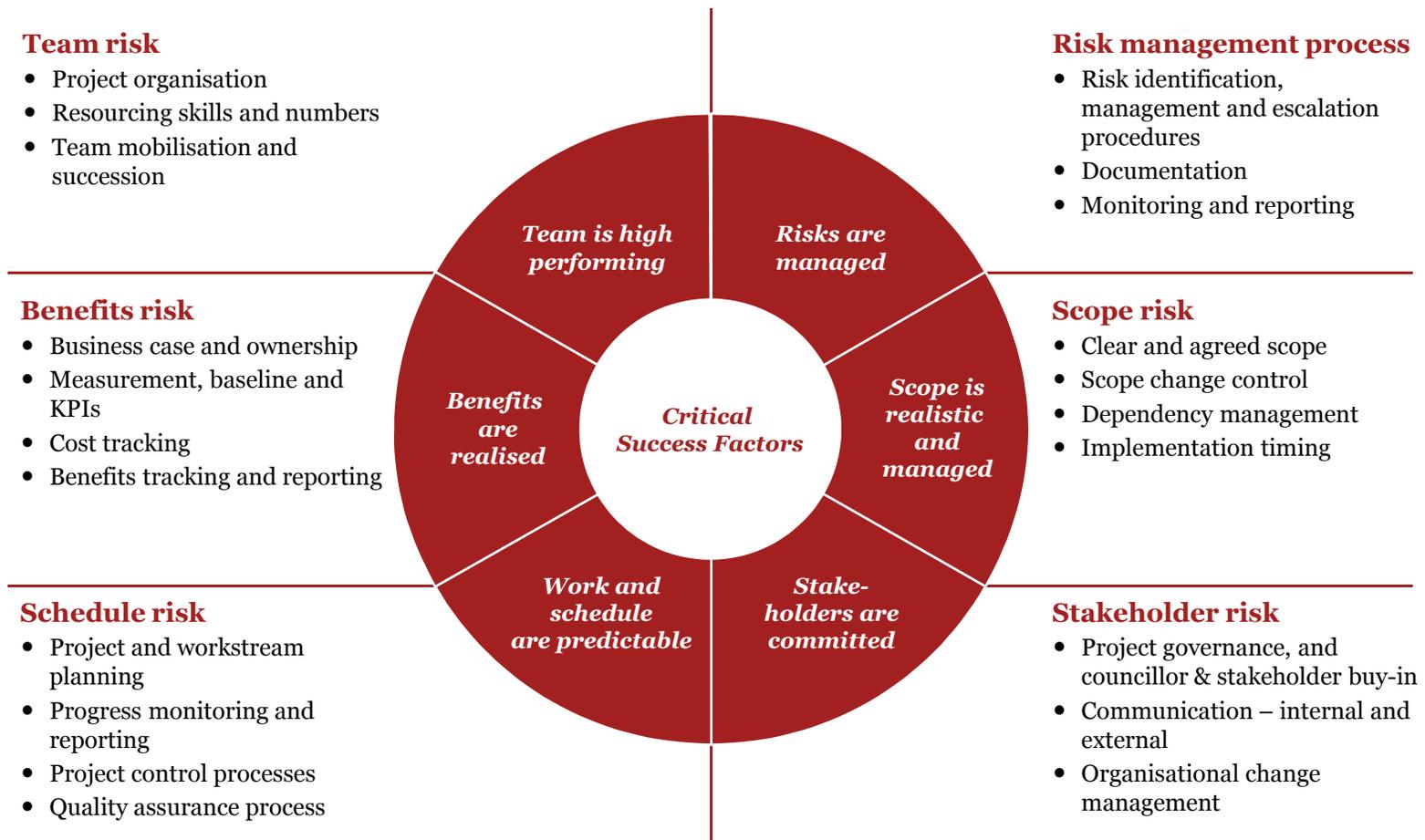
Readiness Assessment – CFO and Finance Office

Focus Area	Assessment	Rationale/ Details	Key Risks	Next Steps	Time Frame
Finance Organization Training		Training will need to be provided to all financial stakeholders across business units, functions and finance on key changes, rationale and processes going forward. It will be important to ensure that all stakeholder training needs are met from leadership to individual contributors.	Not providing the right training on key business and financial processes will result in a lack of adoption of the multi-year budgeting process resulting in a poor quality of outputs if internal stakeholders do not understand the reasoning and processes.	As part of the change assessment, document key training needs by business unit and function and develop a training program that would be relevant across the organization.	TBD
Business Unit and Functional Training		Training on key changes, rationale, and processes going forward will need to be provided to all financial stakeholders across business units, functions and finance. It is important that all stakeholders, from leadership to individual contributors and the business unit level, have their training needs met to ensure a smooth transition.	Not providing the right training on key business and financial processes will result in a lack of adoption of the multi-year budgeting process resulting in a poor quality of outputs.	As part of the change assessment, document key training needs by business unit and function and develop a training program that would be relevant across the organization.	TBD

Readiness Assessment – CFO and Finance Office

Focus Area	Assessment	Rationale/ Details	Key Risks	Next Steps	Time Frame
Communication and Change Management		<p>The process to transition to multi-year budgeting will be led by the CFO and therefore, communication and change management will be a critical element to ensure success. Providing GM's, Directors and financial stewards the right messaging (including key milestones, expectations, input and solicitation of potential process changes) at the right time will be critical.</p> <p>Understanding the critical change factors that will impact employees in the business units, functions and finance will be important to develop a change program that helps all employees understand the need and benefit of the transition to MyB.</p>	<ol style="list-style-type: none"> 1. Ensuring that all relevant impacted stakeholders are engaged early in the project so that they feel part of the solution. Not doing so, can alienate and create roadblocks for change. 2. Understanding the actual change individuals will go through for their jobs at the business unit, function and finance level will be important to understand how resources may need to be aligned within a multi-year process environment. Not understanding the challenges of implementing a net new process while continuing day to day activities will led to significant resistance from individuals. 	<ol style="list-style-type: none"> 1. As part of the tasks of the project management office, forming a change management committee to help make decisions related to communication and change management. 2. Conducting detailed subject matter interviews with individuals involved with planning and budgeting today (across all business units and functions) to clearly understand the change impacts. 3. Developing a change management stakeholder matrix and change agenda for Multi-year budgeting. 	April onwards
Project Management		<p>Ensure that there is a clear project management office (PMO) managing all different work-streams and interdependencies. The PMO will help form the project charters, steering committees required for decision making and the key milestones across the projects.</p>	N/A	<ol style="list-style-type: none"> 1. Hire/recruit PMO lead as soon as possible to get the project moving. They will help form the project plan and organize all leadership and business stakeholders. Based on a project plan development, decisions can be made around resourcing and staffing. 2. Developing an overall milestone plan on a page for the next 24 months and align key stakeholders. 	April onwards

MYB Implementation project success factors ...



Next steps

- | | | |
|----|--|-------|
| 1. | Socialize final report with Finance committee and Leadership | March |
| 2. | Develop key project plans for the following work-streams and assess level of effort | April |
| 3. | Develop high-level project plan with key milestones and dates | April |
| 4. | Align key resources to establish Project Management Office and key leads from each BU/FN | May |
| 5. | Establish steering committee with key leadership members | May |
| 6. | Project kick-off | May |

Time savings analysis - Parks white boarding session output

MYB has the potential to reduce the time spent on business planning by 31% and budgeting by 70%, over a 4-year cycle. The time saved can then be directed to other value-add activities...

Parks Business Planning Hours

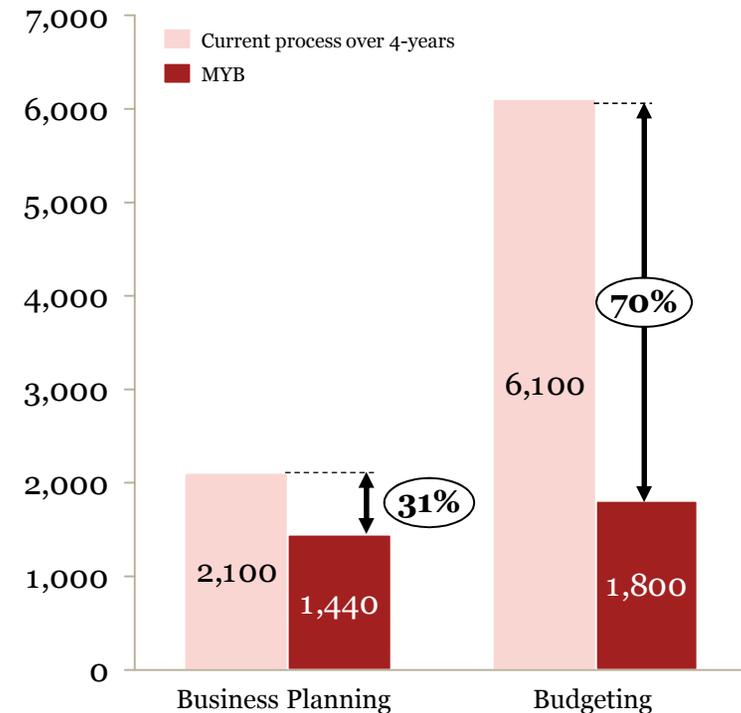
Year	Current Process (hours)	Multi-Year (Hours)
0	525	810 ¹
1	525	210
2	525	210
3	525	210
Hours over 4 years (Business Planning)	2,100	1,440

Parks Budgeting Hours

Year	Current Process (hours)	Multi-Year (Hours)
0	1,525	465 ¹
1	1,525	445
2	1,525	445
3	1,525	445
Hours over 4 years (Budgeting)	6,100	1,800

MYB offers significant time savings compared to the current processes over a 4-year-cycle

Hours over 4-years



PwC 1. Hours are front-loaded in the first year of the multi-year process due to the need to identify, align to strategic objectives, plan activities and project for the upcoming 4-year cycle. The years following the first-year will be lighter, and will be more focussed on making necessary adjustments.

Time savings analysis - Facilities white boarding session output

MYB has the potential to reduce the time spent on business planning by 22% and budgeting by 66%, over a 4-year cycle. The time saved can then directed to other value-add activities...

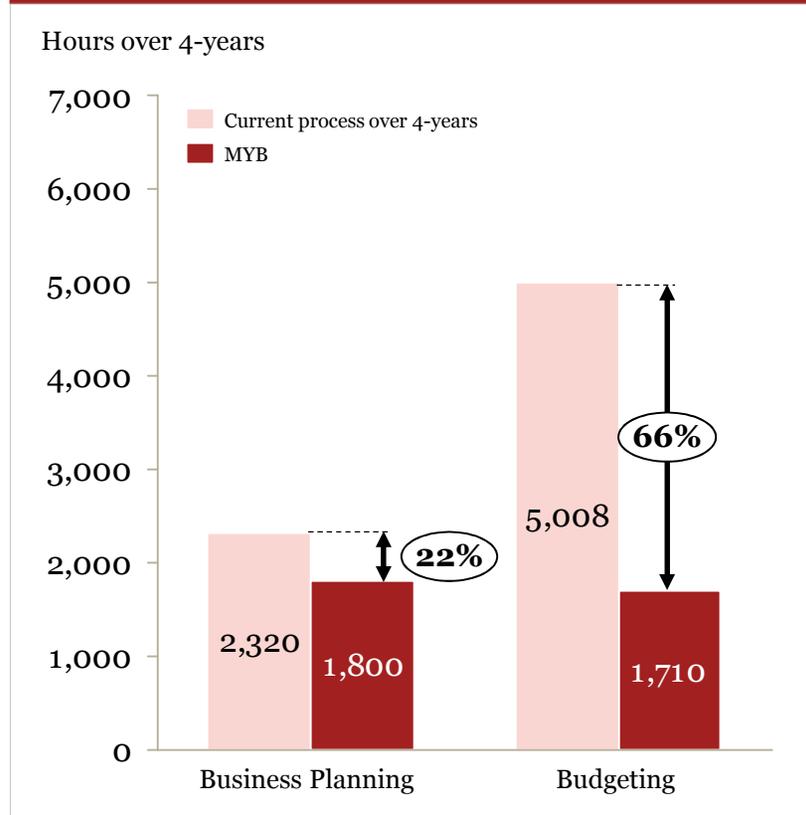
Facilities Business Planning Hours

Year	Current Process (hours)	Multi-Year (Hours)
0	580	750 ¹
1	580	350
2	580	350
3	580	350
Hours over 4 years (Business Planning)	2,320	1,800

Facilities Budgeting Hours

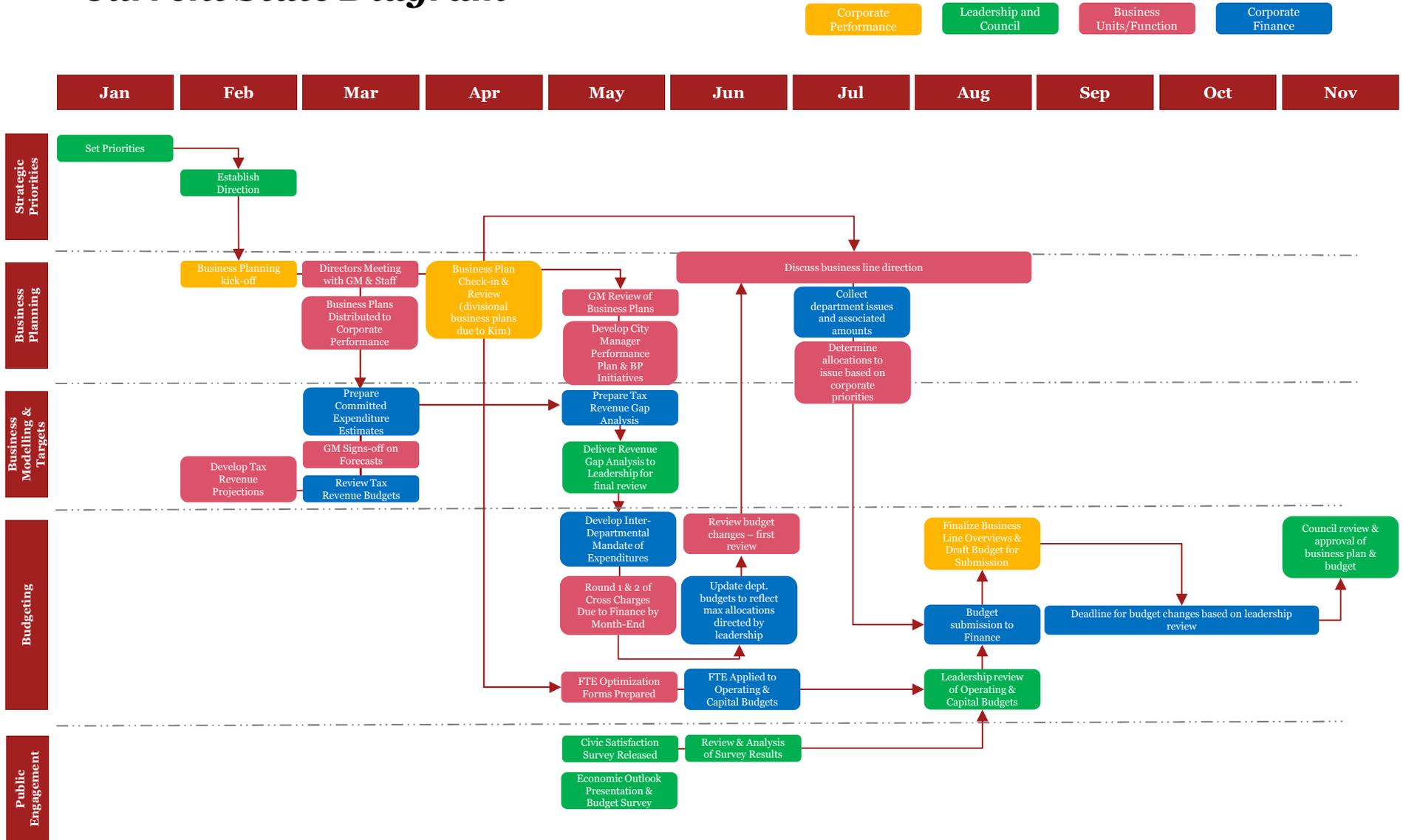
Year	Current Process (hours)	Multi-Year (Hours)
0	1,252	915 ¹
1	1,252	265
2	1,252	265
3	1,252	265
Hours over 4 years (Budgeting)	5,008	1,710

MYB offers significant time savings compared to the current processes over a 4-year-cycle



PwC 1. Hours are front-loaded in the first year of the multi-year process due to the need to identify, align to strategic objectives, plan activities and project for the upcoming 4-year cycle. The years following the first-year will be lighter, and will be more focussed on making necessary adjustments.

Current State Diagram



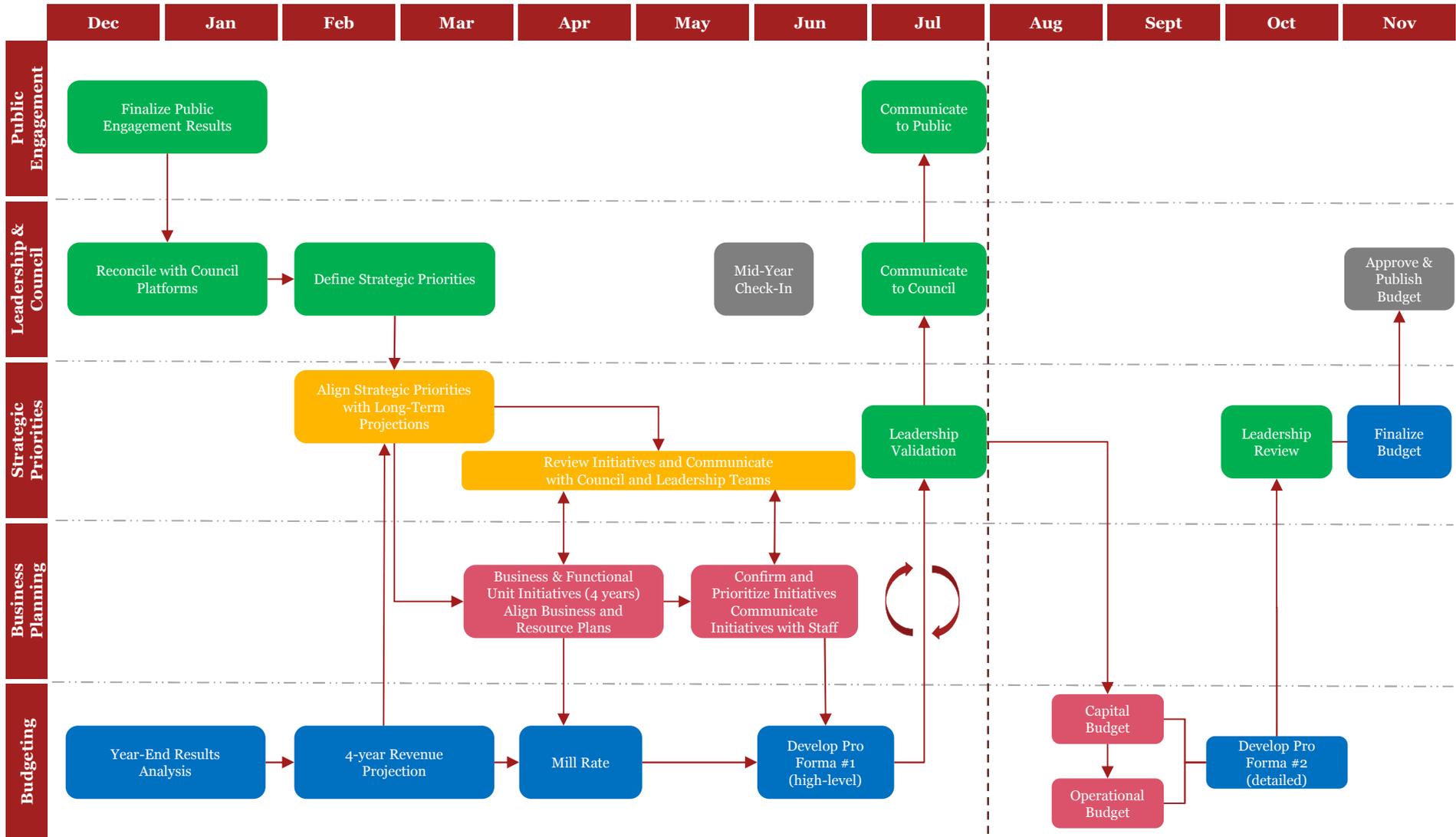
Please refer to the Current State Report for additional information...

The Future State Framework

Year 1...

ILLUSTRATIVE

Corporate Performance | Leadership and Council | Business Units/Function | Corporate Finance



Please refer to the Current State Report for additional information...

The Future State Framework

Year 2 – Year 4...

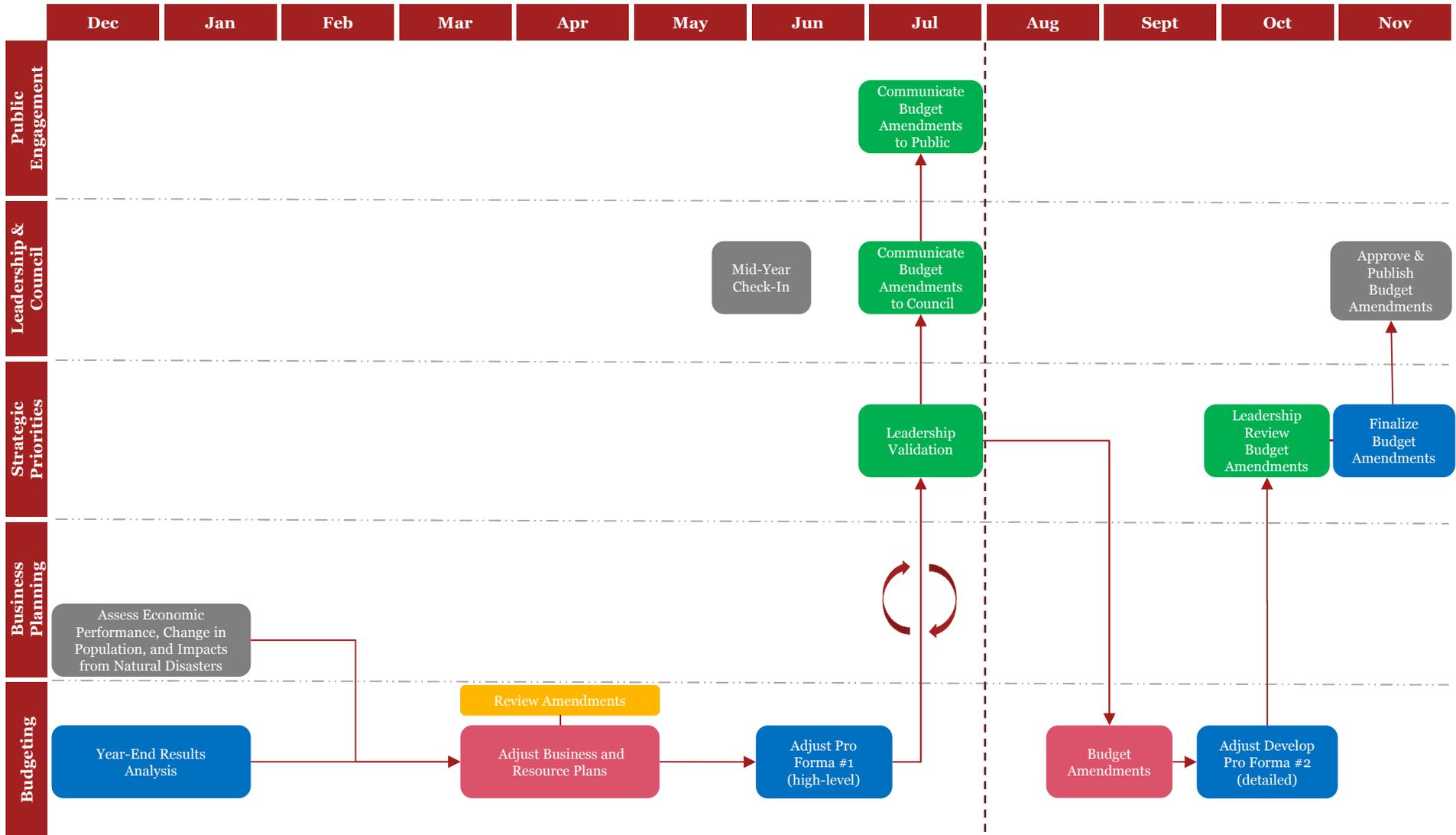
ILLUSTRATIVE

Corporate Performance

Leadership and Council

Business Units/Function

Corporate Finance



Please refer to the Current State Report for additional information...

Multi-year Budget Steps – Year 1

Step	Description	Group	Input	Output
1. Conduct BU/FN Variance Analysis (6+6 forecast)	<p>The business units and Finance provide a variance analysis on actuals to 6 months and a forecast for 6 months and identify key variances. Review actuals for current year and key variances by key budget line items and allocate variances to service/activity levels:</p> <ol style="list-style-type: none"> Identify if variance is permanent (constant cost of continued service due to increase in costs) Temporary (timing difference or one time adjustment) 	BU/FN	201X Budget and Actual Spend Data	New Template - BU/FN Variance Analysis
2. Analyze Service Assumptions	<p>Any BU/FN providing cross-services to other BU/FN's to provide service level assumptions and costs based on current year actuals and forecast to Finance. Finance will leverage these assumptions to consolidate and provide holistic assumptions to all BU/FN's for multi-year planning and budgeting.</p>	BU/FN	BU/FN Variance Analysis	New template - Key assumptions and service levels (cross charges) by BU/FN
3. Analyze Balanced Budget Actuals	<p>Finance to articulate how the budget was balanced keeping in mind key variance provided by BU/FN's. Review prior year actuals + forecast for 6 months by Business Unit & Function to understand variances on budget. Analyze key differentials to forward balance the budget for next year.</p>	Finance	201X Budget and Actual Spend Data + BU/FN Variance Analysis	New Template - Balanced Budget Analysis (current year)
4. Key Assumptions (Forward Looking)	<p>Finance to provide key budget assumptions for forward 4 years after collaborations with City Leadership & Council. Assumptions will be used to plan the multi-year budgeting cycle. These will include key assumptions related to drivers such as salaries, inflation, increments, basic service costs, and cross-charge rates.</p>	Finance	Key assumptions and service levels	New Template - Global Assumptions Document
5. Create a four-year outlook for capital and operational spend	<p>Creation of a four-year outlook for capital and operational spend is dependent on committed capital and associated operational expenditures. Any permanent differences (from Step 1) may increase the overall cost of service due to the increase in operational cost.</p> <p>The goal of this step is to ensure each BU/FN can come up with the base cost of providing services to citizens while keeping in mind committed capital expenditures (and related operational impacts) + operational expenses across the organization.</p> <p>No "net new" projects and or initiatives are added into the forecast at this point. Each permanent increase over last year's actuals should be supported by the variance analysis done in Step 1.</p>	BU/FN	BU/FN Variance Analysis Global Assumptions Document	New Template - High Level BU/FN budget by key service areas
6. Create a Consolidated Balanced Budget Forecast - V0 (With no net new initiatives)	<p>Goal of this is for Finance to gather and consolidate high-level financial budget for four years for each BU/FN and show the differential in balanced budget. This will help the City understand the baseline mill-rate impact (without net new priorities).</p>	Finance	BU/FN Budget by key service area	Balanced Budget Forecast V0 (no new initiatives)

Assumption: 2017 (prior year)
Forward looking: 2018-2021

Multi-year Budget Steps – Year 1

Step	Description	Group	Input	Output
7.	<p>Present Balanced Budget V0 for review with Council with base rate mill-rate impact to align on strategic objectives across the organization.</p> <p>Goal is for the Council and City Leadership to approve the baseline budget without net new initiatives and truly understand the mill-rate impact without new capital and operational initiatives.</p>	Finance Corporate Performance BU/FN Leadership	201X Budget and Actual Spend Data + BU/FN Variance Analysis	New Template - Balanced Budget Analysis (current year)
8.	<p>Council to provide key strategic priorities over the next 4 years and direction on high-level mill-rate impact for 4 years based on baseline budget.</p> <p>Goal is to set the ceiling for mill-rate increases across the board for 4 years keeping in mind high-level strategic objectives</p>	Council	Key assumptions and service levels	New Template - Global Assumptions Document
9.	<p>Translation of strategic objectives into business planning objectives direction for BU/FN's to develop incremental budgets.</p> <p>City Senior Leadership should translate strategic objectives into business planning objectives at a high level. This allows for greater clarity on the direction and mill-rate impact that BU/FN's need to be aware of when developing their incremental budgets.</p> <p>With high-level direction on mill-rate and business objectives, BU/FN's can now prepare options analysis on additional initiatives that they would like to focus on if the overall budget allows for it. This would start the overall business planning cycle aligned with financial planning at a high level.</p> <p>This assumes there is greater alignment between City Leadership as to where the mill-rate changes are being focused.</p>	Finance Corporate Performance BU/FN Leadership	BU/FN Variance Analysis Global Assumptions Document	New Template - High Level BU/FN budget by key service areas

Assumption: 2017 (prior year)

Forward looking: 2018-2021

Multi-year Budget Steps – Year 1

Step	Description	Group	Input	Output
10. City Leadership to review all additional initiatives in the context of mill-rate impact, service outcomes and alignment with strategic objectives appropriately (prioritize over the course of 4 years)	Goal is for the Council and City Leadership to approve the baseline budget without net new initiatives and truly understand the mill-rate impact without new capital and operational initiatives.	Finance Corporate Performance BU/FN Leadership	201X Budget and Actual Spend Data + BU/FN Variance Analysis	New Template - Balanced Budget Analysis (current year)
11. Complete business planning documents related to each BU/FN	Goal is to set the ceiling for mill-rate increases across the board for 4 years keeping in mind high-level strategic objectives	Council	Key assumptions and service levels	New Template - Global Assumptions Document
12. Provide budgeting templates with actuals for 9 months + 3 months forecast for prior year for business to develop Capital and Operational Budgets (based on approved plans and initiatives)	With high-level direction on mill-rate and business objectives, BU/FN's can now prepare options analysis on additional initiatives that they would like to focus on if the overall budget allows for it. Assumes there is greater alignment between City Leadership as to where the mill-rate changes are being focused.	Finance Corporate Performance BU/FN Leadership	BU/FN Variance Analysis Global Assumptions Document	New Template - High Level BU/FN budget by key service areas

Assumption: 2017 (prior year)

Forward looking: 2018-2021

Multi-year Budget Steps – Year 1

Step	Description	Group	Input	Output
13. BU/FN to complete first draft of MyB three year budget including capital and operational impacts	At this point, each BU/FN can now dive deeper into budgeting leveraging tools to turn the holistic business plan and prior year actuals into a forward looking three years multi-year plan. This will include capital and operational impacts down to the cost center and line item level. The exercise will also include adding in options that have been approved by leadership and any FTE changes across the board.	BU/FN	BU/FN Final Business Planning Documents BU/FN Variance Analysis (9+3) Approved mill-rate allocation by BU/FN provided Global Assumptions Document	Detailed capital and operational budget for 4 years (2018-2021) for respective BU/FN in alignment with the business plan and mill-rate guidance BU/FN Budget three year V1 (detailed budget for 4 years - capital and operational)
14. Finance to aggregate BU budgets to ensure alignment with strategic objectives, alignment with business plans and global assumptions	Finance to consolidate all budget information from all BU/FN at detailed cost center and line item level and confirm the following: a. Global Assumptions b. Capital and Operational Impacts c. Reserves Assessment d. Alignment with mill-rate direction e. Comparison to prior year	Finance	- Detailed capital and operational budget for 2018-2021 for BU/FN - Global Assumptions Document (for validation) - Mill rate direction per BU/FN - Reserves Analysis	Consolidated Balanced Budget Forecast V1 (detailed BUDGET for three years - capital and operational)
15. Leadership team to review any key variances from initial direction and review additional changes made by BU/FN's outside any approved mandates/increases	Opportunity for leadership and Finance to review any additional variances with full iteration of the budget and rationalize any changes that were NOT expected.	Finance Corporate Performance Senior Leadership	Consolidated Balanced Budget Forecast V1 (detailed BUDGET for 4 years - capital and operational)	Variance analysis by BU/FN and cost center
16. Finance to provide direction back to BU/FN to make adjustments to budget to adhere to initial direction or approve additional changes	Goal is to get BU/FN to change detailed budgets where they have not been adhered to based on initial business plans and baseline costs.	Finance	Variance analysis by BU/FN and cost center	BU/FN Budget three year V2 (detailed budget for three years - capital and operational)
17. Finance to finalize FINAL multi-year budget based on final changes from BU/FN	This budget is to be reviewed by Leadership, CFO and City Manager to ensure alignment to strategic goals and council direction.	Finance	BU/FN Budget 3 year V2 (detailed budget for 4 years - capital and operational)	Consolidated Balanced Budget Forecast V2 (detailed BUDGET for three years - capital and operational)

Four existing City policies that drive Budgeting and Business Planning processes have been reviewed

Through interviews and workshops, budgeting and business planning data was collected to determine whether the City’s existing policies are fit for MYB, require updates, or necessitates the development of new policies to support MYB.

Policies and Bylaws	Focus areas
1 Bylaw No. 6774: The Capital Reserve Bylaw	<ul style="list-style-type: none"> ▪ Overall effectiveness of imposed limitations ▪ Review of reserve use
2 C03-001: The Budget Process	<ul style="list-style-type: none"> ▪ Service levels & program overview manual ▪ Flexibility of policy ▪ Financial information system capabilities ▪ Capital project planning and budgeting process ▪ Operating budget impact ▪ Civic departmental accountability
3 C03-003: Reserves for Future Expenditures	<ul style="list-style-type: none"> ▪ General Policy ▪ Fiscal stabilization reserve ▪ Major natural event reserve
4 C03-027: Borrowing for Capital Projects	<ul style="list-style-type: none"> ▪ General policy

Bylaw No. 6774 – The Capital Reserve Bylaw requires increased transparency and governance of reserves

Focus Area	Observations & Implications	Recommendations
Overall Effectiveness of Imposed Limitations	<ul style="list-style-type: none"> ▪ There have been instances where the capital reserves were used to accommodate budget shortfalls, despite the policy specifying that funds should not be used for operating expenses. ▪ Instances where it was difficult for the City to identify budget short-falls stemming from inconsistent data available from a business perspective. ▪ Consist review of actuals to budget is not a formalized process to address permanent budget differences. ▪ Some business units tends to over budget since the base budgeted amount does not change, but are consistent when compared with prior year actuals. 	<ul style="list-style-type: none"> ▪ Increase the transparency of the overall process from a reserve utilization perspective. ▪ Implement budgeting software that integrates with the financial reporting software and imposes automated restrictions on the reserve funds with effective work-flow.
Review of Reserve Use	<ul style="list-style-type: none"> ▪ Finance administers the reserves and is responsible for reporting to Council the status of each reserve ▪ Budget analysts were not always uncertain as to whether reviews were completed for intended use of reserves ▪ Reserves are not generally utilized effectively as per state by-laws due to competing priorities from leadership 	<ul style="list-style-type: none"> ▪ Increase governance reserve allocation to truly understand cost of service activity in BU/FNs ▪ Implement budgeting software that integrates with the financial reporting software and imposes automated restrictions on the reserve funds.

Policy CO3-001: The Budget Process is fit for MYB however requires more adherence and several updates...

Focus Area	Observations & Implications	Recommendations
Service Levels & Program Overview Manual	<ul style="list-style-type: none"> Current Service Level catalogue is ineffective and does not meet the Policy standard. The service levels do not allow business units and functions to effectively manage services due to lack of available information. Unclear definition of Service Levels has made performance observation a difficult and inconsistent process. 	<ul style="list-style-type: none"> Service Levels should be reconfigured and defined to reflect service expectations Execution and understanding of the existing Service Level policy is required for MYB
Flexibility of Policy	<ul style="list-style-type: none"> Due to inconsistent information available through systems and last minute changes by leadership, last minute changes to the budget are always made. Unexpected and last-minute change requests by Leadership results in budget inefficiencies, funding shortage, and countless iterations 	<ul style="list-style-type: none"> New policy to reflect an effective and systematic Multi-Year Budgeting process Policy to mandate that timelines must be followed to ensure an effective budgeting process aligned with key timelines for budget amendments
Financial Information Systems Capabilities	<ul style="list-style-type: none"> Manual entries and adjustments are required to reconcile information resulting inefficiencies and errors. The lack of integration of business and finance systems results in in-effective information available for business units and finance to complete analysis effectively. 	<ul style="list-style-type: none"> To meet the Policies standards, an ERP system and budgeting software will alleviate the growing pains felt by the City while meeting the standards set by the policy Enhanced integration of financial systems to increase functionality and allow for a smoother transition to MYB

...as well as more governance to ensure organization-wide adoption of the policy across the Business Units

Focus Area	Observations & Implications	Recommendations
Capital Project Planning and Budgeting Process	<ul style="list-style-type: none"> ▪ Not a clear process to collaborate across business units and functions on capital projects which could lead to a communication gap resulting in incomplete planning for projects. ▪ Certain instances lack of communication between business units once a capital project has been approved, resulting in last-minute operating budget adjustments to accommodate capital projects. 	<ul style="list-style-type: none"> ▪ Create an end-to-end capital project planning process with clear roles and responsibilities. ▪ Adjust the policy to assign responsibility and accountability to the business unit responsible for the capital project. ▪ All impacted business units should be notified of pending capital projects in advance
Operational Budget Impact	<ul style="list-style-type: none"> ▪ Policy indicates that operational budget impacts (e.g. cost to operate and maintain capital asset) from capital projects must be indicated and considered. ▪ Downward impact to operating budgets due to improper planning of operating expenses for capital projects leading to business unit not being able to achieve desired service levels with public expectations. 	<ul style="list-style-type: none"> ▪ Obtain approval for the required increase in funding or staffing to meet service levels for the new asset. ▪ Operating impact of any capital project must be quantified for all affected business units during the capital project approval process. ▪ Capital projects should not be approved if all affect business units cannot accommodate the additional operating costs.
Civic Departmental Accountability	<ul style="list-style-type: none"> ▪ Business units are misaligned between the operational framework, functional units, budgets, and cost centers 	<ul style="list-style-type: none"> ▪ Transform the operational framework across the organization to more effectively manage accountability of service levels.

Council Policy C03-003: Reserves for Future Expenditures will need to be revised to accommodate the transition to MYB...

Focus Area	Observations & Implications	Recommendations
General Policy	<ul style="list-style-type: none"> ▪ Some evidence suggested that established reserves are not being utilized as intended due to competing priorities for a balanced budget by leadership. ▪ Either existing reserves lack the necessary funds to accommodate changing circumstances, or accessing reserve funds are difficult and require high-level approvals for business units. 	<ul style="list-style-type: none"> ▪ Disclose a defined dollar amount for the reserve in the policy and review reserves on a timely basis to understand their desired use especially through setting a multi-year budget. ▪ Develop greater transparency into the approval process to access reserves to help mitigate over-budgeting. ▪ Develop requirements for advanced notification of capital projects to determine and correctly budget for operating impacts.
Fiscal Stabilization Reserve	<ul style="list-style-type: none"> ▪ Reserve is too limited in scope to be useful for business units resulting in business units accessing other reserves to cover budget shortfalls. ▪ Although reserves are not meant to address last minute requests on capital and operational asks, this avenue could be opportunity to fund critical items that are deemed necessary by the Council and Leadership. Currently does not accommodate the purpose of acting as a contingency reserve to alleviate last-minute requests. 	<ul style="list-style-type: none"> ▪ Expand the scope of the Fiscal Stabilization Reserve to include budget surpluses and potential. ▪ Provide business units, who have incurred cost savings, access to a proportional of amount of the reserve (incentivize to seek cost efficiencies).

...as well as ensuring Reserves serve their intended purpose and being readily accessible for business units

Focus Area	Observations & Implications	Recommendations
Major Natural Event Reserve	<ul style="list-style-type: none"> ▪ Reserve is capped at \$250,000 which is considerably lower than expected given the size, population and geographical position of the City. ▪ Low reserve amount exposes the City to additional risk and reliance upon provincial and federal funding for assistance during natural disasters and environmental incidents. 	<ul style="list-style-type: none"> ▪ Increase the reserve amount representative of the immediate cash outlay necessary to accommodate a large-scale disaster. ▪ Reserve amount can be achievable through a multi-year framework that emphasizes long-term planning considerations. ▪ This reserve should ties to the City’s overall risk management framework and potential impacts across business units and function.

Council Policy Co3-027: Borrowing for Capital Projects has proven to be effective to manage borrowing conservatively

Focus Area	Observations & Implications	Recommendations
General Policy	<ul style="list-style-type: none"> ▪ The Capital Projects Policy limits the use of debt financing and imposes restrictions on the repayment duration. ▪ Policy is specific to financing capital projects where sufficient funds are not available from existing reserves, and where the project is intended to recoup the cost of borrowing through future operating revenues or operating savings (Further restrictions do apply). 	<ul style="list-style-type: none"> ▪ The current policy has been in place for 30 years and has effectively managed the City borrowings in a conservative fashion well within the confines of pre-existing legislation – no further recommendations are noted.

On top of the recommendations outlined for the existing policies, the City should consider the following for MYB

New Policies

- 1 Integration of Service Level Catalogue, Business Plans, and Key Performance Indicators (KPIs)** across the organization to inform Council of the status through regular reporting and adjustments
- 2 Develop Approaches to Achieve Goals Policies**
 - Require that all goals and objectives be quantified and in alignment with City objectives and priorities
 - Develop programs and service polices that address groups/populations, expected costs, time frames for achievement of goals, issues pertaining to organization structure, and priorities for service provisioning.
 - Develop capital asset policies and plans for acquisition maintenance, replacement, and retirement of capital assets to ensure capital assets or improvements receive appropriate consideration during the budget process, and older capital assets are considered for retirement/replacement – necessary to plan for large expenditures and to minimize deferred maintenance
- 3 Develop a Budget Process Policy** that supports and consistent with approaches to achieve Goals
- 4 Encourage Collaboration** by enforcing communication between business units with cross-functional impacts
- 5 Incentivize budget efficiencies and savings** by committing to a prioritized excess funding account for the business units (policy to evaluate performance and make adjustments)
- 6 Adjustment policy and process** to accommodate changes to council priorities, policies, programs, external factors (e.g. Federal/Provincial policies and mandates), unanticipated economic conditions, service demand volumes, etc.

Recommendations & Other Consideration

- 1 Develop a Transformation Committee** to guide Council and Leadership through the anticipated changes
- 2 Enhance specific policy on Operating Impacts** – to be included under the capital asset section in finance policies (capital improvement programs may not be submitted/approved until operating impacts are noted)

Canadian cities that have adopted multi-year budgeting and business planning share common policies



Policies	Description	THE CITY OF CALGARY	London CANADA
Multi-Year Planning & Budgeting Approach	<ul style="list-style-type: none"> Outlines the approach and process used for Multi-Year Budgeting and Business Planning to meet Council and Leadership strategic objectives 	✓	✓
Budget Adoption	<ul style="list-style-type: none"> Ensures municipalities prepare an annual balanced operating budget according to the <i>Municipal Government Act</i> 	✓	✓
Business Plan and Budget Adjustment/Amendments	<ul style="list-style-type: none"> Defines mechanisms to adjust business plans, budgets, and targets due to external circumstances during the budget cycle 	✓	✓
Carry Forwards and Surplus/Deficit Policy	<ul style="list-style-type: none"> Ability to carry forward surpluses and deficits variances, and to allocate operating surpluses and funding for any operating deficits 	✓	✓
Fiscal Stability Reserve & Reserve Funds	<ul style="list-style-type: none"> Reserve fund to handle unexpected events that may cause significant financial impacts 	✓	✓
Budget Projections & Capital Project Impacts on Operating Budgets	<ul style="list-style-type: none"> Ensures that prior to capital project approval, operating budget impacts have been considered and are consistent with the multi-year planning and budgeting process 	✓	✓
Linking Plans, Budget, Measures & Service Levels	<ul style="list-style-type: none"> Aligns the budget and planned strategic goals with service delivery and performance measures 	✓	✓

Governance recommendations



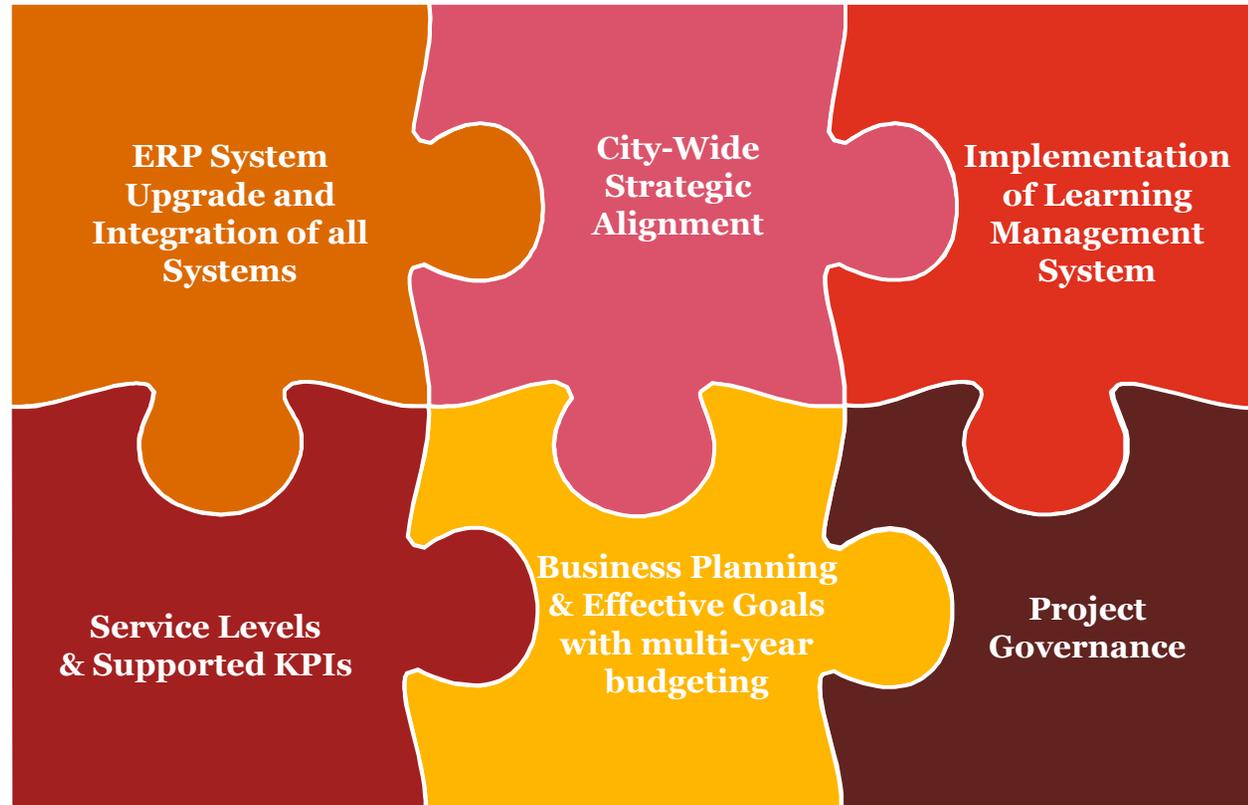
The City's governance model was last reviewed during 2014, after having gone untouched since 1995. Recommended updates would be to reflect the policy changes necessary to facilitate a multi-year business planning and budgeting approach. Please refer to the appendices which follow on policy changes for additional information.

Governance recommendations

Although a Standing Policy Committee on Finance exists, we would recommend developing a new Committee to oversee the implementation and first four-year cycle of the new multi-year business planning and budgeting process...

This Committee would establish the appropriate tone from the top necessary for an organizational change of this magnitude...

The Transformation Committee



Governance recommendations

Governance at the City

- **RACI Matrix**
 - Outline clear roles & responsibilities for all levels
- **Policy Updates to Reflect MYB**
 - Current policy is based on an annual approach, multi-year has long-term specific considerations
 - Establish ground rules with respect to how much can be changed from year to year when within a MYB cycle
- **Current Service Level Catalogue**
 - Develop a robust and thorough service level catalogue that is supported by KPIs
- **Transformation Committee**
 - A committee focused on advising both Council and Leadership on the many changes facing a growing municipality
- **Business Planning Alignment**
 - Clarify the structure and chronology of strategic priorities, business planning and goals to better facilitate the overall process
- **Accountability & Performance Measurement**
 - Consistent reporting framework to increase accountability and transparency



Technological considerations

Budgeting Solutions

Current Systems – Team Budget

Team Budget is a stand-alone system that is used by the Finance Department's Budget Analysts and Business Unit Accountants to input current year budget figures, including capital and operating estimates. Current use of the tool drives a fair amount of manual effort within each division to create their budget in spreadsheets and manually inputting them in the system. The Business Unit's rely on discussions and closely held material. Furthermore, the current system does not integrate with the financial reporting software, Epicore, limiting the ability to perform efficient budget-to-actual analysis.

Future Systems – Hyperion, SAP BPC, Oracle, EPM, etc.

The new system should fully integrate with future ERP system so it can drive effective leverage of data analysis and comparison of budget to actuals. It should also encourage comparison between actuals and budgets, rather than budget-to-budgets, through this enhanced integration.

ERP Systems

Current Systems – Epicore, Timberline, Team Budget, etc.

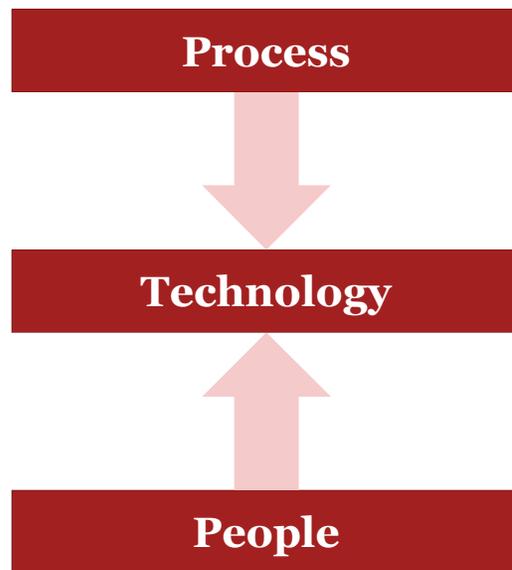
Epicore is the current Financial Reporting software used by the Finance Department. The Business Units themselves use a variety of different software and excel workbooks to track their operations, finances, payroll, etc. The business units have historically selected different systems resulting in a host of manual entries and processes when the data needs to be integrated across the organization. This effort is highly manual and requires significant time.

Future Systems – SAP, Oracle, Workday, etc.

The City is one of the few large cities in Canada without a strong and integrated ERP infrastructure to support its decision support activities. Implementing an appropriate ERP system like SAP, Oracle or Workday will be critical to drive operational efficiencies and organize data to make better decisions. This is a fairly large but strategic undertaking. However given the emerging cloud technologies there may be a number of options to choose from.

Technological considerations

Technology is instrumental for MYB as it provides a common platform to streamline processes, data, and reporting for the City



Technology benefits and advantages

- Improves quality and efficiency, as well as creating a more agile digital environment for the City
- Provides a platform to increase opportunities for collaboration and enabling a consistent process across the organization
- Ability to consolidate and synchronize data and changes between multiple systems
- Ability to gain insights from data to aid in decision making and forecasting processes

Technology systems

- Common examples include:
Oracle EPM and SAP BPC
- It is important to select the technology that best fits and enables City objectives

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Implementation risks

#	Implementation Risk	Risk Mitigation
1	Public Acceptance <ul style="list-style-type: none"> The public may be reluctant to accept a four-year business plan and budget that locks-in their property tax rates Some residents may be concerned that a fixed budget won't have the flexibility to accommodate the unexpected 	<ul style="list-style-type: none"> Solicit public input and involvement Offer info sessions and publication material to explain the benefits of a multi-year approach and how reserve funds work Reiterate that a fixed property tax rate allows home owners the ability to budget more precisely over the long-term
2	Resource Constraints <ul style="list-style-type: none"> Staff at the business unit level feel their teams have insufficient capacity to maintain their current responsibilities in addition to facilitating the implementation of the multi-year business planning and budgeting launch 	<ul style="list-style-type: none"> This is a valid concern given the burden the current budgeting process is to all levels of the organization We feel adding some temporary capacity would help alleviate the some of the strain to the business units A structured implementation timeline would also help mitigate scheduling conflicts
3	Funding <ul style="list-style-type: none"> A new council was elected this past November and may raise concerns around funding for technology enablement and or the design and implementation of the multi-year process 	<ul style="list-style-type: none"> It will be of paramount importance for leadership to secure financial support for these initiatives Leadership should involve Council early in the project so they can fully understand and appreciate the efficiencies and long-term benefits that new technology and multi-year approach could yield
4	Governance Restructuring and Policy Alignment <ul style="list-style-type: none"> The current policy does not limit the budgeting process in regards to the Councilors ability to impose last-minute changes to the budgets 	<ul style="list-style-type: none"> Current policy documentation is not reflective of a multi-year business planning and budgeting approach, thus we would recommend that the policy be adjusted to reflect the needs for structured and enforced deadlines Providing strategic alignment at all levels of the organization earlier in the process limits the late-term inefficiencies caused by last-minute changes
5	Securing Technological Enablers <ul style="list-style-type: none"> The current systems are disaggregated, with limited functionalities and heavy reliance on excel & manual processes There is concern that these hindrances could limit the overall effectiveness of a multi-year approach 	<ul style="list-style-type: none"> We recommend that the current systems be replaced by both a new ERP systems and/or a new budgeting system This project cannot achieve its qualitative and quantitative benefits without appropriate technology enablement.

Implementation risks

#	Implementation Risk	Risk Mitigation
6	<p>Council Support and Leadership Buy-in</p> <ul style="list-style-type: none"> The election-turnover was higher than anticipated, in addition to a new mayor, there are many new faces around the council table. These new members are unfamiliar with the City's current initiatives around the multi-year approach, and may be reluctant to support such a vast change so soon after starting their term in office 	<ul style="list-style-type: none"> Educating the new members on the benefits of a multi-year business planning and budgeting approach will be integral to the overall success of the project Their buy-in will also help mitigate the flurry of last minute-changes to the budget, which adds to the ineffectiveness of the current budgeting process
7	<p>Adequate Change Management Procedures and Leadership</p> <ul style="list-style-type: none"> Heavy involvement from leadership is necessary to emphasize the importance of these initiatives to the long-term success of the City and its ability to meet the service level expectations of its residents 	<ul style="list-style-type: none"> We would recommend identifying a Change Management Team and Leader to help alleviate the aforementioned resource constraints anticipated by the demands of the full implementation A fairly dedicated PMO and implementation team should be identified.
8	<p>Adoption Reluctance, Reverting to Old Systems</p> <ul style="list-style-type: none"> There is a risk that the users may revert to their old, manual and excel reliant systems, if they're not well versed and trained in the new processes and tools made available to them 	<ul style="list-style-type: none"> A robust and thorough training program will reduce the likelihood of the users reverting to the old systems, as they have confidence in the systems and their own ability to use them Accept feedback and suggestions from all participants in the process and all stakeholders / users of the new process, giving them a sense of ownership.
9	<p>Unexpected Setbacks</p> <ul style="list-style-type: none"> With any new system or process, there is the potential for setbacks, consequently, it is of utmost importance to have well-established and reliable contingency plan to fall back on 	<ul style="list-style-type: none"> A phased or parallel transition plan can help mitigate these risks by limiting the full exposure to the new and untested systems

Thank you!

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Membership - Traffic Safety Committee

Recommendation

That a report be forwarded to City Council recommending the general public appointees on the Traffic Safety Committee be increased by one appointee for 2017.

Topic and Purpose

The purpose of this report is to recommend an increase to the number of general public appointees on the Traffic Safety Committee by one appointee for 2017.

Strategic Goal

The information contained in this report aligns with the Strategic Goal of Continuous Improvement providing for recruitment and retention of volunteers serving on the City's appointed Committees.

Report

The Traffic Safety Committee is comprised of 12 members, with four members from the general public appointed by City Council. There were two general public vacancies for 2017. Following City Council's 2017 annual appointments to Boards, Commissions and Committees, it was discovered that three general public appointments were made for 2017, resulting in a total of five public appointees.

It is therefore being recommended that the general public appointees on the Traffic Safety Committee be increased by one appointee for 2017 (for approximately five remaining meetings). At the end of 2017, one public appointee will reach the maximum six-years of service in accordance with Policy C01-003 and the number of public appointees will automatically revert back to four. For 2017, the total membership on the Committee will be 13 and it is not anticipated this would be problematic for governance of the Committee.

Policy Implications

Policy C01-003 provides for appointments to the Boards and Committees and sets out the maximum allowable years of service.

Due Date for Follow-up and/or Project Completion

City Council will consider its 2018 appointments to Boards, Commissions and Committees in the fall of 2017.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written and Approved by: Joanne Sproule, City Clerk