
Alberta Municipal Affairs Town of Daysland Municipal Inspection

Final Report

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Executive Summary

A sufficient petition was received from the residents of the Town of Daysland on May 25, 2011 requesting “that an inquiry be conducted by the Minister of Municipal Affairs regarding the gross irregularities in the Town of Daysland (council and administration)”. Russell Farmer and Associates was appointed by the Minister of Municipal Affairs to complete an Inspection in accordance with Section 571 of the Municipal Government Act.

During our inspection we identified a number of areas of concern. These concerns have been divided into six core areas: 1) Working Relationships, 2) Council Operations, 3) Administration, 4) Relationship Between the CAO and Residents, 5) Bylaws and Policies, and 6) Other. Our inquiry into these six areas has resulted in thirty recommendations for improved operations.

Working Relationships

Working relationships within Council have been extremely poor and have contributed to the resignation of four out of the seven councillors elected in 2010. A consistently split Council, and open animosity between Councillors resulted in an environment that was not appropriate to a governing body. A key point of contention between Councillors was the performance of the CAO, and the extremely contentious working relationship between the CAO and members of Council. Following the by-elections in 2011 the CAO resigned. This was followed by the resignation of two other key members of staff.

As a result of these issues, our Inspection report makes the following recommendations:

1. Council develops and adopts a Code of Conduct that addresses role separation and Council behavior.
2. Council engages in a regular quarterly review of its performance as a whole and the performance of individual Councillors as a means of ensuring clear role separation and an appropriate standard of conduct.
3. Council monitors agenda items and Council deliberations for operational matters that should not be reaching Council meetings.
4. That Council develops and adopts a policy detailing the appropriate format to bring operational matters or resident concerns to administration or to initiate an action request.

Council Operations

Due to the animosity on Council, and a lack of appropriate processes, Council is failing in its role as a leadership body. Some of the core issues with Council operations identified during our review include:

- Council lacks a common sense of vision, and has not developed core strategy documents to guide the municipality;
- Council engages in poor decision making. Decisions are made without complete information, and decisions are frequently changed resulting in inconsistent and conflicting policy development;
- Council's minutes are overly detailed containing comments and commentary;
- Individual Councillors indicated that Council's performance review of the CAO does not represent the opinions of all Councillors on Council, and does not give appropriate direction for ongoing development;
- Council engages in operational matters and does not appear to have a clear understanding of role separation;

As a result of our identified issues with Council operations, our Inspection report makes the following recommendations:

5. Council engages in a strategic planning process in order to define their vision, goals, and objectives for the Town.
6. Council receives regular reports from administration on progress towards completing the objectives set within the strategic plan. It is recommended that Council review progress quarterly.
7. Council links progress on the objectives identified within the strategic plan to their annual performance review of the CAO on their quarterly assessment of their own performance as a governance body.
8. Council adopts a strategic planning process where the plan is reviewed and updated annually at a Council retreat.
9. Council adopt a decision making process that considers required information, sources of information, and stakeholders to the decision, prior to engaging in deliberation or voting. If information is outstanding, decisions should be tabled for a later meeting of Council.

10. Council adopts a set of value statements to guide their decision making. Safety should be considered as a primary value for any Council.
11. Council integrates guidelines for confidentiality into a Code of Conduct.
12. Council reviews its use of special meetings to ensure that they are being used appropriately, and are not simply replacing regular Council meetings.
13. Administration changes its practices regarding Council Minutes to ensure that they contain only agenda items and motions free from comment or detail.
14. Administration amends the format for minutes to allow for a date to accompany signatures and initials on each page.
15. Council ensures that all minutes are reviewed and approved by Council by the subsequent meeting of the Council meeting to which they apply.
16. Council ensures that all direction to administration is supported by a motion carried by the majority of Council
17. The CAO and Council review the CAO performance review process in order to ensure that performance reviews are formative, and that they represent the views of Council as a whole.
18. Council receives supplemental training. This training includes a comprehensive governance orientation for all of Council, and procedural training on effective Council meetings and effective chairing of meetings.
19. Council adopts clear policies on use of Skype or other remote meeting technologies that may be applied to Council or committee meetings.
20. Council and administration review the Towns current tendering processes to ensure that they are appropriate and well understood.
21. Council empowers administration to make tendering decisions that fall within budget and within the requirements of the Town's tendering policy.

Administration

Our Inspection examined administrative processes and policies. We also engaged in a review of the Town's finances and financial systems. It is our assessment that administration was generally operating well. Records management, HR practices, financial management, and business processes are well developed and implemented effectively. Our primary concern is with staffing. First, staffing levels are higher than most benchmarked municipalities, and may

provide an opportunity for cost savings. Second, Daysland has experienced considerable staff turnover, both prior to and during the Inspection process. The resulting instability and vacancies may adversely impact the administration's ability to function effectively.

As a result of our identified issues with Administration, our Inspection report makes the following recommendations:

22. The Town review current staffing levels and determine if it is feasible to reduce the number of Full-Time Equivalent (FTE) positions to 6.5 – 7.0 from the current level of 8.
23. Council reviews its mix of residential and non-residential mill-rates to determine if the distribution of tax burden adequately meets the Towns vision and goals for residential and economic development.
24. The Town move immediately to attract capable staff to vacant administrative positions.
25. Engage in a search process to hire a new CAO. Even in cases where an internal candidate is available, a search process is a municipal leading practice as it ensures the new CAO has the skills Council is looking for and enjoys the support of Council.

Relationship Between the CAO and Residents

The CAO that was present through the majority of this Inspection process had a remarkably poor relationship with a large number of the Town's residents. Her personal management style, focus on rules and policy, communication style, and some key issues around development created an environment that led to difficulties with residents that escalated to hate letters and vandalism. This individual is no longer employed by the Town, and many of the issues that we investigated through this Inspection have since been resolved. As a result of the historical issues between administration and residents under the last CAO, our Inspection report makes the following recommendations:

26. Council develops a clear vision for economic growth and development in Daysland. This vision should be developed through public consultation and should consider the long term economic and social stability of the Town.
27. Council and administration engage in a review of development policies and procedures to determine if they are aligned with Council's vision for the community.
28. Administration engages in a review of their communication processes and customer service standards in order to identify and address practices that are adversely impacting stakeholder perceptions.

Bylaws and Policies

Our Inspection assessed the Town's bylaws and bylaw enforcement practices. The Town's bylaws and bylaw register are well maintained and up-to-date. Our concern related to bylaw enforcement and ensuring a fair and reasonable process for bylaw enforcement is in place. Our Inspection report makes the following recommendation:

29. Administration review and document its bylaw enforcement policies to ensure that standards of procedural fairness are being met

Other Matters

Residents identified two additional areas of concern that we investigated through this Inspection process. The first related to a perception that the Town's legal fees were excessive. Based on the number of matters Daysland was addressing that required legal support, we did not find the Town's legal expenses to be unreasonable. The second related to the perception that the size of Council was unreasonably large. Our benchmarking study shows that the majority of communities the same size as Daysland have a Council of comparable size.

Final Comments

The issues discussed in our Inspection report has resulted in the majority of Council resigning, along with a significant number of the administrative staff. This has resulted in significant concern that Daysland now lacks the leadership and administrative capacity to effectively operate in the manner expected of an Alberta municipality. This concern has resulted in our final recommendation.

30. It is recommended that the Minister of Municipal Affairs appoint an Official Administrator to the Town of Daysland, in accordance with Section 575 of the Municipal Government Act, for a period of not less than one year.

Background

The Town of Daysland has a population of approximately 818 people. The town is located in central Alberta on Highway 13 east of Camrose. The Town has seven elected councillors with Council electing a mayor and a deputy mayor at the organizational meeting held following elections. At the time this inspection was initiated the Town had a CAO, an assistant CAO, two municipal clerks, an administrative assistant, a public works foreman, two public works assistants and one casual labour position.

A sufficient petition was received from the residents of the Town of Daysland on May 25, 2011 requesting “that an inquiry be conducted by the Minister of Municipal Affairs regarding the gross irregularities in the Town of Daysland (council and administration)”. A number of specific points of concern were provided in an attached letter to the petition. These included:

- Rising taxes and concerns regarding municipal expenditures;
- Administration inefficiency and costs;
- High cost of vacant residential properties and the Town’s role as a developer;
- The number of councillors;
- Confidentiality of councillors;
- Unnecessary legal fees being paid;
- Snow removal policies;
- Poor public relations and attitudes; and
- Negative attitudes towards development initiatives.

In response to the petition, the Minister agreed to complete an inspection looking at the management, administration, and operation of the Town. This municipal inspection was to be completed in accordance with Section 571 of the Municipal Government Act (MGA).

Methodology

The inspection has been undertaken by conducting a review of the following:

- Municipal records including Council minutes, human resource files and grant files;
- Business decisions made and the rationale of those decisions;
- Town bylaws, ensuring completeness, proper signing and sealing, and filing in a proper register;
- Financial records including budgets, audited financials, expense claims, and general ledgers;
- Land sale documents and files;
- Documents and correspondence relating to matters of interest identified during interviews; and

- Various documents provided by members of Council and administration.

In addition to the above documentation and files, interviews were undertaken with the Mayor, current and past Council members, the current CAO, assistant CAO, administrative staff, public works foreman and one public works assistant. At the time of the report two new public works assistants were hired and were not interviewed as they had just started working for the organization. Additional interviews were conducted with past employees, concerned residents, residents who witnessed the petition sent to the Minister and other key residents and business owners as identified during the inspection. The Town's auditor was contacted to review financial management matters and review the past year's audit findings.

The review focused on three key areas within the organization:

- Governance:
 - To review the functioning of Council as a leadership body providing strategic direction;
 - To review decision making processes;
 - To assess understanding of roles and responsibilities;
 - To evaluate current working relationships amongst Council and between Council and administration.
- Operations:
 - To assess the budgeting process, financial operations, and financial controls;
 - To assess the municipality against best practices for efficiency and effectiveness;
 - To assess administrative processes and policies;
 - To review the current financial position of the municipality;
 - To evaluate Council meetings for efficiency and effectiveness.
- Structure:
 - To identify whether current municipal employees have the capacity to carry out their duties as required;
 - To assess the overall organizational model looking at size, reporting relationships, and responsibilities;
 - To evaluate the use of committees and determine if they are operating effectively.

Working relationships

This section of the report focuses on the working relationships between the various groups within the organization. The relationships reviewed include the working relationship between councillors, Council and the Chief Administrative Officer (CAO), Council and administration, CAO and administration and relationships within administration itself. The comments provided are focused on the current Council and moving forward rather than on past Councils. In some cases historical information may be included in the report.

Council

Council membership has been impacted by the working relationships between councillors on Council. At the beginning of the inspection two councillors had resigned from Council indicating that they were not happy with how Council was working and did not feel that they were able to meet their commitment as a councillor due to the relationships on Council. During the course of the inspection two additional councillors resigned from Council citing similar issues with how Council was working and an inability to provide good governance due to the relationships on Council. Key concerns were identified by the resigning Councillors at the time of their resignations. These included:

- Open animosity and personality conflicts between Councillors;
- The alleged influence of special interests and individual residents on Council decisions;
- Hostility from some members of the community directed at members of Council; and
- A feeling that working relationships on Council were impacting its ability to operate as an effective governance body.

It is clear from reviewing minutes that there is a decisive split on Council which is highlighted when there is a request for a recorded vote. Mayor Martin, former councillor Watters and usually at least one of former councillors Mazur or Merrit were on one side of the vote with councillors Saik, McNabb and former councillor Rowland on the other side of the vote. In some cases councillors Mazur, Rowland or Merrit did not consistently vote with their respective side of the split on Council. A clear example of the split on Council that impacts not only Council's relationships but the relationship between Council and the CAO was the recorded vote on motion 2011-05-22 related to the approval of the CAO's contract. A recorded vote was requested by councillor Saik and councillors Rowland, McNabb and Saik all voted against approval of a two year contract for the current CAO; with the majority of Council voting in favor. This motion highlights the strained relationships not only within Council but between some members of Council and the CAO. Other elements of the poor working relationship between councillors include:

- Lack of decorum, inappropriate and aggressive statements made toward councillors and the current CAO by councillors during Council meetings. An example of this issue is highlighted in the April 20th, 2011 regular Council minutes motion 2011-04-15.
- Repeated recording of votes on controversial issues;
- Councillor Saik signing an affidavit supporting a resident undertaking legal action against the Town that names Mayor Martin, councillors Watters, Mazur and Merrit as well as the current CAO in the legal action; and
- In some cases disagreements between councillors that have escalated to a level where councillors have yelled and berated each other during Council meetings.

Poor working relationships have directly contributed to the resignation of four of seven current councillors and impacted the ability of the municipality to maintain quorum and make decisions as a Council.

Council and CAO

The relationship between Council and the CAO has been one of the key issues that has contributed to the split on Council. Several of the councillors indicated that the CAO is doing an excellent job completing the day to day operations and supporting Council by providing the appropriate recommendations when required. Other councillors had some concerns with the performance of the CAO. This split in Council is demonstrated by motion 2011-05-22 related to the approval of the CAOs contract. The recorded vote was a 4 to 3 split and the CAOs contract was approved. During interviews some councillors indicated that they were uncomfortable with the way that some members of Council interacted with the CAO and indicated that in some cases the councillors were abusive toward the CAO during Council meetings and when interacting with the CAO at the town office. An example of the types of interaction that occurred between the CAO and individual councillors include an email sent on November 28, 2011, by councillor Saik to all of Council, the CAO and the rest of administration.

The email highlights several significant issues including:

- The tone of the email is unprofessional and the statements included in the email could be perceived abusive to both the CAO and her staff.
- The statement undermines the role of the CAO respecting staffing matters, and questions the competency of the public works foreman.

- The statement is inflammatory, as it calls into question the competency of the CAO and indicates that he “*feels the CAO is negligent in performing her duties in the best interest of the Town and the CAO will answer to Council regarding her actions in this matter*”
- As an HR matter, the discussion of this issue outside of an in camera meeting may be a violation of FOIPP.
- The statement exceeds councillor Saik’s authority as he is one councillor and does not have the authority to represent Council or to individually direct administration.

Council and Administration

Interview participants indicated that, in general, there is a good working relationship between administration and Council. Council functions at a governance level and works through the CAO in order to direct administration. Participants indicated that the relationship between the CAO and some councillors was strained and in some cases councillors were hostile toward the CAO. As individual members of Council who were supportive of the CAO have resigned, this working relationship has deteriorated.

The separation of roles between Council and administration should be a key consideration when individual councillors consider their actions. Some key considerations include:

1. The primacy of Council. Only Council as a collective body has the authority to govern. No individual Councillor has the authority to direct administration or to commit the Town to any course of action or expenditure in the absence of a Council resolution.
2. Council acts on a strategic level and is focused on policy and service standards. Administration act on an operational level and meets the policy requirements and service standards set by Council.

There are many examples where individual Councillors became focused on operational matters and brought them forward at Council meetings. Some examples include:

February 17, 2010 regular Council meeting. In the meeting a Councillor made the following comments:

- That the highway signs showing residential lots for sale are deteriorating in quality and should be repaired or taken down
- That the town website needs to be updated and that the town bylaws should be accessible on the website.

June 16, 2010 regular Council meeting. In the meeting a Councillor made the following comments.

- Some businesses are missing from the Daysland website and that it is not updated regularly.

October 21, 2009 regular Council meeting. In the meeting a Councillor made the following comments.

- Street Cleaning
 - Councillor Saik expressed concerns over the mess on the streets and damage to the back alley behind his place from contractor completing the underground servicing work on 47 and 48 Streets.
- Lot Signage
 - Councillor Saik expressed concern that the lots for sale signage still show the ‘September 30’ date.

These comments are critical of administration and inherently operational in nature. Operational matters of this type should not be expressed in a Council session. If individual issues are brought forward to a Councillor by residents, they should be referred to the CAO outside of the Council meeting. Only if an operational matter requires a resolution of Council or an amendment of policy should it be brought to an open Council meeting.

An additional area of concern was raised during interviews. Participants raised some concerns in regards to comments made by a councillor to female staff. Councillors need to understand that, as representatives of the Town of Daysland, behavior that could be perceived as sexist and offensive is inexcusable and not appropriate in any setting. Although Council has adopted ethical guidelines as a schedule to the Town’s procedural bylaw, there is not currently a Code of Conduct on place. A Code of Conduct adopted by Council could address expected standards of behavior, and could serve as a tool for self-monitoring.

Administration

At the time of this inspection participants indicated that working relationships among members of administration were generally positive. The relationship between office staff and public work staff is excellent and no issues were identified. In the past two years there has been significant turnover of staff but the rate of staff turnover has decreased and the organization has stabilized in the recent months. Staff turnover will be discussed later in this report.

It is recommended that:

1. Council develops and adopts a Code of Conduct that addresses role separation and Council behavior.
2. Council engages in a regular quarterly review of its performance as a whole and the performance of individual Councillors as a means of ensuring clear role separation and an appropriate standard of conduct.
3. Council monitors agenda items and Council deliberations for operational matters that should not be reaching Council meetings.
4. That Council develops and adopts a policy detailing the appropriate format to bring operational matters or resident concerns to administration or to initiate an action request.

Council Operations

Governance Practices

As previously noted, municipalities must respect the primacy of Council as a decision making body. Only Council as a whole has the power to set policy, to pass motions, or to direct the activities of the CAO. Individual Councillors have no power or ability to set policy outside of Council chambers; only when acting as a part of Council as a whole. Section 197 of the MGA requires that Council and Council committees conduct their meetings in public unless the matter to be discussed is within one of the exceptions to disclosure contained in the Freedom of Information and Protection of Privacy Act. Ensuring that all debates and decisions of Council occur in public enhances transparency by ensuring that decisions are not occurring in back rooms or arising from private conversations. Furthermore, it is important that the public be allowed to provide input to the decision making process and that members of Council do not reach conclusions before all information is provided and a public debate can occur. Transparency should always be an underlying principle of good governance.

In evaluating Council as a leadership body, this inspection has looked at several key areas of Council activity.

Strategic Planning

A key function of Council is to provide a strategic vision for the municipality and to identify strategic priorities and goals in support of that vision. A strategic plan serves several key functions:

- It provides a sense of priorities for Council;
- It supports the development of Council agendas, allowing Council to act proactively, and not simply reactively as issues arise;
- It sets priorities for administration;
- It provides a framework to evaluate the success of both Council and the CAO in meeting the agreed-upon strategic priorities; and
- It provides a framework for operational planning and budgeting.

Council for the Town of Daysland does not have a strategic plan. When Council was elected in 2010, it did not undertake a strategic planning process. In addition, since by-elections occurred in 2011, there has been no formal discussion of Council's vision or priorities. Recent resignations and by-elections likely mean that any sense of priorities or vision that may have existed are no longer representative of the current Council.

The absence of a strategic plan is especially relevant when one considers some of the complaints raised by stakeholders during this inspection. Those interviewed commented on administration being "anti-business" or not making decisions that supported economic development. Council does not appear to have ever provided any formal direction to administration on the priority of economic development for the community. In the absence of the guidance provided by a strategic plan, administration has no framework for evaluating its policies and practices to determine if they are working towards Council's vision for the Town.

Many municipalities in Alberta are in the process of developing Integrated Community Sustainability Plans (ICSPs). ICSPs are long term plans that take into account the long term sustainability of municipalities in four key areas: economic, social, cultural, and environmental. Municipalities require ICSPs in order to qualify for grants under the New Deal for Cities and Communities signed between the Government of Canada and the Province of Alberta in 2005. These grants are designed to transfer money to municipalities from gas taxes for the purpose of infrastructure spending. The Town of Daysland does not currently have an ICSP.

It is clear that the Town is lacking core strategic planning documents which are needed to provide direction to Council and to administration.

Council Decision Making

Our inspection identified significant concerns with the manner in which Council is engaging in decision making. At the outset of any decision making process Council should ask a series of key questions:

1. Is this decision time sensitive, or do we have time to engage in a detailed decision making process?
2. Do we currently have the information we need to make a decision?
3. What sources of information or professional advice are available?
4. Has our administration provided us with a recommendation based on their expert opinion?
5. What stakeholders are going to be affected, and do we have a responsibility to consult with impacted stakeholders?

A good example of Council's poor decision making processes is related to the placement of farm equipment along a walking trail. A resident approached Council with a proposal to donate five pieces of agriculture equipment to be placed beside the walking trail through town. There is a potential liability issue with the equipment as the Town could be liable for any injuries that are a result of the farm equipment. In the May 11, 2011 minutes of council the following minutes were recorded.

Antique Farm Equipment

Daysland Council again discussed the proposal from Mr. John Dickau requesting permission to place antique farm equipment along the Daysland Crocus Trail walking path. Daysland Council discussed beautification and liability aspects of this proposal.

2011-05-06 Moved by Deputy Mayor Rowland that Daysland Council permit the placement of antique equipment along the Daysland Crocus Trail walking path.

2011-05-07 Moved by Mayor Martin that Daysland Council request that the Crocus Trail committee present a detailed recommendation on the placement of antique equipment along the walking trail for Daysland Council's consideration and final approval prior to placing any antique equipment.

Council approved placement of the farm equipment along the trail and requested a detailed recommendation from the Crocus Trail committee. Council received legal advice indicating that there are potential liability concerns with the placement of farm equipment on the Trail.

In the May 16, 2011 minutes the following motion was made to rescind placement of the equipment on the trail:

Antique Farm Equipment

Moved by Councillor Watters that Daysland Council rescind resolutions 2011-05-06 and 2011-05-07 regarding the placement of antique farm equipment along Crocus Trail walking path.

The motion was defeated by a vote of four to three and the equipment continued to be allowed beside the trail.

In the August 17, 2011 minutes the resident presented to Council as a delegate and the following minutes were recorded.

Daysland Council welcomed Mr. John Dickau to the meeting.

Mr. Dickau presented a map of the Daysland Crocus Trail with the approximate placement of 5 pieces of antique farm equipment. Mayor Martin and Councillor Watters voiced concerns regarding liability for the town. Mayor Martin suggested that Mr. Dickau bring back to council an official recommendation from the Crocus Trail Committee, as previously requested by Daysland Council. Councillor Mazur expressed concerns about one of the pieces of equipment being placed near the playground and asked if any pieces are not dangerous.

Mr. Dickau replied that all 5 pieces of the antique equipment are equally dangerous. That all pieces are very sharp and solid and if a child fell off, they would be hurt. He said that he would move that particular piece of equipment to another spot further away from the playground. He also asked council for use of town equipment to maintain the trail.

Deputy Mayor Rowland commended Mr. Dickau for his efforts and stated that this is an excellent project for the community. Daysland Council thanked Mr. Dickau for his presentation.

The resident indicates that all of the farm equipment is dangerous and someone, particularly children, could hurt themselves if they are on the equipment. Additionally, Council had not received a detailed recommendation from the Crocus Trail committee as requested in the May 11, 2011 minutes.

The following motion was made by Council in regards to this issue:

2011-08-09 Moved by Deputy Mayor Rowland that Daysland Council approve placement of 4 pieces of antique farm equipment along the Daysland Crocus Trail according to the map presented by John Dickau, with the 5th piece of equipment being moved to a safer place away from the playground.

Some observations arise from this decision making process:

1. Potential liability concerns were not addressed by Council.
2. Council re-visits the same decision on three separate occasions. If Council does not have enough information to make a decision, it should be tabled. A Council motion, once made, should be enduring.
3. Council makes a decision, then requests information from a Committee, then make another decision without having received the information.
4. The minutes relating to this decision making process are far too detailed. We discuss Council minutes later in this report.

Overall, Council's decision making in this matter appears fragmented, uncoordinated, and generally uninformed.

Council Confidentiality

Section 153(e) of the MGA states that Councillors have a duty to keep in confidence matters discussed in private at a Council or Council committee meeting until discussed at a meeting held in public. Rules of confidentiality generally apply to information discussed in-camera. It appears that in some cases information from in camera sessions has been leaked to residents in the community. During interviews for the project many key stakeholders expressed a concern that matters were not remaining in confidence.

Meetings of Council

Council for the Town of Daysland meets once per month. The Council meetings are held on evenings on the weekdays. Council meetings generally start at 6:00 pm and often run more than three hours. In many cases meetings are recessed and reconvened at a later date indicating that Council is unable to complete all of its business during the regularly scheduled Council meetings. There may be a need for Council to increase the number of regular Council meetings during a month or to address the issue through the use of committees or to review its agendas to eliminate deliberation of matters that are operational in nature. Unfortunately, it was not possible during this inspection to attend more than one Council meeting. Four councillors resigned at the outset of this inspection, and, as a result, Council lacked quorum. A by-election to fill three

councillor positions was held on November 28, 2011 with another by-election to be held at a later date.

The Town holds a significant number of special council meetings. Section 194 of the Municipal Government Act (MGA) allows the Chief Elected Official to call a special Council meeting with less than 24 hours' notice to Councillors and without notice to the public if at least two-thirds of the whole Council agrees in writing. This section of the MGA is intended to be an emergency measure when issues arise that cannot wait for a regular session of Council. As a general guideline special meetings should be used sparingly, as they violate the governance principle that decisions of Council should be made publicly and that interested parties have a right to be notified and to attend all Council sessions. When Councils do make use of Section 194 of the MGA it is expected that they will conduct only the business that necessitated the special meeting. In 2009 there were twelve special meetings held; in 2010 there were seventeen special meetings held and in 2011 there have been nine special meetings held as of September, 2011. It appears that the Town is holding at least one special council meeting each month. A review of special council meeting minutes indicates that in some cases the use of special meetings meets the intention of the MGA and in other cases it appears that the special meeting is being used as a substitute for a regular Council meeting. The following special meetings have multiple issues being addressed during the meetings:

- September 13, 2011;
- June 2, 2011;
- May 16, 2011;
- April 28, 2011;
- April 5, 2011; and
- March 8, 2011.

An example of a special council meeting that appears to be substituting for a regular council meeting is the special council meeting on June 2, 2010 where multiple issues are discussed during the meeting. Issues included:

- Delegation for the Daysland Daycare – no motion made by Council from the discussion
- Land held for resale – lot pricing
- Highway commercial land
- Sidewalk removal 47th and 48th street
- Telephone system
- Watering ban lifted
- Watering ban policy
- Daysland business association – tax concerns
- Bylaw enforcement and capital grant summary discussion – no motion made by Council from the discussion
- Paving tenders
- Ball diamond improvements

Additionally, a review of meeting minutes from January 2011 to September 2011 indicates that Council held eighteen regular or special Council meetings and went in-camera nineteen times throughout the course of the meetings. In some cases Council went in-camera twice in one session. This is an extremely high use of in-camera meetings by a Council. Further investigation determined that many of the matters discussed in the in-camera meetings were legal matters in respect to the legal actions being taken against the Town. Minutes indicate that Council went in-camera to discuss legal matters thirteen times over the January to September 2011 time period with the rest of the in-camera discussions being related to land and labour issues. In the March 16, 2011 minutes the reason for going in camera was left out of motion 2011-03-21 and therefore cannot be commented upon.

One of the governance issues highlighted through the inspection is the use of a secret ballot for the vote for a Deputy Mayor. In the September 29, 2009 minutes the motion 2009-09-23 is as follows:

Moved by Councillor Sherri Grove that Daysland Council vote on the position of Deputy Mayor for the town of Daysland using a secret ballot.

This is an issue as the MGA clearly states in the following section:

- 185.1(1) Despite sections 185 and 197, at a meeting at which a council
 - (a) establishes a council committee or other body under section 145, or
 - (b) appoints a chief elected official under section 150, a secret ballot must be held if requested by any councillor present at the meeting.
- (2) A vote by secret ballot under subsection (1) must be confirmed by a resolution of council.

The vote for the chief elected official (mayor) is the only vote related to a position on Council where Council can use a secret ballot. The vote for Deputy Mayor should not have been a secret ballot vote.

Minutes of Council

Minutes of Council are identified as one of the major administrative duties for the CAO in section 208 of the MGA. An examination was conducted of the Town's minutes from 2009 to the present. Minutes of Council should:

1. Identify agenda items;
2. Provide the exact motions of Council
3. Indicate motions as "Carried" or "Defeated"

4. Be free from comment or quotes

As part of our inspection we completed a detailed review of Council minutes and identified the following:

- There are examples of minutes that contain notes and comments of the discussions undertaken by Council. According to section 208(1) of the MGA one of the major administrative duties of the CAO is:

208(1) The chief administrative officer must ensure that (a) all minutes of council meetings are recorded in the English language, without note or comment;

- Examples of this issue occurred in the June 29, 2009 minutes where:

“Councillor Martin commented that the doctor’s initial concern and request for the town’s involvement was to try to control costs.”

- June 16, 2010 minutes where:

“Councillor Grove commented that it is a balancing act to fund these ideas, and stated that the town is in a do or die situation looking after the town’s infrastructure.” And

- April 28, 2010 minutes where:

“Councillor Grove commented that she has proposed a pretty good number considering the town’s financial situation and current debt load.

Mayor Lawson commented that a future Council could rescind this Council’s actions. He noted that this project is an economic boom for the community and commended Saik Investments Ltd. and the Daysland Hospital Foundation for stepping up to complete it.”

- The previously quoted Council minutes relating to the placement of farm equipment along a walking trail contain far too much discussion and comment, including an acknowledgement of potential liability risk.

- There have been periods of time where the adoption of Council meeting minutes has not occurred in the subsequent meeting. As stated in the MGA in section 208 meeting minutes are to be provided to Council and adopted in the subsequent meeting. Examples of where the adoption of meeting minutes have been late include:

- June 15, 2011 meeting: motion 2011-06-08 where meeting minutes for May 18, May 25, June 2, 2011 and October 29, 2009 were approved by Council.

- May 18, 2011 meeting: motion 2011-05-25 where meeting minutes for April 20 and 28, 2011 and May 5, 11, 16, 2011 meeting minutes were approved by Council.
- April 20, 2011 meeting: motion 2011-04-14 where meeting minutes for March 16, 2011, April 5 and 8, 2011 and May 19 and 20, 2011 meeting minutes were approved by Council.
- March 16, 2011: meeting motion 2011-03-10 where meeting minutes for March 8, 2011, February 16, 2011, April 15 and 29, 2009, June 16, 17, 25 and 29, 2009, July 8 and 21, 2009 and September 29, 2009 meeting minutes were approved by Council.
- November 17, 2010: meeting motion 2010-11-09 where meeting minutes for November 4, 2010, October 1, 13, 15, 20 and 25, 2010, December 3, 2009, November 25, 2009 and September 29, 2009 were approved by Council.
- October 13, 2010 meeting: motion 2010-10-04 where meeting minutes for September 15 and 20, 2010, June 2, 4, 10 and 15, 2010 and September 29, 2009 minutes were approved by Council.
- March 17, 2010 meeting: motion 2010-03-14 November 18, 2009 minutes were approved by Council.
- June 17, 2009 meeting: motion 2009-06-03 where meeting minutes for April 27, 2009 were approved by Council.

When the adoption of Council minutes is delayed, several problems arise:

1. Time gaps result in Councillors not remembering the details of the meetings, and, as a result, not being able to reasonably affirm that they are accurate.
 2. Interested stakeholders do not have timely access to adopted minutes, impeding transparency.
- Minutes are signed on the last page by both the CAO and the Mayor or his designate. However there is no date provided with the signatures. Individual pages of the minutes are initialed by the Mayor demonstrating that each page has been reviewed and that the content of the minutes have not been modified. Best practice would be to

include a date with the initials on each page indicating that the content within the minutes have not been modified since the date they were approved and initialed.

- The format of the minutes has generally been consistent.
- In some cases Council or councillors have agreed, made suggestions or recommendations for Council without formally asking for a motion. Examples include:
 - May 18, 2011 minutes “*Daysland Council discussed improvements contemplated in the Daysland Campground Enhancement Project as proposed by Flagstaff County. Daysland Council requested further information on the scope of the project.*”
 - April 28, 2011 minutes “*Daysland Council discussed the residential lot sales requirements and requested that administration review the restrictive covenants for any redundancy under the terms of the new 2010 land use bylaw and bring this information back to Council for further consideration.*”
 - In the April 21, 2010 minutes “*council agreed to hold a budget meeting to further discuss clinic funding*”.

As noted previously, Council has no authority to direct the actions of administration or to make decisions in the absence of formal motions.

Council Bylaws

All bylaws of a municipality must be properly written, recorded, passed, and indexed. Ensuring the integrity of a municipality’s bylaws is a key responsibility of the CAO, as is informing Council of their responsibilities under the MGA as they relate to the passing of bylaws. Municipalities are expected to maintain a bylaw register containing each current bylaw. During this inspection a review was conducted of all bylaws and recent Council minutes to examine the passing and maintenance of bylaws for the Town of Daysland.

The following comments are for the bylaws developed and passed during the time period that the current CAO has been employed.

- Bylaws are properly written, recorded, passed, indexed and available to the public on the Town’s website;

- The different readings of bylaws have been observed and recorded within minutes of the Town.
- Section 187 of the Municipal Government Act requires that all bylaws have three readings and states that a proposed bylaw must not have more than two readings at a Council meeting unless the Councillors present unanimously agree. The intention of separating readings across Council meetings is to allow for sober thought and public input. In some instances, three readings of a bylaw occurred in one Council meeting and Council followed the appropriate procedures for passing a bylaw in three readings. Many bylaws are not contentious and can be passed in a single Council session and a review of minutes indicates that for some bylaws the third reading of the bylaw was deferred because Council did not unanimously pass the motion.
- New bylaws or updated bylaws include a section indicating that the previous bylaw has been repealed and the date of each reading is included.
- Each page of the bylaw has the mayor's signature indicating that the bylaw has been reviewed.

CAO Performance Evaluation

Council has conducted a formal performance evaluation of the CAO annually. Properly conducted performance reviews serve several key functions:

- They inform the CAO of her performance ;
- They allow Council to review essential job functions with the CAO, and update job descriptions accordingly;
- They allow Council to identify for the CAO the ways in which his/her performance contributes to the organization's goals;
- They allow the CAO and Council to set mutually agreed upon objective measures of job performance in the future;
- They identify ways in which Council can support the CAO's efforts to successfully meet performance measures; and
- They provide documentation of performance to justify salary increases, promotion, disciplinary actions, or termination.

An issue identified upon review of the CAO's performance evaluation is that the majority of statements in the review are focused on past performance rather than focusing on moving forward. A rule of thumb for good performance evaluations is that they focus 40% of the observations and comments on past work and 60% of the observations and comments on what needs to be done moving forward. The performance evaluation is a tool for Council to provide guidance to the CAO as to the direction they would like him/her to move in and for the CAO to identify areas where he/she would like to improve through training and professional development. In the most recent performance review the CAO receives a perfect score for virtually every category. This is unrealistic as there is always room for improvement and this review provides little feedback to the CAO as to where she should be directing her efforts for improvement. Given the apparent split on Council that was identified in the split vote on renewing the CAO's contract, it is unlikely that Council as a whole would support the content of the performance review. The process of conducting a performance review should be re-considered to ensure that all councillors are providing input to the process, and to ensure that the end product represents the position of all of Council, and not only the Mayor.

Pecuniary Interest and Conflict of Interest

Section 170(1) of the MGA states that a Councillor has pecuniary interest if:

- (a) the matter could monetarily affect the councillor or an employer of the councillor, or
- (b) the councillor knows or should know that the matter could monetarily affect the councillor's family.

Section 172(1) in the MGA in relation to disclosure of pecuniary interest states:

When a councillor has a pecuniary interest in a matter before the council, a council committee or any other body to which the councillor is appointed as a representative of the council, the councillor must, if present,

- (a) disclose the general nature of the pecuniary interest prior to any discussion of the matter,
- (b) abstain from voting on any question relating to the matter,
- (c) subject to subsection (3), abstain from any discussion of the matter, and
- (d) subject to subsections (2) and (3), leave the room in which the meeting is being held until discussion and voting on the matter are concluded.

A review of minutes and interviews with Council, administration and residents identified two issues where there was a potential of pecuniary interest for a councillor. Further investigation identified two potential issues. (1) the councillor failed to acknowledge his possible pecuniary interest and was asked to step down from the discussion by a fellow councillor. This is an issue as indicated in section 170(1) of the MGA. (2) the councillor did not leave the room once his

possible pecuniary interest had been declared which is in violation of section 172(1) of the MGA. It is important that councillors understand what pecuniary interest is and how to deal with an issue where there may be a perceived pecuniary interest. This type of training is usually provided to councillors during their orientation after an election.

Internal Emails

In any organization email is an accepted method used to communicate within the organization. An issue related to the sharing of internal emails was identified during the inspection. On August 11, 2011 councillor Saik responded to an email sent to Council from the assistant CAO. In his response, councillor Saik cc'd the resident who was the subject of the email. This is inappropriate as internal emails are intended for internal use and Council did not decide, through motion, to share the information with the resident. Councillor Saik does not have the ability to speak for Council – the primacy of Council is paramount.

Use of Skype or Conference Calls

Many municipal councils now allow councillors to participate in council meetings remotely via telephone or the internet. In cases where these technologies are being used, it is important that some key practices be observed:

1. The Councillor participating remotely must conduct him/her self in accordance with the same practices as would be expected of a Councillor participating in person.
2. The Councillor participating remotely may not participate in in-camera discussions, as it is impossible to ensure the security and confidentiality of discussions conducted through phone or computer.

At the December 21st Council meeting, attended by the Inspector, the Mayor made use of Skype as he was out of town. Patricia Spencer (the Mayor's spouse), a newly elected Councillor, had not yet been sworn in and, as a result, was unable to participate in the Council meeting. During this meeting we observed two key issues:

- During Council deliberations Councillor Spencer was clearly heard over Skype asking questions and making comments directly to the Mayor. This occurred throughout the meeting, and was evident to the gallery. As Councillor Spencer was not a part of the Council meeting, her involvement was extremely inappropriate, and should have been immediately corrected by the Chair.
- When Council went in-camera, Mayor Saik was appropriately excused from that portion of the meeting. However, upon coming out of in-camera, Council made motions directly related the in-camera discussions. As Mayor Saik did not have pecuniary interest, he was required to vote on those matters without the information

provided in-camera. Mayor Saik attempted to initiate a discussion of the matters contained in-camera and to engage in deliberation. This was an awkward situation, as the matters could not be discussed, but the Mayor had no knowledge of the deliberations on-which to base an informed vote.

Awarding Contracts

At the December 21st meeting, it was observed that Council engaged in deliberation and awarding of a construction contract for a retention pond. Council was provided with detailed construction costs, including cost per equipment unit and unit types.

It is a preferred practice for Councils that Council sets policy and budget, and administration make decisions in accordance with these Council directives. In this circumstance, if administration was following an appropriate procurement policy, and if the project bids fell within the approved budget, the matter could have been addressed without coming before Council. This would address some key concerns:

- It mitigates the possibility that Council members could be put in a conflict position based on personal or professional relationships;
- It allows those with specialized knowledge in administration to make decisions that can often be based on highly technical matters;
- It respects the policy/operations role split between Council and administration; and
- It prevents proprietary industry and company information, like equipment billing rates, from becoming public.

Following Council awarding the construction contract on December 21st, the Deputy Mayor contacted fellow Council members and Public Works Foreman on December 27 requesting that they come into the town office for a meeting to discuss the retention pond contract. The Public Works Foreman advised that the equipment rates were provided to council from 4 different contractors and the project was not tendered due to the size and timeliness to complete the project. If a procurement policy had been followed, this would not have been an issue.

Although the issue was addressed, and the awarded contract went forward, this situation clearly demonstrates a need to review and follow procurement policies and best practices to ensure that there is no perception of unfairness in the procurement process.

Orientation

Council members have not been provided with an adequate governance orientation. Orientation is a critical process for returning and new Councillors who are stepping into the new and unique role of elected official. Some common Council orientation topics include:

- Governance – roles and responsibilities, principles of effective governance, policy based governance, the role of committees and their function and policy based decision making.
- Planning documents - budgets, capital plans, strategic plans, municipal development plan, area structure plans and documentation related to significant projects that are underway within the municipality.
- Policies - key policy documents include the land use bylaw, procedural bylaw, Council code of conduct (if it exists), financial control policies, Council remuneration policy and any other policies that administration identifies to be critical.
- Administrative Processes - Key processes for a new Council include logistics such as accessing email, buildings, etc., how to fill out forms, and any other processes related to conducting Council sessions and participating in committees.
- Engaging with the Public – answering questions and requests for information, role of Council at public forums, and media training

Our review identified that Council received a poor orientation from the CAO at the beginning of their term, and that no subsequent orientation process was provided for new Councillors elected in by-elections. Given the governance and conduct issues identified during the current Council's term, it is clear that governance practices are either not well understood, or are being ignored.

It is recommended that:

5. Council engages in a strategic planning process in order to define their vision, goals, and objectives for the Town.
6. Council receives regular reports from administration on progress towards completing the objectives set within the strategic plan. It is recommended that Council review progress quarterly.
7. Council links progress on the objectives identified within the strategic plan to their annual performance review of the CAO on their quarterly assessment of their own performance as a governance body.
8. Council adopts a strategic planning process where the plan is reviewed and updated annually at a Council retreat.
9. Council adopt a decision making process that considers required information, sources of information, and stakeholders to the decision, prior to engaging in deliberation or voting. If information is outstanding, decisions should be tabled for a later meeting of Council.
10. Council adopts a set of value statements to guide their decision making. Safety should be considered as a primary value for any Council.
11. Council integrates guidelines for confidentiality into a Code of Conduct.
12. Council reviews its use of special meetings to ensure that they are being used appropriately, and are not simply replacing regular Council meetings.
13. Administration changes its practices regarding Council Minutes to ensure that they contain only agenda items and motions free from comment or detail.
14. Administration amends the format for minutes to allow for a date to accompany signatures and initials on each page.
15. Council ensures that all minutes are reviewed and approved by Council by the subsequent meeting of the Council meeting to which they apply

It is recommended that:

16. Council ensures that all direction to administration is supported by a motion carried by the majority of Council
17. The CAO and Council review the CAO performance review process in order to ensure that performance reviews are formative, and that they represent the views of Council as a whole.
18. Council receives supplemental training. This training includes a comprehensive governance orientation for all of Council, and procedural training on effective Council meetings and effective chairing of meetings.
19. Council adopts clear policies on use of Skype or other remote meeting technologies that may be applied to Council or committee meetings.
20. Council and administration review the Towns current tendering processes to ensure that they are appropriate and well understood.
21. Council empowers administration to make tendering decisions that fall within budget and within the requirements of the Town's tendering policy.

Administration

HR Practices

The following sections outline the findings that relate to administration's HR practices.

Staff Files and Contracts

As a matter of proper administrative procedure municipalities should have a complete personnel file for each staff member. Files should contain:

- A job description;
- An employment contract;
- Copies of performance reviews and performance expectations;
- Documented disciplinary actions or commendations; and
- Payroll and tax information.

A review of the personnel files of staff members indicated that the CAO keeps complete and well organized files which include documentation of disciplinary actions or commendations of employees.

Performance Reviews

It is a key responsibility of the CAO and senior management to conduct performance reviews on all municipal employees. Properly conducted performance reviews serve several key organizational functions:

- They inform staff of their performance;
- They allow management to review essential job functions with employees, and update job descriptions accordingly;
- They allow management to identify for the employee the ways in which their performance contributes to the organization's goals;
- They allow staff and management to set mutually agreed upon objective measures of job performance in the future;
- They identify ways in which management can support employee efforts to successfully meet performance measures; and

- They provide documentation of performance to justify salary increases, promotion, disciplinary actions, or termination.

Our review did not identify any issues with performance reviews for the organization. The performance review form meets the Town's needs and there is space for management and the employee to identify objectives for the coming year, training and areas for improvement. All employees indicated that they received annual performance reviews and those employees who are new to the organization indicated that they received informal feedback from the CAO on a regular basis. Additionally, a performance review is conducted for staff when they reach their probation period.

Personnel Policy

The Town has a personnel policy that outlines the conditions of employment for management and non-management staff of the Town of Daysland. A review of the personnel policy did not identify any issues. The policy was developed in 2007 and administration brought a proposal to Council for an external consultant to review the personnel policy. In motion 2011-08-06 the mayor moved to authorize a review of the policy and the motion was defeated.

Personnel Policy Review

Moved by Mayor Martin that Daysland Council authorize the town of Daysland to engage Reynolds Mirth Richards & Farmer LLP to conduct a review of the town of Daysland personnel policy.

It is important for a municipality to remain up to date in its human resource policies and procedures. Best practice is to review policies and procedures on a regular basis – often in five to ten year cycles.

Staffing levels

One of the issues identified in the petition sent to the Minister is the high expense cost for administration in the Town. At the time that this review was initiated the Town had a CAO, assistant CAO, two municipal clerks, an administrative assistant, a public works foreman, two public works assistants and one casual labour position. Staff in all areas indicated that their workload was manageable and that the workload for the rest of the staff seemed appropriate. The total full time positions in the Town have increased from four in 2007 to the current compliment of 8 full time positions with an extra position available for casual work. It is noteworthy that, over the course of this review, a large number of these positions became vacant. The following table provides a comparison of Daysland's full time staff equivalent with thirteen other municipalities.

Municipality	Population (2010)	2009 Net Financial Assets	Full Time Staff Positions (2009)
Daysland	818	\$462,601	8
Alix	851	\$1,215,807	5
Bashaw	868	\$1,633,376	5
Beiseker	837	(\$58,478)	5
Boyle	918	\$3,466,594	10
Castor	931	(\$1,692,213)	10
Duchess	978	\$1,044,093	5
Falher	941	\$1,626,926	6
Forestburg	895	\$1,323,025	5
Hythe	821	\$377,775	6
McLennan	824	(\$214,032)	5
Milk river	846	\$931,141	7
Sedgewick	891	\$1,288,675	6
Thorsby	998	\$101,602	10

An analysis of the staffing levels for the comparable municipalities identified the following findings:

- Of the fourteen municipalities in the table Daysland's full time staff compliment is higher than all other municipalities except Boyle, Castor and Thorsby.
- The average full time staff compliment is 6.6 full time staff.
- There appears to be very little correlation between full time staff compliment and the net financial assets for a municipality. McLennan and Beiseker have five full time

staff and their net assets are negative whereas Boyle and Thorsby have a full time staff of ten and their net assets are positive.

Daysland’s full time staff compliment is fourth highest in comparison to the other thirteen municipalities. There is a significant source of variation arising from the services the municipality provides to residents. Boyle, as an example, provides both water and natural gas services to residents.

It is our assessment that the number of staff in Daysland could be reduced. Reducing the number of staff could have a direct impact on the level of service provided to residents and Council should carefully consider how a reduction of staff would impact the services provided by the Town both internally within administration and externally to residents.

Staff turnover

Within any organization there will be a certain level of staff turnover. The reality of today’s job market is that employees are more comfortable changing companies and moving to different communities than they have been in the past. Staff turnover can be an issue as it can impact staff morale, impact the relationship between management and employees and it is difficult to maintain organizational knowledge if the staff is being turned over quickly.

The Town of Daysland uses an appropriate hiring and orientation process, where new public works staff is hired in on a short term contract and their performance is evaluated at the end of the contract to determine if they fit with the organization and if the person wants to continue working in public works. This approach provides the Town and the potential new employee with an opportunity to assess if they can work together successfully. It should be noted that casual staff are included in the staff turnover rate as the Town has a casual position in public works included in the organizational chart.

The following is a summary of the staff turnover from 2009 to 2011.

Year	Number of Full Time Staff	Number of Staff Leaving Organization	Staff Turnover Rate
2009	8	5 ¹	63%
2010	8	7	88%
2011	8	9 ²	113%

¹ Summer staff are not included in the calculations for staff turnover rates.

² Three of the staff positions that turned over in 2011 were staff who were on short term contracts.

There was a high rate of staff turnover in the organization from 2009 to 2011. Contributing factors to the high rate of turnover include:

- Change over in leadership within the organization. The current CAO was hired in 2009 and as in any organization where there is a change in leadership the rate of staff turnover is higher than normal while the new CAO changes the organization to suit her style and approach.
- A total of twelve staff resigned from 2009 to 2011 indicating that the change in leadership did impact the fit of the organization for some long term staff as well as new staff who were hired to fill vacant positions.
- The periods of time where staff positions were vacant increased the workload on the staff left in the organization which increased the stress on the staff left within the organization. In some cases this contributed to staff members leaving the organization.

A review of personnel files indicated that the CAO had properly followed the dismissal policy for staff who were dismissed as well as having documented reasons for dismissal in personnel files.

It is noteworthy that, in the first two weeks of 2012, three additional staff have left the organization. The CAO negotiated her resignation with Council on January 10th, 2012. The next day the Legislative Coordinator and Finance Officer also resigned. The assistant CAO has been placed in an acting CAO role. **This turnover created significant apprehension regarding the ability of municipal administration to continue to operate effectively in the short term.**

Financial Status

Section 208 of the MGA assigns responsibility for the financial affairs of the municipality to the CAO. Maintaining financial records, ensuring revenues are collected, managing deposits, paying for expenditures, budgeting and tracking performance against budgets, applying for and managing grants, and investing municipal reserves are all responsibilities of the CAO. Council has a responsibility to ensure accurate reporting to Council on the financial affairs of the municipality occurs, to review and approve budgets and tax rates, and to ensure an effective audit process occurs.

In order to develop a better understanding of the financial position of Daysland and the financial processes used by administration our firm obtained copies of the financial records of the Town. Using these financial records our consultants:

- Conducted a sampling of the overall general ledger accounts for 2011;
- Reviewed the revenue/expense report for 2011; and
- Reviewed available policies and procedures relating to financial transactions.

Our review did not identify any issues with the financial records and policies of the Town. The Town's budget is set and reported to Council on a regular basis. The report to Council is detailed, includes a report on revenue/expenses and balance sheet and includes variances between the current year budget and actual revenues and expenditures in each report for the Town.

2010 Auditor Letter

As part of the inspection we interviewed the Town's auditor and discussed the financial systems and the previous year's auditor letter. The auditor indicated there were no major issues with the financial system and that the Town is working to address all of the issues identified in the auditor letter. Further discussions with administrative staff indicate that the Town, to their knowledge, has addressed the issues in the auditor's letter.

A risk to the financial system identified during the inspection is that one person is largely responsible for the financial system. There is a risk that if the municipal clerk who is responsible for the day to day operations in the financial system leaves the organization the new person will have to relearn the system. The Town has addressed the issue as much as possible by conducting some cross-training with another municipal clerk. This is a systemic issue that many small municipalities within Alberta face because of the limited amount of budget available to complete the day to day operations in the financial system.

Overall Financial Position

The Town has significant long term debt (60.1% of the overall debt limit) with a financial reserve of \$534,600 as of 2009. The Town's residential/farmland mill rate increased from 6.7650 in 2009 to 7.4710 in 2010 with the non-residential mill rate increasing from 19.0370 in 2009 to 19.8350 in 2010. The Town has a hospital that provides care beyond emergent care including surgical procedures, has two schools, a medical clinic and a golf course. Various businesses provide services within the Town.

One of the issues raised by residents during the inspection is the tax rate paid by residents and business owners in comparison to other communities of similar size. The following table provides a comparison between the Town of Daysland and thirteen other municipalities of similar size in Alberta.

Municipality	Population (2010)	2009 Net Financial Assets	Residential/ Farmland Mill Rate (2010)	Non-Residential Mill Rate (2010)
Daysland	818	\$462,601	7.4710	19.8350
Hythe	821	\$377,775	5.8870	15.0740
McLennan	824	(\$214,032)	22.0000	32.0000
Beiseker	837	(\$58,478)	8.1500	8.5900
Milk River	846	\$931,141	8.4352	21.9873
Alix	851	\$1,215,807	11.4080	19.6090
Boyle	918	\$3,466,594	6.3062	17.0000
Bashaw	868	\$1,633,376	7.7999	11.3059
Sedgewick	891	\$1,288,675	9.3663	11.0311
Forestburg	895	\$1,323,025	8.9680	23.4600
Castor	931	(\$1,692,213)	10.9047	16.7734
Falher	941	\$1,626,926	13.6660	16.7180
Thorsby	998	\$101,602	11.1946	22.7986
Duchess	978	\$1,044,093	7.8702	7.8702

An analysis of the mill rates for the comparable municipalities produced the following findings:

- Of the fourteen municipalities in the table Daysland's residential/ farmland mill rate is lower than all other municipalities except for Hythe and Boyle.
- Of the fourteen municipalities in the table Daysland's non-residential mill rate is higher than nine other municipalities except for McLennan, Milk River, Forestburg and Thorsby.
- The mill rate for residential/ farmland varies from a high of 22.0000 to a low of 5.887.
- The mill rate for non-residential varies from a high of 23.46 to a low of 7.8702.

- The average mill rate for residential/ farmland is 9.9591 and for non-residential is 17.4323.

It is clear from looking at the comparable municipalities that the mill rates set by Council in a community vary widely depending on each individual municipality's history, current environment, vision, and goals. Daysland's mill rate for residential/ farmland is lower than the average and higher than the average for the non-residential mill rate.

It is recommended that:

22. The Town review current staffing levels and determine if it is feasible to reduce the number of Full-Time Equivalent (FTE) positions to 6.5 – 7.0 from the current level of 8.
23. Council reviews its mix of residential and non-residential mill-rates to determine if the distribution tax burden adequately meets the Towns vision and goals for residential and economic development.
24. The Town move immediately to attract capable staff to vacant administrative positions.
25. The Town engage in a search process to hire a new CAO. Even in cases where an internal candidate is available, a search process is a municipal leading practice as it ensures the new CAO has the skills Council is looking for and enjoys the support of Council.

Relationship between CAO and residents

The responsibilities and performance of major administrative duties for a CAO within a municipality are identified in sections 207 and 208 respectively of the MGA.

Section 207 states:

207 The chief administrative officer

- (a) is the administrative head of the municipality;
- (b) ensures that the policies and programs of the municipality are implemented;
- (c) advises and informs the council on the operation and affairs of the municipality;

(d) performs the duties and functions and exercises the powers assigned to a chief administrative officer by this and other enactments or assigned by council.

The CAO position within a municipality can be a difficult position due to the relationship between Council and the CAO. Council, as the governing body, makes decisions, sets policies and bylaws and provides direction to the CAO through motions of Council. It is then the CAO's job to follow the policies, bylaws and direction provided by Council through motions. In some cases, this brings the CAO in conflict with residents as the decisions of Council are not always perceived to be the right decisions by residents. In the case of Daysland, the split council contributed to the negative relationship between the CAO and residents as she was perceived as being a roadblock to residents while carrying out decisions of Council. The following sections address the specific issues identified during the Inspection.

Leased Land adjacent to Residential Property

An issue identified by interview participants and in the petition provided to the Minister included land lease agreements. A resident had leased a portion of land from the Town. The lease was a 10 year lease which started in January 1, 2001 and ended in December 31, 2010. The lease allowed the resident to improve the leased land as long as the required permits were obtained. The resident erected a temporary garage for storage of equipment and maintained the rest of the property. The lease ended in December 31, 2010 and the residents indicated to the Town that they would like to renew the lease. Council and the resident exchanged offers for the property that included leasing the land or subdividing the land and attaching a portion of the land to the resident's current property. Several issues were identified with this process.

- Administration was not aware that the lease between the Town and the resident existed. The lease was signed several years before the current CAO and most of administration was part of the Town. The land lease was identified when the resident came to the Town office to pay for the lease.
 - The resident did not meet the timeline for discussing renewal of the lease which states:

4. The Tenants shall have first option to renew this Agreement on terms and conditions to be agreed between them and the Town provided they submit written notice on or before October 31, 2010.
- The resident indicated that communication with the Town was difficult and they did not receive timely answers for their questions. The perception of the residents is that the CAO was a road block to dealing with the issue because of a lack of timely communication and providing information that changed several times over the course of the negotiations.

- The Town uses professional assessors to value the land within the municipality. The value of the land that the resident wanted to lease or purchase changed three times during the negotiation. Further investigation indicates that the Town received an assessed value for the land and the purchase price for the land did indeed increase three times from February 2011 to September 2011.

Council decisions related to this matter include the following:

- Motion 2011-02-27 where Council decided to provide the resident with an offer to lease the property.
- Motion 2011-03-07 where Council rescinds the offer to the resident based on legal advice.
- Motion 2011-03-25 where Council decided to provide the resident with a new offer to lease the property.
- Motion 2011-07-07, 08, 09 where Council decided to cancel taxes in the amount of \$492.35 related to the leased portion of land.
- Motion 2011-08-32 where Council rejects an offer to purchase from the resident due to the offer being lower than market value.
- Motion 2011-09-29 where Council decides to consider the offer to purchase by the resident and advertise the sale of land as per the MGA.

At the time of writing the minutes dealing with the purchase by the resident have not been approved and therefore cannot be included in the report.

Development Issues

The development process is a critical process within any municipality as development spurs additional tax revenue for the municipality. The development process can be seen as promoting development within a municipality and as hindering development within a municipality depending on the level of service provided by a municipality. In small municipalities across Alberta, the development process is often carried out as part of additional duties rather than being a full time position due to the low demand for complex development. In the Town, the CAO is the development officer and is responsible for ensuring that the development process is being followed, monitoring development and dealing with developers whether they are interested

in commercial, industrial or residential development. The following section outlines the development related issues that were identified during the review.

Medical Clinic

Medical services and access to doctors are an issue in many small municipalities across Alberta. The Town of Daysland has a hospital and a medical clinic located within the Town. One of the issues raised during the inspection is the response of Council and the CAO to the development of a new medical clinic. Fundraising for the development of the medical clinic was led by the Daysland Hospital Foundation. The Hospital Foundation was able to raise a significant amount of funds for the medical clinic and approached the Town to provide funding for the medical clinic. The following issues were identified related to the medical clinic:

- The Chair of the Daysland Hospital Foundation indicated that it was very difficult to communicate with the CAO in dealing with the issues around the medical clinic.
- In Motion 2009-11-26 Council requests the Hospital to provide the Town with a five year business plan and indicates that they are considering a public health contribution in the 2010 budget.

Moved by Councillor Martin that the town of Daysland send a letter to the Daysland Hospital Foundation requesting a long term business plan for the Daysland Medical Clinic (5-year Minimum), and to let the Foundation know that Daysland Council is seriously considering a public health contribution in the 2010 budget; and to advise that the town is corresponding with Alberta Health regarding the medical service needs of the Daysland Region.

- In motion 2010-03-08 Council indicates the following:

Daysland Medical Clinic Business Plan Clarification

Moved by Councillor Martin that Daysland Council acknowledge that the location for proposed new Medical Clinic is on land presently owned by Saik Investments Ltd.;
And

That Daysland Council acknowledge that the Daysland Hospital Foundation has presented Daysland Council with a business plan for the proposed new Daysland Medical Clinic; And

That this business plan has raised a number of questions, however, before these questions are asked, Daysland Council requests clarification from the Daysland Hospital Foundation on the present and future ownership of the Medical Clinic land including:

- *How and when the Foundation intends to own the certificate of title on the proposed Medical Clinic lands.*
- *What would happen to public donations and funds received if the Hospital Foundation becomes unable to meet the current and future debt obligations to the private investor.*

This motion indicates that Council did not find the business plan provided by the Foundation adequate and that Council had questions as to what would happen to the ownership of the clinic land if the clinic cannot meet its future debt. The issue for Council was to determine if public tax dollars could potentially end up going to the private investor if the clinic could not meet its debt to the private investor.

- The medical clinic was shown as a separate line item on the property tax notices provided to residents. The Foundation had an issue with this because, from their perspective, showing the percentage of taxes used to fund the medical clinic significantly impacts their ability to raise funds in the community.

The Property Tax Bylaw No. 2011-497 was passed by Council on June 2, 2011. The identification of the funding provided to the Foundation is similar to the identification of the funding provided to the regional housing group – which is also identified in the property tax bylaw.

- Councillors Saik and Rowland held an ad hoc meeting with representatives of the medical clinic development including the hospital foundation. Councillor Saik invited Mayor Martin to the meeting but the Mayor refused as the meeting was not a sanctioned Council meeting and a special Council meeting was not called. As a result of this meeting the following motions were made in the April 20, 2011 Council meeting.

2011-04-16 Moved by Mayor Martin that Daysland Council direct the Mayor to send a letter of censure to Councillor Nick Saik confirming that Daysland Council:

- a. Finds unacceptable recent conduct involving his participation in a special, private meeting held at a local business to discuss a land transaction involving Town land;*
- b. That Councillor Nick Saik had not been delegated authority by Council to discuss this matter on behalf of the Town; and*
- c. To confirm that this type of action will not be tolerated.*

2011-04-17 Moved by Mayor Martin that Daysland Council direct the Mayor to send a letter of censure to Councillor Deputy Mayor Doug Rowland confirming that Daysland Council:

- a. Finds unacceptable recent conduct involving his participation in a special, private meeting held at a local business to discuss a land transaction involving Town land;*
 - b. That Deputy Mayor Doug Rowland had not been delegated authority by Council to discuss this matter on behalf of the Town; and*
 - c. To confirm that this type of action will not be tolerated.*
- The motion was defeated but this is an example of Councillors disregarding proper procedure as identified in the MGA. The meeting held by Councillors Saik and Rowland is an issue as they held a meeting outside of Council where they represented Council. The motions highlight the type of relationship that Councillors had with each other as the motion to censure Councillor Rowland and Saik was voted for by mayor Martin and Councillor Watters. .

The final result of the issue related to the medical clinic is that Council, in motion 2010-04-20, decides to provide a grant contribution to the Foundation of thirty thousand per year for 10 years. The bylaw number 2010-486 received third reading on June 16th, 2010. The Foundation was provided with their grant money in 2010 as per the bylaw 2010-486 but as of December 2011 the hospital foundation had not received the \$30,000 in funds identified in the bylaw for 2011. A contributing factor to the delay in funds is the significant turnover of councillors that occurred in November and December as well as the by-election.

Kroetsch Subdivision Approval and Development

Development issues raised during the inspection included the subdivision application and approval process, the development permit process and the location of an alley behind the Kroetsch's subdivision. The issues included where the subdivision would connect to the Village's sewer system, the amount of time required to move through the development permit process and correcting the migration of the alley behind the Kroetsch property. The following provides a more in depth description of the issues identified.

- The developer's perspective was that the CAO was making decisions for Council and acting as a roadblock to their proposed subdivision and development. Further investigation indicates that the CAO was acting on direction provided by Council, the Land Use Bylaw and legal advice related to the subdivision approval and the development permit;
- Connection to the sewer system

- The main trunk line is located underneath the street in front of the property. The sewer line is an old line with a clay lining.
- The developer wanted to connect to the main trunk line of the sewer system from the front of their property.
 - The developer indicated that connecting from the front of the property is a shorter connection to the line and would cost less to complete.
- The Town indicated that they had the following issues with connecting to the sewer infrastructure from the front of the property.
 - The main trunk line carries a significant volume of sewer for the Town and there is a risk that sewer service could be interrupted for a portion of the Town if the main line is damaged
 - The Town engineer indicated that there is a risk trying to connect directly to the main sewer trunk line because of the age of the sewer line and when these types of lines are dug up the clay liner inside the line can be damaged.
- Due to the advice provided by the Town engineer the CAO indicated that they would not approve connection of the line from the front of the property and the property would be connected to the sewer infrastructure from a new line in the back of the property.
- Location of the alley in relation to the developer's property
 - Over time the location of the alley migrated and moved from the original location in the back alley. The Town and developer discussed possible options for dealing with the migration of the lane;
 - As indicated above, the result of this issue is that Council determined to have the alley declared a road and the developer was required to allow for an easement on the property;
- Developing on the parcel of land
 - The developer intended to develop their own home on one of the subdivided parcels of land. The developer indicated that it was difficult to deal with the CAO

and that they felt that they were not heard by the CAO in trying to move through the development process.

- One of the issues that the Town had with developing on the land is that the Land Use Bylaw indicates that a property needs to be subdivided before development can occur.

(10) Where the development of land involves a subdivision of land a development permit shall not be approved or issued until:

(a) the subdivision application has been approved, and

(b) the expiry of all appeal periods relating to the subdivision approval without an appeal being filed, or

(c) the final determination and exhaustion of all appeals.

Our investigation indicated that the CAO followed the directions of Council, obtained expert advice where needed and followed the Village's bylaws in relation to development. The issues identified indicate that the CAO had a poor relationship with some residents and in some cases the poor relationship contributed to the escalation of issues.

Residential Lots

The Town has developed two areas of land for residential lots – lots that are adjacent to the golf course and the Crocus Meadows development. The lots were an issue identified by interview participants due to the following:

- The lots were developed by a Town and the Town financed part of the development through a debenture. The lots have not sold and the Town has been paying interest on the debenture since the summer of 2009.
- It is the perspective of residents that there has been interest in the lots around the golf course but the CAO has unilaterally declined the offers. Specific examples identified during the inspection include:
 - One of the doctors working in the medical clinic expressed interest in buying two lots and building a single residence on the two lots.
 - One of the doctors expressed an interest to buy one of the golf course lots if they could also purchase additional land adjacent to the lot. This offer was declined as the land adjacent to the lot was not available for purchase.

- Interview participants indicated that they had spoken with several buyers interested in purchasing lots within the Town but they indicated that the price was too high for the lots.
- Further investigation indicates that the CAO has not received any formal offers. There have been inquiries about the lots but no formal offers.
- The CAO indicated that in the past few years there was a large supply of lots available within the Town and that purchasers were buying the existing lots and either renovating or demolishing and rebuilding on the land because the price for the land was lower than the price for the land at the golf course lots and crocus meadows lots.
- The purchase price for the lots has been reduced by Council as identified in the following motions:

Crocus Meadows Subdivision Pricing

Motion 2009-07-36 Moved by Councillor Serediak that the town of Daysland accept bids for the sale of the Crocus Meadows subdivision lots with a reserve bid set at \$59,900 plus a \$10,000 refundable completion deposit in accordance with the development agreement.

Golf Course West Subdivision Pricing

Motion 2009-07-37 Moved by Councillor Grove that the town of Daysland accept bids for the sale of the 5 West Golf Course subdivision lots with a reserve bid set at \$74,900 plus a \$10,000 refundable completion deposit in accordance with the development agreement.

Golf Course East Subdivision Pricing

Motion 2009-07-38 Moved by Councillor Saik that the town of Daysland accept bids for the sale of the 4 East Golf Course subdivision lots with a reserve bid set at \$59,900 plus a \$10,000 refundable completion deposit in accordance with the development agreement.

- The final issue identified by interview participants is the perspective within the community and in surrounding municipalities that it is very difficult to purchase land in the Town due to the CAO. The perspective is that the CAO will always say no to any changes in the agreements related to purchasing land. Possible options are not provided and it is difficult to move through the CAO to reach Council.

Residential development within a municipality is a key economic driver and requires planning, bylaws and policies to guide development. The Town has a land use bylaw as well as an MDP to guide development within the Town. In many municipalities there are examples where a residential development is in contravention of the development bylaws and policies set by a municipality. In many of these cases the potential developer has approached Council and received permission for their proposed development. It is clear that selling the lots developed by the Town is a priority of Council as indicated by motion 2010-03-27

Residential Lot Marketing

Moved by Councillor Saik that Town of Daysland hire a realtor for a minimum of 90 days to make a concentrated effort to market and sell the new residential lots available in Daysland at the Golf Course and Crocus Meadows.

Providence Place

Providence Place is a primary location for senior citizens living within the community and is currently working on phase 4 of development. There were several issues identified during the inspection related to the development of phase 4 including the following.

- The developer indicated that it is their perspective that the Town is not open for business. The Town does not discuss or negotiate with developers when there is a new offer brought forward.
- The Town has not had to deal with the level of development and complexity of development very often and therefore there were few processes and templates available to the development officer in dealing with phase 4 of Providence Place. The development officer had to create a development agreement for the development which required a significant amount of time and impacted the Town's ability to meet the timelines for development.
- The developer indicated that they received the development agreement two days before the deadline for their temporary development permit. The development agreement is complex and requires legal review to ensure that the developer understands the terms and conditions within the agreement. The development agreement terms and conditions had, in the opinion of the developer, unreasonable costs as part of the development and the developer indicated that they were told by the Town that the terms and conditions within the agreement are non-negotiable.
- In review of the development plan the town engineer identified a fire safety issue related to the water pressure and rate of flow for the fire system. The proposed set up for the fire system would not provide adequate pressure and flow of water to

Providence Place for the fire system to provide adequate coverage. The developer indicated that they have addressed the issue and they will have adequate pressure and water flow to their building. The final steps dealing with the issue have not been completed at this time.

- The developer indicated that the change in utility rates is a significant impact to existing and future residences in the Town. The Town is moving to a metered system and the water rates for the development will increase due to metering.
- A final issue identified by the Town and the developer is related to water runoff. The Town indicated that the developer had to address water runoff from the new building by building a dugout that would collect the water. This was an issue of contention with the developer as the construction of a dugout is expensive and would use up almost all of the extra land available. Several options were discussed and proposed between the Town and the developer. The issue is still being addressed at this time.

Summary Comments on the Relationship between the CAO and Residents

During interviews the past CAO was highlighted as being a key point of dissention within the community. Some common perceptions included:

- She was overly rules driven and was unwilling to consider alternatives;
- She was abrupt or unfriendly in meeting with residents;
- She and her administration failed to provide timely responses to residents and developers;
- She was actively obstructing business or economic development.

As communities grow, it is necessary to become more formalized in the way that they manage growth and do business. Residents who are used to an informal style of governance can find any change to the way business is done to be obstructionist and overly rules-driven. In reviewing the development issues within the community, some common themes arise:

- The CAO saw herself as following the rules or direction set by Council. Even though the directions were not unanimously provided by Council, they were still the direction of Council and were binding;
- Council often made multiple decisions, some of them contradictory, on the same matter. Council often demonstrated a generally poor decision making process and contributed to inconsistent courses of action;

- In the absence of a strategic plan or strategic direction, Council was not providing administration with a clear sense of priorities to guide development;
- The previously discussed division on Council was resulting in mixed messaging to the community. The CAO was being blamed for Council's decision. Even if Council's decisions were following the advice of the CAO, they are ultimately the responsibility of Council;
- The Town's administration was not always acting in a timely or reasonable manner with respect to timelines and procedural fairness. In some cases this was the result of capacity and process issues within administration. In other cases, it appears that administration was not taking reasonable steps to facilitate development;
- The Town did not always provide clear information to stakeholders, or provided conflicting information;
- Perceptions within the community are not always accurate. This was certainly the case with the pervasive perception that the CAO turned down offers to purchase residential property, when in fact formal offers were never received; and
- The CAO's personal management style and means of community engagement did not align well with the culture of the community.

Given the turnover on Council, and the resignation of the CAO, it is anticipated that she will no longer be a source of dissention in the community. However, it is important that Council take a look at the systemic problems that contributed to her poor relationship with some residents, including their own policies and conduct.

It is recommended that:

26. Council develops a clear vision for economic growth and development in Daysland. This vision should be developed through public consultation and should consider the long term economic and social stability of the Town.
27. Council and administration engage in a review of development policies and procedures to determine if they are aligned with Council's vision for the community.
28. Administration engages in a review of their communication processes and customer service standards in order to identify and address practices that are adversely impacting stakeholder perceptions.

Bylaws and Policies

Bylaws and policies are critical documents for a municipality as they provide direction to administration on how they do business and are used to meet the legislative requirements of the MGA. It is the function of the CAO to ensure that Council is aware of the bylaws and policies and to identify when a decision of Council may contravene an existing policy and bylaw. Bylaw enforcement is a tool provided to a municipality to ensure that residents and visitors to the Town follow the bylaws enacted by Council. In many municipalities bylaw enforcement by the municipality is viewed negatively by residents. The Town has access to a bylaw officer part-time in conjunction with other municipalities.

Enforcement of dog control bylaw

One of the issues identified in the petition sent to the Minister is the enforcement of the dog control bylaw. The Town bylaw officer visited a residence to deliver an order to attend court for unpaid bylaw tags for a dog at large. The resident was extremely upset and began yelling at the Officer claiming that the CAO had a vendetta against them. The situation escalated to a level where the bylaw officer left the residence. Other than this one example, our inspection did not identify any issues with the application of the dog control bylaw.

Unsightly property bylaw

A single incident occurred with respect to the unsightly property bylaw. The Town issued an order to clean up a residential property. The resident felt that the clean-up order, delivered on the Friday prior to a long weekend in June of 2011, did not give a reasonable amount of time for clean-up. The resident initiated a legal process against the Town seeking compensation for the costs associated with cleaning up her property. This situation has had two complicating factors. First, a member of Council signed an affidavit in support of the resident in her lawsuit against the Town and some members of Council. Second, following the by-election Council attempted to settle the matter with the resident outside of court. As they had not yet been sworn in, they were unable to act in this matter.

In December of 2011, the matter was dismissed from Court as, in the opinion of the judge, the application did not have a chance of success and if the resident proceeded on, she would be exposed to Court costs. The judge considered the fact that the resident had cleaned up the lot and accordingly there was nothing of substance for a Court Order to address. The Justice accepted that the order was issued appropriately, under the MGA.

The Justice did say that a few things in the process could have been done differently, especially providing the resident with notice prior to issuing the order. The judge was unwilling to award costs in favor of the Town as he felt perhaps some of her complaints about her treatment had merit.

Our review of the incident identified a possible improvement to the unsightly property form that is provided to residents. The form quotes the section of the MGA related to unsightly bylaws but did not include the appeal information. In our discussions with the CAO she indicated that they have updated the form and the information related to appeals is now included in the form. An additional issue that was identified during the review is that the public works foreman hand delivered the unsightly property notices to residents either at their homes or found them in other locations in Town. This is an issue as the public works foreman is not an officer and does not have the appropriate training to deal with an upset resident or protect himself if he is assaulted while serving the unsightly property notices. The Town is accepting potential liability risk if the public works foreman is injured while carrying out these duties. The notices should be served by the bylaw officer or mailed to the resident depending on the urgency of the matter.

In reviewing this issue the primary conclusion is that the municipality followed the requirements of the law, but did not necessarily exercise a reasonable level of procedural fairness. This was the nature of administration and demonstrates how municipal operations contributed to dissention among residents.

It is recommended that:

29. Administration review and document its bylaw enforcement policies to ensure that standards of procedural fairness are being met

Other Matters

Lawyer fees

An issue identified during the review by participants was the high cost of legal fees that the Town is paying. A review of administration's access to legal advice did not identify any issues with accessing legal counsel. The Town has been involved in a significant amount of development and has needed legal advice to deal with issues related to development. Additionally, there are several incidents where the CAO needed legal advice to ensure that her advice to Council was correct.

Council Size

A final issue raised during the Inspection is a perception that the Town's Council has too many Councillors. Daysland has seven Councillors, whereas many comparably sized municipalities have five. This issue was especially relevant following recent Councillor resignations when the

Council lacked the required number of Councillors to reach quorum. Our firm benchmarked the number of Councillors in Daysland against comparably sized municipalities.

Municipality	Population (2010)	Number of Councillors
DAYSLAND	818	7
MUNDARE	823	5
MILK RIVER	846	5
BASHAW	868	5
SEDFEWICK	891	7
FALHER	941	7
ECKVILLE	1,002	7
SMOKY LAKE	1,010	5
CORONATION	1,015	7
KILLAM	1,019	7
ONOWAY	1,021	5
VAUXHALL	1,069	7
RAINBOW LAKE	1,082	5
VIKING	1,085	7

Of the fourteen municipalities considered, six have five councillors, and eight have seven councillors. Daysland does not differ substantially from other municipalities of comparable size.

Concluding Comments

This inspection identified a number of areas of concern with the CAO and Council. Key amongst these are:

- Working relationships between Council members, which have resulted in Councillor resignations;
- The working relationship between Council and the CAO, which has resulted in the CAO's resignation;
- The relationship between Council and members of administration, which has resulted in significant staff turnover;
- The decision making practices of Council during Council sessions;
- The lack of a strategic planning process and core strategic planning documents;
- The past CAO's adversarial relationship with key stakeholders and lack of support within the community;
- Council's role clarity and excessive involvement in operational matters;

Many of the key matters of concern identified in this report are the result of improper conduct on behalf of Council and/or the CAO. This term, as applied to the Town of Daysland can be defined as:

Improper - Not suitable; unfit; not suited to the character, time and place. The conduct of many of the key stakeholders in this review has been improper and not suited to the roles of either governing or administering a municipality.

The identified improper conduct has resulted in the majority of Council resigning, along with a significant number of the administrative staff. This has resulted in significant concern that Daysland now lacks the leadership and administrative capacity to effectively operate in the manner expected of an Alberta municipality.

It is recommended that:

30. It is recommended that the Minister of Municipal Affairs appoint an Official Administrator to the Town of Daysland, in accordance with Section 575 of the Municipal Government Act, for a period of not less than one year.