David M. Sanders, M.A., LL.B.

November 28, 2014

Mayor Brian Bowman
And Members of the Executive Policy Committee
The City of Winnipeg
510 Main Street
Winnipeg MB

Re: Executive Policy Committee – 9:00 a.m. Friday, November 28, 2014

Reports:
1. Annual Performance Management Review – Chief Administrative Officer (CAO)

Committee Reports:
Standing Policy Committee on Finance – November 20, 2014
1. Financial Status Report and Forecast to September 30, 2014

My name is David Sanders and I am appearing as a private citizen to speak in opposition to the above listed agenda items.

I would like to begin by congratulating Mayor Bowman and the Members of EPC on your election and appointments. I wish you all success in your efforts to restore and lead good government for the City of Winnipeg.

Having said that, I regret to advise you that I am afraid the honeymoon is over already.

A. Annual Performance Management Review – Chief Administrative Officer (CAO)

When the agenda for this EPC meeting was posted earlier this week, it looked as if the matter of the Chief Administrative Officer appeared on your agenda this morning only because the members of the Riel Community Committee had requested that some action be taken, to evaluate the performance of the Interim Acting Chief Administrative Officer.

I agree with the Riel Committee's recommendation that an Annual Performance Management Review of the City's Chief Administrative Officer should be conducted by an external management consultant, and released to Council and the public.

However, I would have been very, very concerned if such a performance review was to be conducted with respect to the present Interim Acting CAO **before** proceeding with the search for a **new** CAO.

I was surprised and even more concerned when it was reported earlier this week that: "The city has still not retained a search firm, and there is no timetable for a new hire."

I was surprised because on January 13, 2014, the City had awarded a $36,910.00 contract to **Organization Consulting Limited** of Toronto for RFP #968-2013 for "Recruitment Services for the Position of Chief Administrative Officer." According to news reports, ads were placed in The Winnipeg Free Press and The Globe and Mail, and a total of 80 candidates applied. However, on May 1 the City CAO selection committee announced that the appointment would be deferred until after the October 22 election.

Then late on Wednesday afternoon this week the City issued a news release, announcing that the new selection committee will include all members of the new Executive Policy Committee, plus Councillors Jenny Gerbasi and Matt Allard.

The news release stated that an expanded search for candidates will resume "under the guidance and leadership of the City of Winnipeg's Corporate Support Services Human Resources Division." An updated competition will be advertised nationally for three weeks through the month of December. All applications received through the external firm that had been awarded the contract to conduct the search last year will remain for consideration of the Search committee....."The CAO Search Committee will resume the work started in the previous search and commit to further expanding that search and opening the door to new applicants until the New Year."

Question #1

Will Organization Consulting Limited, the external firm retained earlier, be continuing to assist with the CAO selection process as described in Section D2. Scope of Work for RFP #968-2013?

I am attaching a copy of the Scope of Work and the CAO Job Description, which was appended to RFP #968-2013.

I believe it is absolutely essential that the CAO Selection Committee now receive independent professional advice and assistance from a Certified Management Consultant with specialized experience and training in human resources management and executive recruitment, especially for large urban municipal governments. The selection of the City's new CAO will be one of the most significant and transformative decisions which this new Council will make.

The search should certainly not be conducted "under the guidance and leadership of the City's Corporate Support Services Human Resources Division," which did not receive a very positive review in the City Auditor's September 2011 Corporate Leadership Training and Development Audit. The Director of Corporate Support Services, named as the current RFP Contract Administrator, has no professional credential in human resources management.

Question #2

Who is in charge here?

Section 97 of the City of Winnipeg Charter Act provides as follows:

Powers etc. of chief administrative officer

97 The powers, duties and functions of the chief administrative officer for the city include

(a) carrying out the powers, duties and functions assigned to the officer by this or any other Act or by council or the executive policy committee of council;

(b) informing executive policy committee in respect of the operations and administration of the city;

(c) ensuring that by-laws and resolutions passed by council and the city's policies and programs are implemented;

(d) except as council otherwise directs, managing and supervising employees;

(e) except as council otherwise directs, and subject to an employee's contract or collective agreement or the terms of an employee's employment, appointing, suspending or dismissing employees other than statutory officers; and

(f) ensuring the preparation of annual operating and capital budgets.

I would urge EPC and Council to recognize that a majority of Council has the legal power to define and limit the authority of the CAO, and to hold the CAO to account.

I do not know how it came about, that previous City Councils developed a habit of delegating almost all of their authority to a single person, the CAO. We have just seen altogether too much evidence of Lord Acton's dictum, that "Power corrupts, and absolute power corrupts absolutely."

Unfortunately, most senior administrators have come to believe that they are in charge at City Hall, and that they can ignore the elected Councillors with impunity.

The new Councillors have already had a taste of the arrogance of some of the administrators. Last week the Finance Committee learned that senior administrators had cancelled the voluntary furlough program without the approval of Council. This week Councillor Mayes was very upset to learn that some $1.6 million budgeted for Guay Park riverbank stabilization work has been re-allocated by administrators to solve other budget issues, without any Council authorization.

When the June 30, 2014 operating budget forecast was presented to SPC Finance on September 11th, I noted that the administration was forecasting a 2014 deficit of $22.4 million, and I suggested that if the intention was to reduce the deficit by cutting back on specific programs and services, then Council should be given some options to consider and approve according to the priorities of the citizens. It now appears that the senior administration has been cutting programs and services without any direction from City Council.

Hopefully, the new Council will be much more circumspect in delegating its authority going forward.

Question #3

What should Council do with the Interim Acting Chief Administrative Officer, the Acting Chief Operating Officer, the Chief Financial Officer, the Acting City Solicitor, the Director of the Planning, Property and Development Department, and other senior City administrators?

It appears we are seeing *The Peter Principle* at work in most cases. Given the urgent need to restore professionally competent and ethical senior management for the civic service, I would suggest that a qualified external consultant be retained to conduct proper performance appraisals now, and to be ready to advise the new CAO with respect to the necessary administrative changes immediately upon his or her arrival.

In the case of the Director of Planning, Property and Development, he has just announced his imminent retirement anyway.

In order to be able to appraise the performance of the present senior management of the City, I would strongly recommend that all members of the Selection Committee read or re-read all of the recent audit reports which have been forwarded to the RCMP for review.

The audit reports include:

a) New Fire Paramedic Stations Construction Project, Ernst & Young, October 7, 2013:

b) Review of potential illegal activity by the civic administration as well as potential legal and financial liability by the City of Winnipeg in relation to the New Fire Paramedic Stations Construction Project, Procurement Law Office Professional Corporation, May, 2014.

c) Winnipeg Police Service Headquarters Construction Project Audit, KPMG, July 14, 2014.

d) Quantity Surveying and Cost Consulting Services Value Analysis Report for Winnipeg Police Service Headquarters, Turner & Townsend, July 9, 2014.

e) City of Winnipeg Real Estate Management Review Findings and Recommendations Report, Ernst & Young, June 19, 2014.

And in order that you will appreciate how intractable these problems are, I would also strongly recommend that you read:

f) Real Estate Management Audit Phases I and II, City of Winnipeg Auditor, March 2000.

If you compare the two Real Estate Management Audit Reports, you will see that during the past 14 years the City of Winnipeg has learned nothing, has changed nothing, and has brazenly repeated some of the worst decisions, so far with impunity.

Restoring public confidence and trust in City Hall really must be the first priority now.

B. Financial Status Report and Forecast to September 30, 2014

The Winnipeg Public Service (WPS) is now forecasting a 2014 operating budget deficit of $14.9 million as of September 30 (almost two months ago), down from the $22.4 million deficit forecast as of June 30th.

Leaving aside the reasons for the operating deficit for now, which do deserve careful consideration, Council and the general public need to understand what is happening here.

The 2014 operating budget approved by the previous Council was "balanced" last December by deciding to withdraw $11.74 million from the Financial Stabilization Reserve Fund. That is already taken into account.

Now the City finds that despite somewhat higher revenues, much higher expenses for items such as snow clearing and fire paramedic overtime are forecast to produce a 2014 operating deficit of $14.9 million.

Assuming that 2014 ends as forecast, the WPS proposes to withhold payment of supplementary taxes and interest revenue from transfer to the Financial Stabilization Reserve Fund, and then to withdraw whatever additional amount may be required in order to cover the rest of the operating deficit.

The figures before you are not entirely clear, but after covering the 2014 shortfall of $14.9 million, plus the $2.1 million requested for additional budget authorizations for federal PILT and City Auditor expenses, the Financial Stabilization Reserve Fund may be reduced to $62.1 million or only 6.4% of the 2014 operating budget.

This means that the City will be withdrawing a total of $29 million from the FSRF in 2014, with the expectation that the City will then replenish the Fund by at least $15 million in 2015 to meet the reserve fund target of 8% of the operating budget.

And what are the chances of that?

The 2015 and 2016 operating budget forecasts approved by City Council last December showed potential operating deficits of $79 million in 2015 and $109 million in 2016. That is without any provision for extra spending on infrastructure, or other good things, or the replenishment of the Reserve Fund. I am attaching a copy of the 2015 and 2016 operating budget deficit forecasts.

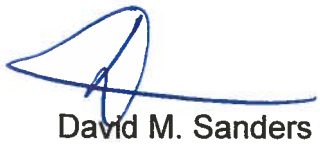
Since the City must adopt a balanced budget before March 15th, 2015, Finance Committee and Council now face a huge financial challenge. Wishing and hoping will not be good enough.

Dialogue Partners have been retained by the City to conduct a public consultation process for 2014-2015 named "Our Budget Forward." The consultants and the general public are awaiting further direction from the new EPC, which has not discussed the issue yet, and is not scheduled to meet again until December 3rd. In response to my inquiries, Dialogue Partners has now advised that:

> "We are working in partnership with the City on this budget engagement process. Due to the significant change in Council post election, City administration has asked us to postpone the conversation until the new Council could provide input and direction. We have provided some suggestions, and we are awaiting that direction. We expect to be able to have a response and update for everyone soon."

We have little time, and so I hope that EPC and the Finance Committee will take charge of the 2015 budget process without delay. Citizens want to see the initial budget proposals and have a reasonable opportunity to express their opinions on both revenue and expenditure options, before City Council approves the new 2015 operating and capital budgets.

Thank you.



David M. Sanders MA LLB
River Heights-Fort Garry
DMS/bm

PART D - SUPPLEMENTAL CONDITIONS

GENERAL

D1. GENERAL CONDITIONS

D1.1 In addition to the *General Conditions for Supply of Services*, these Supplemental Conditions are applicable to the Work of the Contract.

D2. SCOPE OF WORK

D2.1 The Work to be done under the Contract shall consist of sourcing candidates for the position of Chief Administrative Officer for the City of Winnipeg (job description attached, Appendix A) and will include:

(a) assisting in the establishment of selection criteria;

(b) conducting national search;

(c) preparing advertisements in consultation with the Selection Committee;

(d) receiving applications and preparing long list of applicants;

(e) conducting initial telephone or in-person screening;

(f) bringing forward a minimum of five (5) qualified screened and reference-checked candidates;

(g) coordinating interviews, including preparation of interview questions together with the Selection Committee; and providing confidential meeting space;

(h) conducting additional background checks on preferred candidate.

D3. CONTRACT ADMINISTRATOR

D3.1 The Contract Administrator is:

Linda Burch

Director, Corporate Support Services
The City of Winnipeg
Corporate Support Services Department

Telephone No. 204-986-4766
Facsimile No. 204-986-5966

D3.2 At the pre-commencement meeting, the Contract Administrator will identify additional personnel representing the Contract Administrator and their respective roles and responsibilities for the Work.

D3.3 Bids Submissions must be submitted to the address in B7.11

D4. OWNERSHIP OF INFORMATION, CONFIDENTIALITY AND NON DISCLOSURE

D4.1 The Contract, all deliverables produced or developed, and information provided to or acquired by the Contractor are the property of the City and shall not be appropriated for the Contractors own use, or for the use of any third party.

D4.2 The Contractor shall not make any public announcements or press releases regarding the Contract, without the prior written authorization of the Contract Administrator.

D4.3 The following shall be confidential and shall not be disclosed by the Contractor to the media or any member of the public without the prior written authorization of the Contract Administrator;

Winnipeg

CHIEF ADMINISTRATIVE OFFICER / JOB DESCRIPTION

JOB TITLE: Chief Administrative Officer

DEPARTMENT: Office of the CAO

WORK ADDRESS: 2nd floor – 510 Main Street

TITLE OF SUPERVISOR: Mayor / Executive Policy Committee

JOB SUMMARY

The Chief Administrative Officer is responsible for overseeing the overall conduct of the City's administration in pursuing the City's Vision and Mission as directed by City Council.

Reporting directly to Council, The Chief Administrative Officer provides direction for the various municipal government departments as they serve the needs of the citizens of Winnipeg.

The Chief Administrative Officer is accountable to Council and advises council in its development of policies, programs, new initiatives, fiscal matters and services which respond to the diversity of needs within Winnipeg's varied communities.

The Chief Administrative Officer is responsible for providing effective leadership to the management and staff of the City and for ensuring that continued opportunities exist for public participation on civic issues.

DUTIES AND RESPONSBILITIES

SUPPORT TO COUNCIL

Provides advice to Council and executive Policy Committee on policies, programs, new initiatives and fiscal matters

- Attends all meetings of Council and may speak to matters under discussion
- Approves and co-ordinates reports to the Standing Committees, Executive Policy Committee and Council
- Provides input on behalf of the administration to Council goals, objectives, and strategies
- Is available to the Mayor and individual Councillors for informal discussions
- Provides advice to Mayor and Council relative to proposed municipal initiatives
- Provides alternatives for consideration by the Mayor and Council in order to ensure that the City's objectives are achieved
- Keeps the Mayor and Council apprised of issues and developments of an operational or political nature that relate to the interests of the City of Winnipeg
- Provides advice, background information and briefing materials to the Mayor and Council in carrying out their range of responsibilities
- Advises and informs Council on the operation and affairs of the City including any current and anticipated issues
- Attends meetings of Council, the Executive Policy Committee and any other committee Council may establish and provide prior advice through written communication and verbal input at the request of the presiding officer
- Maintains an awareness by Council of all key current and anticipated issues
- Oversees and administers the effective administration of all City Council and EPC approved policies and plans
- Implements promptly all resolutions of Council and / or the Executive Policy Committee

FINANCIAL MANAGEMENT

Coordinates the preparation of the annual operating and capital budget in consultation with the Executive Policy Committee and recommends adoption of the budgets to the appropriate Commitees(s) of Council

- Coordinates the preparation of the annual operating and capital budget for submission to Council
- Reviews departmental Business Plans, programs, and policy initiatives in relations to the overall City budget
- Ensures that effective financial and administrative systems are in place for timely processing of required information
- Ensures effective functioning of all operations are within approved funding limits
- Is responsible for the care, control and maintenance of all real and personal property, improvements or works owned or controlled by the City
- Authorized to set advertising fees at City pools, at City owned and operated arenas, on the City's mobile skate park, on equipment in civic arena and pool facilities, and in publications produced by the Community Services Department, including but not limited to the Leisure Guide

ORGANIZATIONAL MANAGEMENT

Acts as the administrative head of the organization

- Approves the appointment and dismissal of all department heads including the administration of severance payments and early retirement settlements
- Approves administrative input to Council and Executive Policy Committee agendas
- Approves and coordinates department input to the standing committees and any other ad hoc, advisory or external body to which council appoints representatives
- Chairs the senor management team of department heads
- Coordinates the work of departments so as to promote integration and efficiency and to remove or mitigate any duplication
- Approves any changes of structure and the placement of personnel within department
- Ensure the ongoing preparation of departmental business plans in response to Council goals and objectives
- Recommends contract settlements between the City and its employee unions
- Recommends a management classification and remuneration plan to the Executive Policy Committee
- Retains external expertise as necessary and as approved within budget to expedite the mandate of the City of Winnipeg
- Exercises such other powers and carries out such other duties as are prescribed by The *City of Winnipeg Act* or delegated by by-law or resolution of Council.

ORGANIZATIONAL LEADERSHIP

Provides input, on behalf of the administration, to Council's goals, objectives and strategies

- Develops a strong senior management team that is accountable for the day-to-day management of the operations of the City
- Establishes standards and priorities for the Civic administration ensuring the implementation of council direction
- Motivates and monitors performance to ensure that Council direction and standards are met and the high-quality City services are consistently delivered
- Manages a continuing organizational development and performance measurement program to ensure effective operationalization of Council objectives
- Coordinates administration efforts to address City priorities
- Authorizes legal defense or action in the name of the City and advises the Executive Policy Committee

- Approves any settlement of claims or accounts not exceeding $100,000 brought by or against the City and all claims arising out of expropriations, and executes all the necessary documents
- Develops corporate values and operational philosophy
- Stimulates, motivates, guides and directs all personnel to contribute to the realization of council goals and objectives
- Implements council policies to create an environment that builds diversity and supports multiple perspectives
- Creates an environment that encourages the involvement of employees at all levels in decision making

SERVICE TO CITIZENS

Motives and monitors performance to ensure that standards are met, and that high-quality services are consistently delivered to citizens

- Ensure that City staff are committed to providing a high level of public service by creating a dynamic climate that results in continued excellence
- Recommends new and revised programs which are consistent with Council policies and meet the changing needs of the citizens of Winnipeg
- Authorizes the appointment of special constables necessary for the enforcement of City by-laws

Return to Table of Contents

THE CITY OF WINNIPEG
2014 Adopted Operating Budget and 2015 and 2016 Projections
TAX SUPPORTED SUMMARY

	2013 Adopted Budget	2014 Adopted Budget	Variance $		2015 Projection	2016 Projection
Revenue:						
Property tax	$ 482,885,068	$ 510,568,689	$ 27,683,621	1	$ 511,448,090	$ 519,474,419
Business tax	58,371,051	59,687,963	1,316,912	2	59,850,111	59,850,683
Other taxation	21,963,000	25,390,000	3,427,000	3	27,108,000	26,909,000
Street renewal frontage levy	41,400,000	41,730,520	330,520	4	41,936,770	42,143,020
Government grants	113,049,982	113,763,142	713,160	5	115,310,778	117,105,066
Regulation fees	40,852,239	43,227,330	2,375,091	6	42,723,827	42,627,904
Sale of goods and services	67,788,426	64,485,880	(3,302,546)	7	61,642,634	61,817,343
Interest	11,431,533	11,228,302	(203,231)	8	11,085,039	10,847,913
Transfers from other funds	46,585,970	56,787,599	10,201,629	9	25,744,523	26,244,192
Other	38,344,634	42,315,036	3,970,402	10	37,671,451	38,418,429
Total Revenue	$ 922,671,903	$ 969,184,461	$ 46,512,558		$ 934,521,223	$ 945,437,969
Expenditures:						
Departmental:						
Police Service	$ 242,548,001	$ 259,112,628	$ 16,564,627	11	$ 266,534,465	$ 275,464,146
Public Works	181,976,057	187,637,710	5,661,653	12	188,878,213	194,235,615
Fire Paramedic Service	167,887,880	167,800,798	(87,082)	13	174,100,338	181,704,031
Community Services	111,691,440	122,837,984	11,146,544	14	124,854,715	119,191,113
Planning, Property and Development	42,063,840	40,553,706	(1,510,134)	15	41,303,988	41,590,357
Water and Waste	33,703,094	31,110,163	(2,592,931)	16	31,553,294	30,917,692
Street Lighting	11,617,944	11,969,789	351,845	17	12,465,221	12,965,912
Corporate Support Services	31,146,793	33,038,447	1,891,654	18	34,880,798	34,770,290
Assessment and Taxation	18,209,164	19,622,940	1,413,776	19	20,585,996	20,648,733
Corporate Finance	9,410,726	9,310,351	(100,375)	20	8,868,099	9,081,716
City Clerks	10,930,611	13,465,416	2,534,805	21	11,454,447	11,459,490
Other departments	12,660,941	12,440,408	(220,533)	22	12,791,045	12,976,220
Sub-total Departmental	$ 873,846,491	$ 908,900,340	$ 35,053,849		$ 928,270,619	$ 945,005,315
Corporate:						
Debt and finance charges	$ 3,156,510	$ 2,569,128	$ (587,382)	23	$ 1,774,022	$ 1,500,045
Taxes	8,832,916	9,288,782	455,866	24	9,474,558	9,664,049
Insurance and damage claims	3,700,000	3,832,000	132,000	25	3,832,000	3,832,000
Contribution to Transit	45,849,002	47,443,479	1,594,477	26	56,372,908	64,963,581
Other	(12,713,016)	(2,849,268)	9,863,748	27	13,850,213	29,341,714
Sub-total Corporate	$ 48,825,412	$ 60,284,121	$ 11,458,709		$ 85,303,701	$ 109,301,389
Total Expenditures	$ 922,671,903	$ 969,184,461	$ 46,512,558		$ 1,013,574,320	$ 1,054,306,704
Shortfall	$ -	$ -	$ -		$ (79,053,097)	$ (108,868,735)

Note:

The variance includes the change in the transfer to capital based on the 2014 capital budget (see Appendix 5).