



Organizational Review - City of Fernie

Summary Report



Executive Summary

The Innova Strategy Group was commissioned to evaluate the operational effectiveness of the City of Fernie with a primary focus of aligning resources to achieve optimum performance.

In order to understand current practices and operations, Innova interviewed 19 employees, union officials, and elected officials in September of 2021 and undertook a thorough analysis of background data and information provided by the City.

Current environmental conditions that were pertinent to this review include:

- COVID-19 has created significant pressure on the organization
- Balancing revenues (taxation and utility / user fees) is a particular challenge for Fernie
- Workload is a key concern for Fernie employees
- High rates of senior staff turnover has impacted the organization
- Council's 2018-2022 Strategic Plan, grants and other initiatives have added additional pressures

Overall, this assessment finds that the City of Fernie is operating at a moderate level, primarily due to a history of inadequate leadership and poor accountability. Since the introduction of a new CAO in 2020, the organization has made significant improvements, particularly with financial systems and reporting. Compared to like-sized organizations previously reviewed by Innova, Fernie is operating efficiently and effectively in some areas, but not all areas. Employee engagement is mixed across the organization and leadership capacity requires further development.

The City benefits from an educated, committed, and functional Council that is dedicated to serving the community. Council has provided direction through the 2019-2022 Strategic Plan and is also actively involved in providing direction through the pandemic and through the operational financial challenges. The relationship between staff and Council is generally positive and supportive.

In general, it was evident that the people who work for the City, love Fernie. They see what the public sees; a beautiful community with huge opportunities for recreation and a great place to raise a family. The people who work for the City are mostly long-term residents. Many have family roots that go back for generations. Others have moved here – attracted by the outstanding lifestyle. They have no plans of moving themselves or their families away from the community.

The City is in the fortunate position of having a CAO who brings organizational knowledge, a strong sense of community, strong leadership skills, and a willingness to work with staff to build a better organization. This “new” leadership provides a great opportunity to transform the organization and create capacity through team and organizational renewal.

Key issues that hinder the organization:

- Organizational culture is varied throughout the City. Key values such as accountability, trust, and working together are at times misdirected, leading to overall reputational harm and decreased organizational performance.
- The leadership which has seen significant turnover requires development and a focus on strategy to move towards operating as a cohesive unit.
- Employee development is lacking in several areas including succession planning, training, and performance management.



- Financial services have made great strides to bring the organization into compliance with accepted accounting standards, and there remains significant work to do to bring the organization to an acceptable level for local government.
- The Planning Department has been challenged with extreme growth in development and demands and has not had the required capacity to improve processes and systems for some time. The department will benefit from modernization through processes, policies, and systems to effectively deliver improved service to the sector and in leading or contributing to cross-functional projects.
- There is a lack of organizational coordination of capital works, studies, and grants as these are handled by managers already over-burdened in their operational work.
- There are gaps in process efficiencies (development/building permits, capital construction, document management, reporting).
- There is no comprehensive Asset Management plan in place.

Key Recommendations:

1. Modify the leadership team to balance portfolios, reduce silos, build capacity, and create a functional decision-making team.
2. Build the leadership team into a cohesive, functional and trusted entity.
3. Communicate, engage, and inspire the organization, targeting the relationships between Council, management, staff, and the community.
4. Complete a comprehensive Asset Management plan, including full condition assessment of all City infrastructure.
5. Develop a long-term City-owned real estate strategy.
6. Increase capacity in finance, recreation, and project management.
7. Develop and implement a City-wide employee performance development program, including opportunities for training and succession planning.
8. Strive to be an employer of choice, through a salary and compensation review, staff development, and strong leadership.
9. Develop a comprehensive project management and capacity analysis program, linking Council priorities, internal projects, grants, and other key deliverables.
10. Continue to evaluate opportunities for increasing revenues and decreasing expenses across the organization.
11. Develop a five-year operational strategic plan.

Although these recommendations may seem daunting, once the leadership team is in place and operating as a cohesive unit, it will be much easier to find solutions to the operational, process, and procedural issues. Strong leadership will lead to increased efficiencies in the organization, freeing up capacity to increase service levels.

This report outlines the specific concerns and strengths and provides recommendations for the City of Fernie to achieve future success. It is important to recognize that the City of Fernie has tremendous potential to be a great organization and an employer of choice in the future. The Innova Strategy Group extends its best wishes to the City as it implements the recommendations, as applicable.

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BACKGROUND

OBJECTIVES & APPROACH

The City of Fernie Organizational Review was conducted by the Innova Strategy Group in the fall of 2021. The review included an examination and assessment of the overall leadership, management and operation of the local government organization considering existing and future challenges. Comparisons were made to local government best practices along with the specific economic drivers facing the community.

This review was intended to provide a broad overview of existing conditions along with recommendations for improvement. This information should assist the organization and Council for decisions on the future governance and operations of the City. The review also provides findings and recommendations on key operational elements as identified through the process.

APPROACH

Innova's approach to the project included collaborating with the Chief Administrative Officer to develop the scope of work and to review and develop organizational options considering the current state, community growth, and potential retirement opportunities over the next three years. Emphasis was placed on reviewing potential changes to the structure that would result in personnel being effectively aligned with services along with integration amongst other departments. In addition, current exempt demands and workloads were evaluated against the proposed structure to fully rationalize future alignment. The assessment considered exempt staffing levels as part of verifying that positions are sufficient and appropriate based on current or recommended changes in responsibilities. The assessment also evaluated non-core extended services currently supported by the City.

The preferred organizational structure was designed to ensure effective and efficient delivery of service that further supports the strategic direction of Council along with the goals and objectives of the organization and each operational department. This structure and service alignment is designed to support the organization through any growth or destabilization of general local government services.

Five fundamental questions were considered throughout this review:

1. Are current exempt positions appropriate for the service levels required?
2. What staffing levels and organizational structure is necessary to manage growth along with Council and community expectations?
3. Is there a need for restructuring to improve efficiencies?
4. What options are available to enhance capacity in terms of funding new positions, realigning resources, and/or operational improvements?
5. Is the City's support for arms-length organizations appropriate?

NOTE The final question must be reviewed following the implementation of many internal organizational changes and will require broad community engagement and discussion to identify priorities and values that would be advanced should the current model of community investment shift.



METHODOLOGY

The Innova Strategy Group utilized the following methodology:

1. **Research** – review and understand specific relevant City information/data that details processes and interactions with stakeholders – e.g., strategic plans, operational plans, capital project plans, budgets, departmental plans, reviews/audits, staff surveys, etc.
2. **Review Current Structure** – Understand current management job portfolios with a view to potentially make amendments and/or create any new position portfolios that are consistent with any organizational changes recommended. Review similar like-sized local government organization's structure, alignment, and salary scales.
3. **Engage & Consult** – engage, listen, consult and document stakeholder input to ensure a broad perspective is considered for key elements within an effective corporate business plan & measurement. Conduct confidential interviews with the mayor and the 14 managers and staff.
4. **Develop Options** - Utilizing industry best practices, develop potential reorganization options that:
 - align services
 - provide appropriate leadership control
 - encourage the marketability for attraction and retention of key leadership personnel
 - consider economies of scale
 - consider potential growth
5. **Confirm Options** – Review findings and options with the City Manager considered for proposed changes to the organizational structure. Adjust as required.
6. **Final Report**

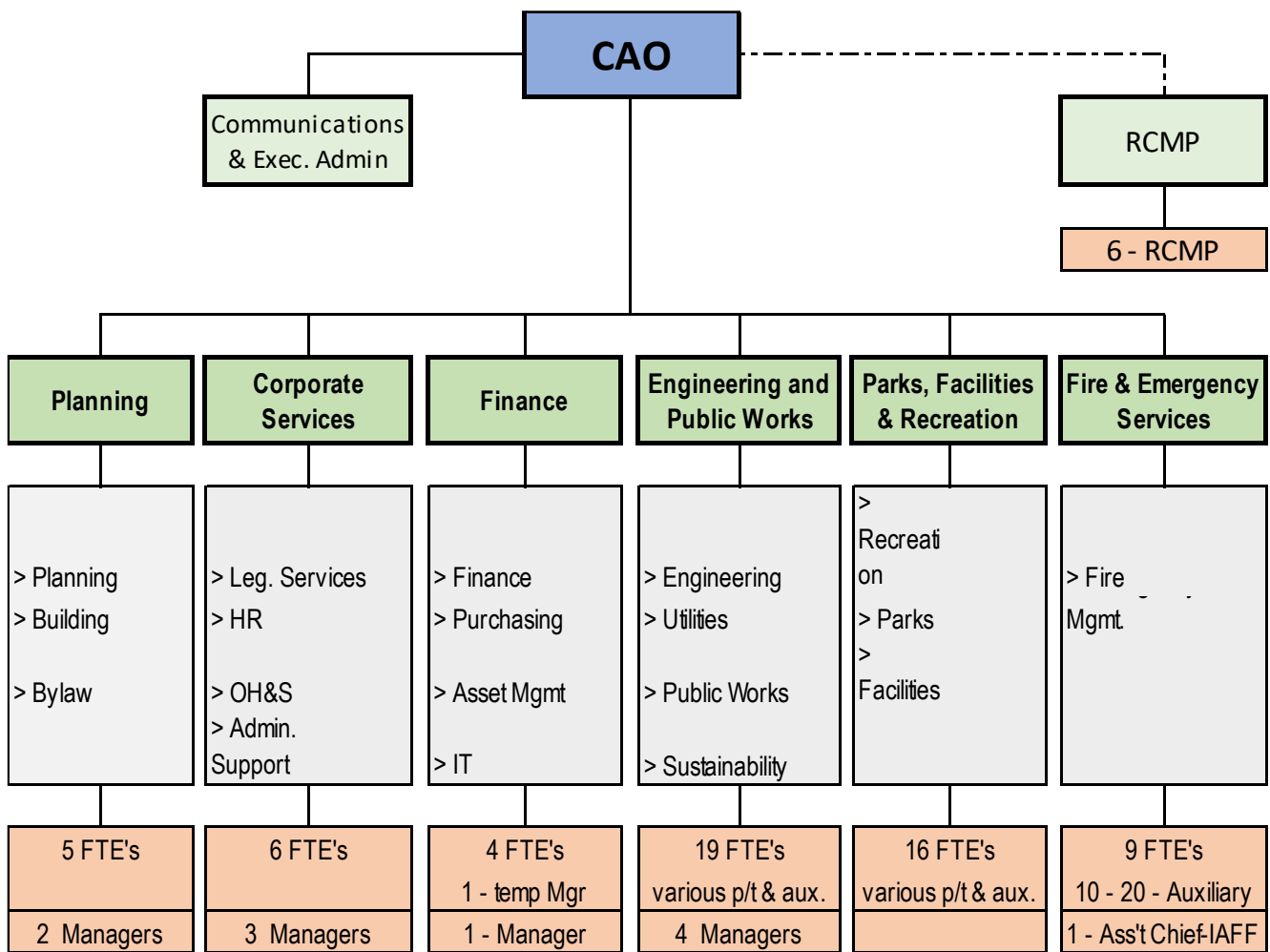


THE ORGANIZATION

The City of Fernie is governed by an elected Mayor and 6 Councillors, typical of BC Local Government. The current Council (elected in November of 2018) has been extremely active in driving strategic change in the community. This Council has provided direction through strategic planning, has actively pursued politically aligned funding opportunities, and has worked well with staff in achieving their goals.

Fernie staff support the direction of the Mayor and Council, through the leadership of the Chief Administrative Officer. This includes providing professional advice, operating the services of the City, and financing the activities of the City.

The current organization is structured as follows:

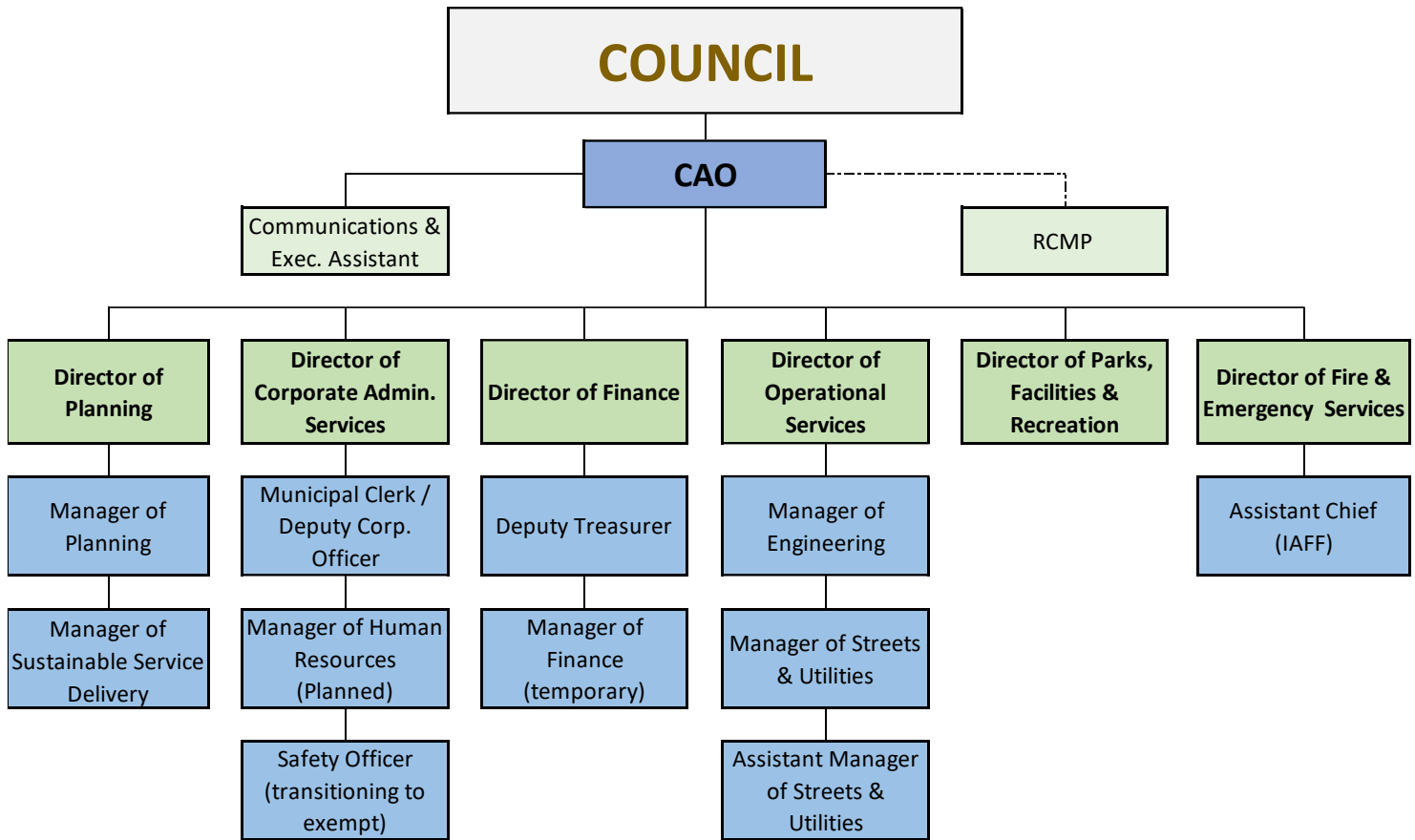


This structure is relatively standard in local government.



Leadership is provided by key positions in each department:

ORGANIZATIONAL LEADERSHIP





CURRENT TRENDS / CHALLENGES FACING THE CITY OF FERNIE

Like most local government organizations, Fernie is faced with changing expectations for the delivery of services. Many of these changes are related to government downloading of services and other financial challenges which complicate the expectations for service delivery. Many municipalities are challenged with determining what is local government responsibility and what should fall to the Province and Federal Government for support. Key issues facing local government and Fernie include:

- **COVID-19 has created significant pressure** on the organization as the City provides key services to the public. COVID-19 created immediate barriers and the City had to pivot quickly, including reallocation of staff, working from home, and closing some services. By all accounts staff is doing an acceptable job of servicing the needs of the community through the pandemic without disruption of core services. Discretionary services (recreation, parks, etc.) are being continually assessed and matched to provincial policy to ensure public safety.
- **Taxation is a particular challenge for Fernie** compared to other similar sized organizations. The community's ability to pay is limited while costs continue to escalate. Federal and Provincial government downloading, salary pressures, asset replacement, and significant increases to costs of goods and services contribute to annual budget increase requirements of 3%-6%, which is significantly higher than inflation rates. The CAO, Chief Financial Officer (CFO) and Council are regularly challenged with balancing the community's needs with an appropriate taxation level. Although this is a common challenge in Canada, Fernie is particularly vulnerable due to its remote location and limited ability to generate increased revenues through means other than general taxation.
- **Taxation** - Immediate financial challenges facing Fernie include:
 - RCMP increases - \$275,000 retroactive, estimated \$30,000 to \$120,000 / year increase in operating costs
 - Wastewater Plant upgrades - \$10 - >90 million project (with an expectation for 2/3 in grants)
 - C & L Right of Way - \$7 million project
 - Fire Hall - \$7 million project
 - Fairy Creek Source Upgrades - \$1.7 million project
 - Asset Management Replacement Gap - \$2.5 to \$6.5 million/ year
- **Workload is a key concern for Fernie.** Fernie staff are working under increased stress to provide the expected levels of service required to operate the City. Senior Managers are particularly vulnerable as some often work extraordinary hours to maintain their portfolios. This is not sustainable and could result in challenges for retention and future recruitment.



- **Attracting Exceptional Leaders** - Although there are many great reasons to work for the City of Fernie, the City is in competition with all local government organizations who want to attract the best leaders possible. Unfortunately, within the current labour market there is not an abundance of competent local government leaders, particularly in the areas of fire departments, engineering, planning, and Chief Administration.
- **Housing Choices** - Social and affordable housing is a primary focus of many municipalities. Although some municipalities financially support subsidized housing, many municipalities consider this to be the responsibility of other levels of government.
- **Building and Development Permit Service Levels** – with the high level of development in Fernie, it is difficult to keep up with developer and builder expectations. Outdated policies, procedures, and tools have made keeping pace more challenging. Additionally, local developers have sought to politicize development timelines causing a rift between the City and local builders in the sector.
- **Economic Development** - The City emphasizes the importance of economic development however; it is in direct competition with other municipalities who all want economic growth in their communities and attempts at driving regional economic development through collaborative efforts such as the Elk Valley Economic Initiative have not yet achieved their full potential.
- **Growth** – In the last two years, school age populations have risen significantly as more young families move into the community. This has created expansion challenges for the School District. This is also an indicator of changing needs / expectations of a younger demographic.
- **Asset Management** – Fernie does not have a complete idea of the future challenges with managing the existing assets.
- **Environmental Concerns** – Fernie, like all local government organizations, considers protection of the environment as a priority. This can create conflict when balancing economic interests and environmental protection.



FEEDBACK / OBSERVATIONS / RECOMMENDATIONS

Staff were open and honest during the interviews and they sincerely wish to improve the workplace and levels of service. Managers and Senior leaders are well aware of challenges that this review has identified and continue to be open to changes and improvements. Most concerns were repeated in all interviews, confirming the relevancy and accuracy of the information. Although there are some areas that could be improved on, there are also many positive conditions and service levels that support both staff and the community at a high level.

Through this process it was evident that the City of Fernie has made many improvements over the past 18 months, and is well positioned to continue to grow and develop into a first-class organization. Compared to other local government organizational reviews conducted by Innova in British Columbia, it is estimated that Fernie's overall performance is at the moderate but improving level. This average assessment is primarily due to a lack of historical financial monitoring, policies & procedures, leadership, employee engagement, and efficient service delivery. There are a number of conditions and organizational issues that have hindered the ability to be as efficient and effective as can be.

These organizational challenges have been identified along with recommendations that will benefit the City moving forward.

For the purpose of this report, the following categories are used to categorize findings and recommendations:

- People & Structure
- Technical – Strategy, Service Delivery, Processes
- Finance
- Communications
- Leadership



People & Structure - Findings

Employee Engagement

Overall, staff morale and employee engagement are mixed throughout the organization. In general, employees are committed to the community and each other, with examples of superior performance. Staff work well with each other, there are few conflicts between managers and other staff, although there is evidence of defined silos that have led to inefficiencies. Morale is becoming challenging in areas where work levels have increased dramatically.

Fernie has many dedicated staff that are committed to the well-being and future of the organization. Many union employees have been with the Town for more than 10 years, which provides an enormous advantage when considering the corporate memory of the organization. This long tenure is also an indication that employees are committed to the organization and that Fernie is considered a good employer. One challenge for Fernie is that this knowledge and organizational memory has not been recorded or converted into a systems manual to support business continuity and succession planning.

Staff generally have good relationships with the community and most have an excellent quality of life and work/life balance. In the specific service area of snow clearing there have been significant conflicts between the community and staff, however this is improving slowly as standards are better communicated and the consistency of the service improves.

Notably, there are currently a number of senior managers and some senior operators who are working long hours to simply keep up with the heavy workload.

With the high turnover in senior leadership (4 CAOs since 2016), staff have been exposed to both good and bad leadership, but most significantly, extremely inconsistent leadership. This frequent change, and the similar changes to senior leadership in Finance, has created havoc in the organization. Rebuilding trust in the organization is the biggest challenge for the CAO to overcome. With the current CAO, the engagement and trust level amongst staff has improved and is moving in a positive direction, however repairing the trust lost due to multiple shifts in leadership will take time and effort.

Organizational Culture

Culture in the organization is suffering. Many noted that morale has been improving over the last year but there is still a gap in this area. The social committee is inactive and very few staff events are conducted. Covid has further reduced these opportunities and work must be done to improve here.

An Organizational Culture Survey was conducted in 2018, presented to the organization however, the recommendations were not effectively acted on. This was discouraging to staff involved and deteriorated the internal relationships within the organization.

Historically, there was a distinct lack of information sharing - staff did not know what was happening in the organization. Employees would find out what was happening, when it happened (i.e., in the past, staff received "more change coming" by email from the CAO). The current administration has been providing regular updates to all staff which has been well received and will make a tremendous



difference for staff morale by providing transparency on departmental activity and changes coming down the pipe.

Training

Most staff report that there are limited training budgets and limited opportunities to support training endeavors. Many municipalities invest heavily in courses by the Local Government Management Association, BC Water and Waste Association, Colleges, and Universities, which allow for significant growth in employees. The City provides limited financial support for training and development compared to other like-sized municipalities but has been adjusting budgets accordingly to support increased training in the future.

Job Descriptions

Job descriptions are sometimes significantly out of date or incomplete. Job descriptions in Fernie are extremely restrictive compared to other CUPE comparators, making it difficult to efficiently provide service.

Attendance Management

There is no formal attendance management program.

Labour Relations

Most employees at the City of Fernie are either members of CUPE Local 2093 or IAFF Local 2827. There exists some distrust between CUPE and management, primarily due to recent collective bargaining, the new CAO dealing with performance issues that required resolution, and historical patterns.

Employee Attraction and Retention

Fernie is challenged in terms of recruitment in the region at this time, primarily due to the many opportunities to earn high wages in other sectors. Recent examples of difficult job placements identified that a primary challenge is compensation and benefits. Further, Fernie has low unemployment.

Performance Development

Staff report that they have had few performance reviews over their career and they are not perceived as being positive, consistent, and worthwhile. Performance development is a key component of any organization, allowing employees to both understand their strengths and weaknesses and perhaps most importantly, seek direction to better their careers.

Succession Planning

Until this past year, succession planning has not been considered as a priority in Fernie. Best practice in local government includes succession planning programs that identify “star” employees and furnish opportunities to learn through acting assignments, training, and mentoring.



Remuneration

Most exempt staff reported that they were uncomfortable with the remuneration and benefits received for the work they are performing. There have been no recent professional arms-length salary and benefit comparisons of exempt staff to determine appropriate levels of pay. There is a serious compression issue between Union and Management wages. Local government exempt employees are able to access salaries of their counterparts through SOFI reporting leading to ongoing comparisons with like positions. Exempt salaries are “unequal” amongst the Directors / Managers as there is currently no system in place to provide banding of positions, with commensurate salaries.

CUPE staff are typically paid at higher rates than like-sized organizations, while IAFF members are paid Provincial standard rates, which creates some upwards pressure on exempt staff salaries.

Clerical Support

Administration / support staff are currently managed across the organization, with limited collaboration to support the areas with the most need. This is not perceived as being efficient and effective.

Organizational Alignment

The City’s current organizational structure has 6 defined business units that report directly to the CAO:

- Planning
- Corporate & Administrative Services
- Finance
- Operational Services
- Parks, Facilities and Recreation
- Fire and Emergency Services

This structure has been developed to meet the needs of the organization as it has evolved. It is a typical organizational alignment of like sized local government organizations

It is important to recognize that municipalities continually adapt and modify organizational structure to both fit the needs of the community and to rely on the skills and abilities of existing staff. It is understandable how Fernie organized with the existing structure however, there are some minor challenges, when considering the overall needs of Council and the community:

- Fernie is going through unprecedented changes with considerable growth in economic opportunities, community amenities, and other initiatives. This is extremely taxing on senior staff and there is limited administrative support to assist.
- “Projects” are managed by many with no overall lead. This includes grants, capital works, strategic initiatives, and Council directives.
- Communications is typically managed and led by the CAO, with some support from the Executive Assistant. This can be challenging particularly with the high level of projects, strategies, and public engagement that is occurring in Fernie
- Asset Management is a major responsibility across the organization with many linkages to overall strategic objectives. This is a critical area for all local government organizations and



requires specific leadership oversight. The existing position “Manager of Sustainable Service Delivery” is the lead for asset management however, the organization has not fully engaged this position to achieve success.



People & Structure - Recommendations

No organization is perfect and there are always opportunities to consider improvements. The following recommendations should be considered as important to the City of Fernie:

1. DEVELOP A FORMAL PERFORMANCE MANAGEMENT AND SUCCESSION PLANNING PROGRAM

The City currently provides excellent training opportunities and has started providing annual employee reviews however, there is an opportunity to develop leaders from within the organization. The Plan should include ongoing performance development, mentoring, executive coaching, acting assignments, and secondment opportunities along with a skills matrix to identify future “stars”. This investment in staff will increase the viability of promoting from within.

2. ATTENDANCE MANAGEMENT

Develop and implement a formal attendance management policy, ensuring consistency and care for employees.

3. EMPLOYEE ENGAGEMENT

Re-initiate regular staff events and engagement starting with establishing a committee and reviewing the 2018 survey findings.

4. CONDUCT A COMPENSATION & BENEFITS REVIEW

The completion of an exempt compensation and benefits review will ensure that appropriate salaries can be set to attract and retain leaders in the broader local government market. It is critical that this be completed by a third-party professional, ensuring trust in the process by staff and by Council. Important components of the review include:

- Establish comparator local government organizations, with emphasis on resort municipalities. Suggested comparators:

Municipality	2021 Population (PREVIOUS CENSUS)
Rossland	4,096
Golden	4,131
Sparwood	4,137
Osoyoos	5,443
Smithers	5,664
Fernie	5,668
Kimberley	8,151
Trail	8,250
Revelstoke	8,744

- Compare like positions by overall level of responsibility, not specific titling:



- CAO
- Director
- Senior Manager
- Manager
- Develop Fernie pay “bands” to recognize responsibility levels (CAO, Director, Senior Manager, Manager). Creating a future plan for steps within bands to reflect professional development and scope of impact will support a performance and personal development culture.
- Determine appropriate comparison levels for Fernie, considering the cost of living, remoteness, and other factors. Most organizations set rates at the 50th percentile of comparators; Fernie may be prudent in setting salaries at the 75th percentile, recognizing the high cost of living, to support strong attraction and retention of key staff.

5. DEVELOP AND IMPLEMENT A PRIORITIZATION AND CAPACITY ANALYSIS SYSTEM

Senior leaders in the organization are required to manage their operational business units AND assist with delivering the strategic plan, Council motions, and other extraordinary projects and studies. The introduction of a capacity analysis tool will ensure that there are clear linkages between Council priorities and the ability to deliver with existing staffing levels. This tool will encourage re-evaluation of priorities when new initiatives are brought forward.

This system will include a master project list that details **ALL FERNIE** major projects including project sponsor, budgets, responsible manager, start date, and progress. This list will encourage bundling similar projects together to maximize efficiencies with staff, consultants, and contractors involved in the projects.

6. ADD CAPACITY

Through the review process, the following areas were identified as requiring additional development, capabilities, or resources:

- Communications
- Capital Construction
- Project Management (grants, capital, Council strategic objectives, Council motions)
- Leisure Programming and Special Events

Determining how to bridge these gaps should be evaluated as part of overall organizational change (see recommendation 4). Funding to support this additional capacity can be evaluated considering opportunities to embed costs within capital programs or other non-operational funding sources. Implementation of a proper business plan or spending package should provide justification for any new position.

7. CREATE ORGANIZATIONAL CAPACITY AND ALIGNMENT

When reviewing the possibilities for reorganizing local government structure, options should consider long-term structural alignment, not the skills, knowledge and abilities of existing staff.



This ensures that organizational structure can be sustained through leadership changes, both with the CAO position and future elected Councils.

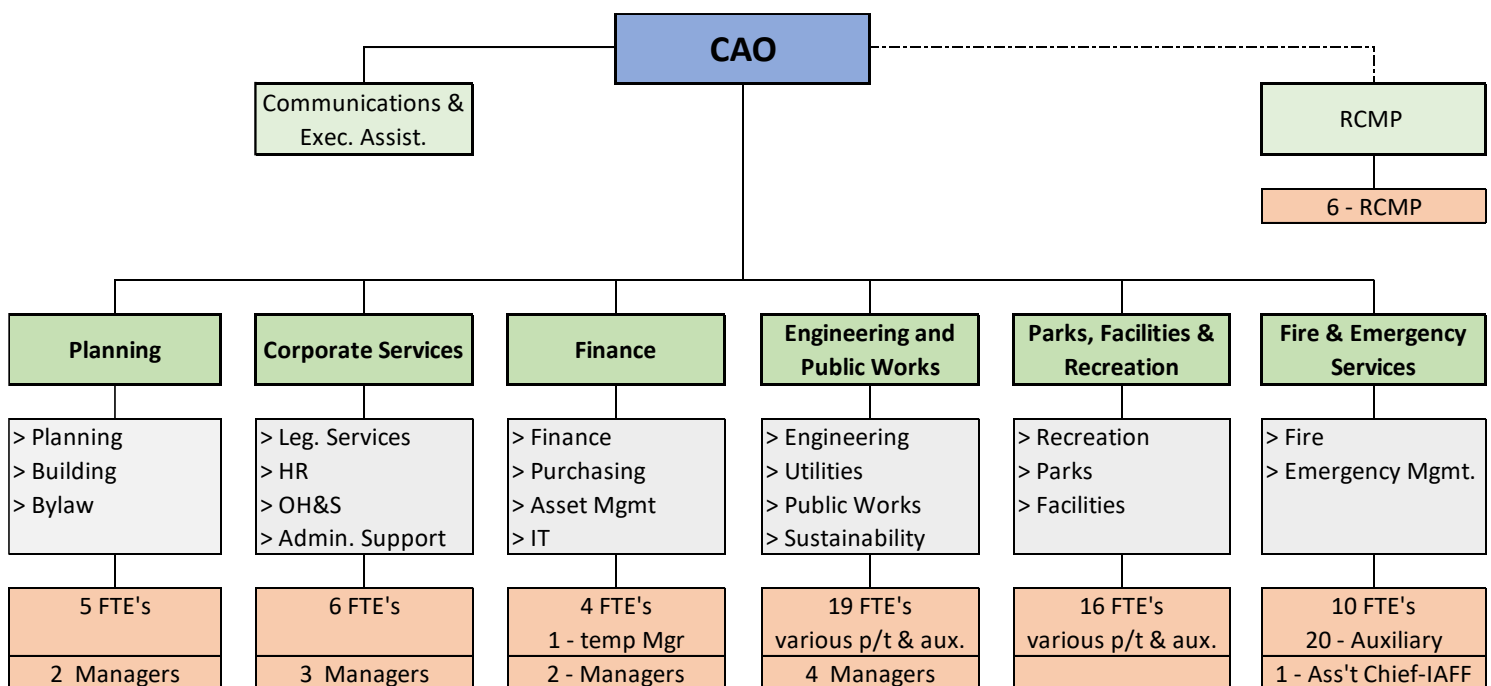
At this time the overall City of Fernie workload is high due to a combination of:

- Inordinately high number of grant applications, grants received, grant project delivery, and subsequent incorporation into the operations of the City
- High number of significant capital projects
- Retooling of the overall financial systems
- Outdated and overly manual policies and processes throughout the organization
- Outdated and inefficient bylaws governing many functions intersecting with the public such as servicing, bylaw enforcement, etc.
- Record development and building in the community
- High expectation for developing economic interests in the community

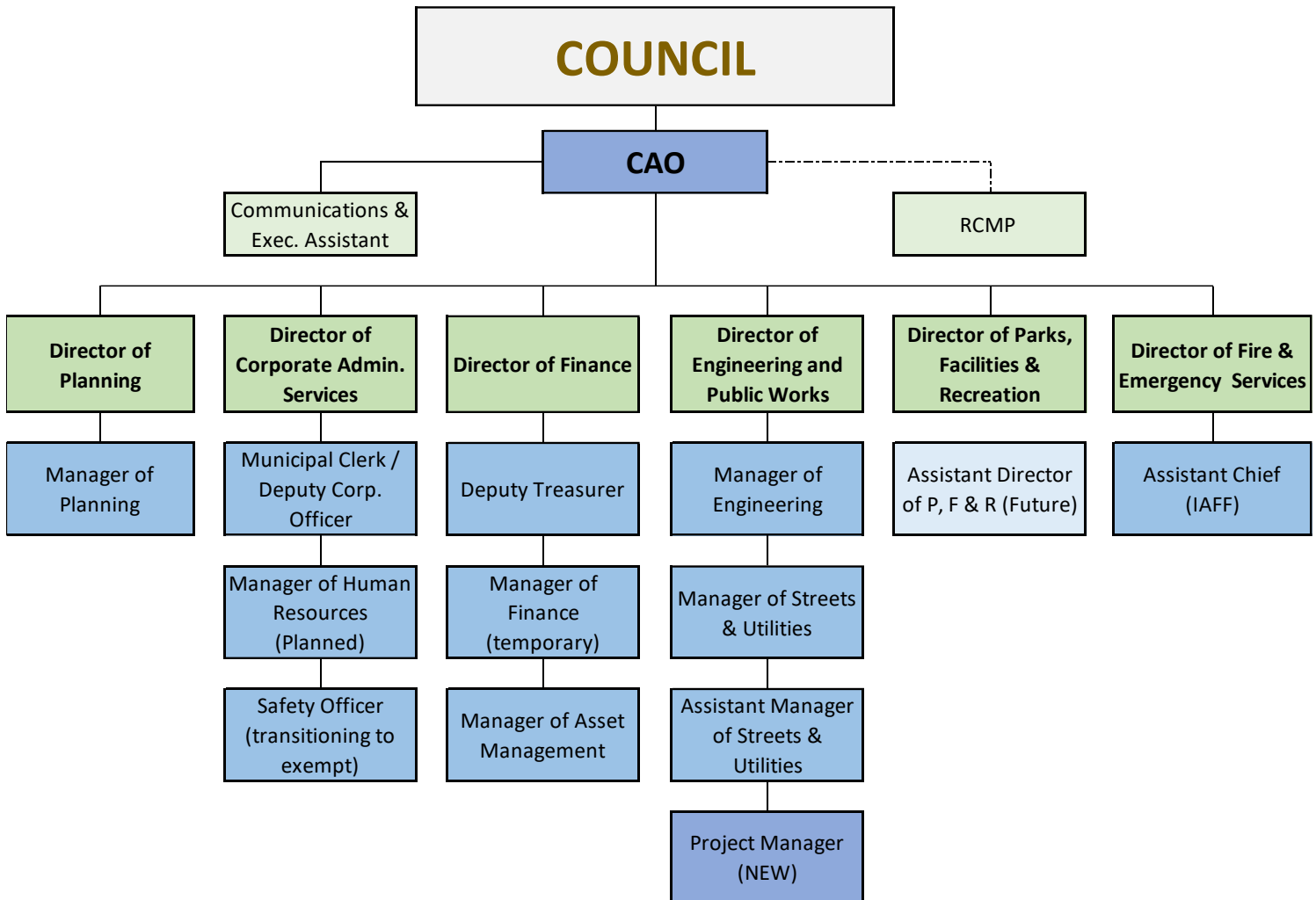
The addition of a Manager of Human Resources (currently being hired) will make a profound difference on the management team. This much needed addition will free up time for organizational leaders but also provide professional support across the organization. This position is key to ensuring strong and productive relationships with the unions. This position will also be able to focus on implementing systems, such as performance management, that will help all departments in improving performance and realizing additional capacity.

PROPOSED ORGANIZATIONAL STRUCTURE

In order to balance priorities and build the organization’s capacity, the following changes are recommended for restructuring



PROPOSED ORGANIZATIONAL LEADERSHIP



This suggested structure includes the following changes:

- **Project Manager:** Assumes all coordination and leadership of City projects, including grants, capital projects and Council initiated projects. This position will follow best practices in purchasing, project management, and financial reporting.
- **Manager of Finance:** This position is currently a temporary appointment however, there is at least 18 months of additional critical management work to ensure that Finance is operating at an appropriate level. Position to be reviewed in December 2022.
- **Move Purchasing Function and Oversight to the Finance Department** – Purchasing is a key function of financial operations and strict policies, procedures and controls will ensure best outcomes. This is a best practice in Local Government.



- **Move “Manager of Sustainability” to the Finance Department and Rename “Manager of Asset Management”** – This will provide better connectivity between Asset Management and Engineering and Public Works / operations.
- **Change the name of Operational Services to Engineering and Public Works** – This nomenclature is more standard in local government and better reflects the work in the department.
- **Change the name of Corporate Administrative Services to Corporate Services** – With the addition of an HR Manager, this department is better suited to the typical local government nomenclature of “Corporate Services”.
- **Move the Occupational Health & Safety Program to Corporate Services.** OH&S typically functions as part of Human Resources in local government and this important function requires continual support to ensure safety of all staff.
- **Move Administrative Support Management to Corporate Services:** Supporting the organizational need for administrative support through one Director will ensure prioritization of work across the organization.
- **Establish a reception function separately from Clerk functions:** Establishing a formal reception function to operate the front-desk at City Hall and triage calls, emails, and requests for service will open up capacity for more senior clerks to perform the higher-value work for which they are responsible.
- **Add responsibilities to the position of Communications / Executive Assistant:** Adding community engagement to the EA portfolio (currently provided by the Manager of Sustainable Service Delivery) will ensure direct connection to the CAO for these critical relationships.

FUTURE CONSIDERATIONS:

- **Consider New Position – Manager or Assistant Director of Parks, Facilities & Recreation/Program Coordinator:** This department is complex and has a large number of employees that require specific support. It is also the only department that does not have exempt employee back-up for the Director. This position will address the lack of programming, especially at the youth level (Fernie has a young population) and can manage special events through cost neutral contracts. **Evaluate the need for the position following the integration of the new positions of HR Manager and Project Manager.**
- **Consider Establishing the Deputy Fire Chief Position to Exempt (non-union) status:** The current Assistant Chief is in the IAFF which would be more appropriately an exempt position considering the roles and responsibilities of the position.



Technical – Strategy, Service Delivery, Processes - Findings

Capacity

Considering the size of the organization and the staffing levels, overall Fernie provides a respectable level of service at a fair cost. There are concerns regarding the ability to provide expected services in the following areas:

- Financial services - the workload is recognized as too much for the current complement of staff especially considering the dated and inefficient processes
- Recreation – there may be the need for a management position to address the overall recreation and “culture” needs of the community.
- Public Works & Utilities – may require additional capacity both leading and delivering services. This is unknown at this time as there has been no evaluation of performance in this area.
- Project Management – Council’s strategic plan, the tourism strategy, capital projects, grants, and internal projects all require significant management resources. The current complement of senior staff will not be able to meet Council and community expectations without a dedicated and skilled project-management resource.

Asset Management

The City of Fernie is working hard to fully understand the life cycle management of assets. Most assets have had detailed condition assessments while others have not been completed, particularly buildings. There are significant risks with not understanding life cycle replacement costs of major facilities such as buildings. Asset management is led by the Manager of Sustainable Service Delivery.

Project Prioritization and Management

A variety of staff are using their own spreadsheets / tools to manage projects. These tools are effective in isolation but appear to be cumbersome, difficult to follow and inconsistent across the organization. Many of the departmental project summaries are out of date at this time.

In Fernie, a multitude of projects are taken on at the same time, leading to challenges with project delivery. Often the projects are governed by grants received, not the ability of the City to complete. Senior managers have done an admirable job of “keeping up” with all the projects however, this is not sustainable. It is unclear of the roles and responsibilities for projects, starting from conceptualizing a project to handing over the asset to the appropriate department. New work establishing project charters for all major projects has started to address this challenge, but more work needs to be done.

Capital project design and construction is most often outsourced to the City’s Engineer of Record. Although many municipalities have in-house professional engineering expertise, it is common to rely on external experts, ensuring that specific engineering skills are applied to specific projects.

The City does not have sufficient formal methodology to manage grants, special projects, and capital projects. Challenges include:

- A feeling that projects are “thrown at staff” by senior leadership or through Council direction without sufficient long-term planning or forethought.
- Many projects are managed by a single point of contact without any back up.
- Limited coordination of all capital projects.



- Discrepancy in roles and responsibilities of managers working on capital projects.

Performance Metrics

Fernie does not utilize effective performance metrics that allow for comparisons year-over-year or comparisons to external organizations. With these metrics, staff are able to make informed decisions and advise on setting appropriate levels of service.

Although staff are working hard to meet the objectives of their positions, there is limited coordination of services in key areas that could benefit from linking functions. In particular, the following processes should be considered for evaluation:

- Development services
- Building services
- Grants
- Capital projects

Development and Building Permit Processing

Development Permit processing times are not seen as reasonable by the development community. Standard building permit turnaround times are approximately 6 to 8 weeks, which is generally acceptable in local government and much shorter than typical in more populated regions. Communications with the building and development community and additional transparency with the public will support a clearer understanding of this service level.

Bylaw Processing

Bylaw enforcement is considered to be consistent, fair and professional. Bylaw staff do not have the capacity to collect all business licenses on a regular basis, reducing overall expected revenues. The Business Licensing and Regulation Bylaw is out of date and the fees are not commensurate with contemporary standards.

Short Term Rentals

There is limited policy and enforcement of short-term rentals in Fernie. It is estimated that there are over 300 Airbnb rentals available that have significantly reduced housing stock in Fernie. Bylaw staff do not have the capacity to collect business licenses for all short-term rental operations.

Emergency Management

The City's emergency management preparedness is needs leadership for improvement including increased training on specific emergency operations roles for staff. Additional exercises will also benefit the program. Responsibility for facilitating the sub-regional EOC is shared between the RDEK through a fee for service agreement and the Assistant Fire Chief in Fernie. This program will require ongoing attention once the interim operating measures for Fire & Emergency Services are in place.



Economic Development

The City of Fernie does not currently have specific capacity to advance economic development interests. This function lies predominantly with the CAO and Council at this time. In the future more coordinated efforts across departments to engage the business community will be of benefit, however capacity and capabilities in development services being advanced through a secured grant and staffing adjustments, and critical infrastructure improvements that must take priority are required as necessary antecedents to support meaningful economic development.

Bylaw Enforcement

Bylaw services does an outstanding job with limited capacity. Bylaw staff are engaged and care about providing service excellence and advancing best in class policy. Bylaw provides excellent statistics to Council on a regular basis – one of the areas benchmarked effectively with the City. More and more expectations for service are required of Bylaw (e.g., short term rental enforcement) and it is often difficult for current staff to complete all tasks.

The regulation and licencing of short-term accommodations is a core function as it directly impacts the planning, construction and use of land within the municipality, and will be critical to the long-term sustainability of the community.

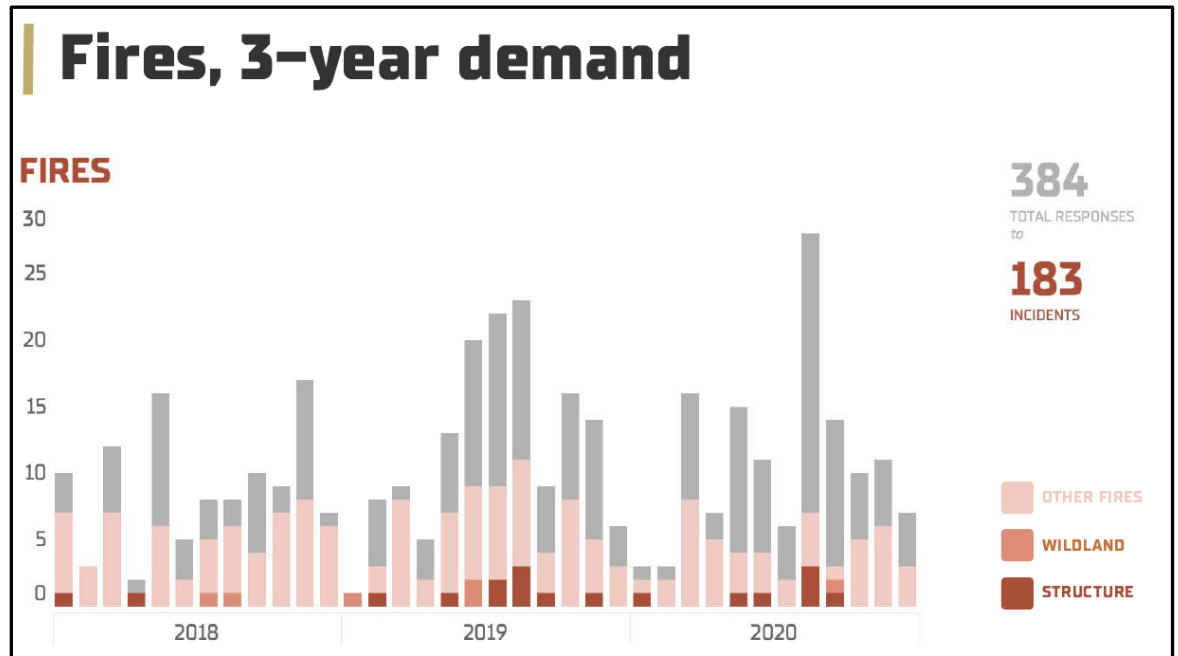
RCMP Oversight

The RCMP detachment in Fernie is, like many small detachments, operating with significant vacancies and struggles with meeting the basic expectations and requirements set out in the Municipal Policing Agreement. Recently the acting detachment commander has made efforts to improve reporting and transparency, however significant progress remains to be made. Current RCMP challenges include downtown issues, homelessness, increased crime, and business concerns. RCMP civilian staff are currently led by the Inspector in Charge with limited oversight by the City.



Fire & Emergency Services

Fernie is well serviced with a composite Fire Service consisting of 8 IAFF full-time employees and community involvement of approximately 20 volunteer firefighters. Compared to like-sized municipalities, the number of inspections and the amount of training provided to volunteers is good. Full time staff may have available capacity that can be utilized to assist with broader City services.



There are very few structural fires in Fernie, averaging one or two per year. Fire prevention and education has been an effective program supporting this trend. A significant volume of responses are for medical emergencies or highway response. Fernie career firefighters do provide administrative support services and other collaborative supports that enhance the operation which should be continued and expanded where possible moving forward.

Facilities Management

Facilities are managed by the Director of Parks, Facilities and Recreation. Building maintenance is currently under-capacity and is having difficulty keeping up with prescribed maintenance schedules. Formalized asset management systems are needed to support the department.

Customer Service

There is no Customer Relationship Management (CRM) practice or system to effectively handle complaints/requests for service. This often leads to poor issue control for the City as trends and issues are not quickly identified by staff with a customer service focus. There would seem to be excessive complaints, primarily through social media, about the City providing services. Fernie has had a poor reputation for providing services for a number of years.

There exists an excellent document for answering common requests / complaints from the public (RFS Guide). This easy-to-understand document is valuable yet front-desk staff have not embraced or effectively used the tool for optimizing call responses to-date. Staff have begun training with the tool with a focus on improving the quality of information gathered for requests for service and better-documenting solutions, responses, and clarifying when services are not provided through the City.



Snow and Ice Management

Fernie receives considerable snow every year and there has been much controversy regarding best practices. Operations is currently evaluating various programs and is piloting options to determine optimum solutions. Council will have received a workshop and a number of reports to formalize the new snow and ice management service area in advance of the receipt of this report.

Public Works Emergency Response

Public Works / Utilities receive consistent strong and positive feedback regarding the ability of staff to provide timely and quality emergency response services, particularly when tested by flooding, fires or other local emergencies that require “all hands on deck”.


Standby and emergency response for public works / operations’ issues is primarily provided by one Manager, which is simply not sustainable. Contracting emergency call-outs or establishing a rotation is an important near-term step.

Technical – Strategy, Service Delivery, Processes - Recommendations

1. **Develop the Asset Management Program and align with Finance.** It is imperative that policy development and a detailed condition assessment of all assets takes place as soon as possible. This information is essential to determining overall level of service, capital replacement, and funding requests. Centralizing Asset Management and aligning it with Finance ensures it is a core consideration in all future planning and budgets.
2. Initiate a **Master Project and Capacity** list that includes all Fernie projects including sponsor, budgets, responsible manager, start date, and progress. Council strategic priorities should be included, and prioritization should be done by the management team and Council on an ongoing basis. This will ensure that the CAO is continually allocating resources to priority work.



Capacity Template (Sample to be developed and refined)

City of Fernie - Project Planner												October 1, 2021	
	Program Type		Capacity Requirements				Project Delivery					Comments	
	Initiated by	Capital Program?	Estimated costs 2021	Estimated staff hours - 2021	Estimated staff days - 2021	2021 Budget	2022 Budget	Sponsor	Business Unit	Start	Expected Completion		Percent complete
	Condition Assessment - Facilities	Council / Staff	No		120	17			Brett	P,F,&R	Jan-21		
Update and Streamline Planning Processes	Council	No		100	14		\$110k	Bruce	P	Mar-20		55 %	
Develop a Housing Strategy	Strat Plan	Yes	\$120k	80	11		\$120k	MA	OPS	Feb-20		10 %	
Update the Subdivision Servicing Bylaw	Strat Plan	No		240	34			MA	DS	May-20		5 %	
Design new Fire Hall	Staff	Yes	\$120k	400	57		\$70k	MA	DS	Feb-21		5 %	
Update the Emergency Reponse Plan	Council / Staff	No	\$20k	80	11	\$10k	\$10k	TR	F	Jan-21		25 %	
Downtown Landscaping Revitalization	Council Motion	Yes	\$130k	160	23		\$130k	BL	P, F, & R	Apr-21		45 %	
Operational Review - Public Works	Strat Plan	No		140	20		\$250k	MA	DS	Mar-21		10 %	
Staff Days Available													
New OCP	Council SP	No		380	54			DP	CAO	HOLD		0 %	
Capacity:			\$ -	1320	243								



3. **Performance Benchmark** key functions both internally and for the list of comparator municipalities, where possible, including:
- Development permits issued
 - Building permits issued
 - Completion times for processing (building permits, development permits, Right of Way Use permits, etc.)
 - Attendance / loss time (sick, LTD, WorkSafeBC)
 - Grievances
 - Infrastructure unit rate installation and maintenance costs (new services, hydrant maintenance, pothole repair, crack sealing, etc.)
 - Attendance at the pool, arena, programs, and special events
 - Community participation (skating/hockey, recreation programs, etc.)

Benchmarking should be phased in over time considering the value of the information both as a performance enhancement tool and as a component of service level planning.

Benchmarking internally is the first step in the process and once information is considered as accurate, comparisons on cost / measurable unit versus other local government organizations should be pursued with like organizations.

Priority benchmarking should include:

- Average cost to process each \$100,000 in building permits
- Actual cost / hour of community facility use - net cost of facility (full life cycle costs of asset + operations) / hours of use
- Overall attendance loss-time costs / year as a percentage of payroll
- Unit cost to maintain hydrants (common local government benchmark)

4. **Streamline Systems**

The complex work of local government and the high expectations for delivering Council's strategic objectives creates challenges with the efficient processing of work. The following key areas should conduct detailed process mapping followed by a procedural efficiency analysis, ensuring that work is completed effectively:

- Capital Projects / Grants
- Development and building permit approvals
- Finance (ongoing)
- Operations

5. **Support the Streamlining of the Planning Department** to provide efficiencies and increase confidence in the system. Conduct process mapping and develop efficiencies internally, while communicating openly externally (currently **funded by LGDAP Grant**).

6. **Utilize firefighter capacity and expertise to support** value-added services where possible to increase cooperation and collaboration as well as overall operational improvements. Ensure



open conversations and appropriate notice is provided to affected unions / sought where necessary.

7. **Conduct a detailed review of Public Works operations**, considering best practices, equipment needs, processes, procedures, and efficiency. This should be completed by an experienced leader in public works and is a short-term but high-impact assessment to determine where time and effort is lost or not providing good returns on investment. Standard operating procedures for core service areas is a required output of this initiative.
8. **Develop a CRM system** for the City, emphasizing initial contact reception at City Hall. One person (recommend additional staff member) should be assigned to managing all contacts from initialization to completion, including risk management record keeping.
9. **Develop strong policy for Short Term Rentals in Fernie**, including a regulatory and enforcement framework that meets the communities housing objectives.
10. **Increase the organizations emergency preparedness** through increased training, exercising, and policy development by more assertively leveraging services from the RDEK and Fire & Emergency Services.
11. **Introduce a Public Works Manager standby rotation and emergency call-out process** that balances the workload between managers. Review the need for appropriate compensation for this key municipal need.
12. **Review the need for additional resources**, once the reorganization is completed and the leadership team is intact:
 - Financial services
 - Recreation
 - Communications
 - Public Works & Utilities
 - Project Management



Financial - Findings

Managing Taxation

Fernie's financial situation is complicated by social issues in the community, which require resources to address the challenges. Fernie is a community faced with the challenge of finding alternative revenue sources, such as increasing the industrial tax base, seeking government funding, or fee for service opportunities. Without additional revenue opportunities, Fernie will need to rely on increased taxation above inflation rates and/or reduce service levels.

Fernie has considerable economic development opportunities. These are critical to building the community in a sustainable manner while providing a stronger tax base. Currently there is no economic development strategy to guide staff at a local level.

Asset Management

Fernie is working towards a comprehensive asset management plan; however, condition assessments have not been completed for all facilities. The City continues to add new infrastructure without adequate maintenance and replacement funding to support long-term sustainability. There are limited funds available to ensure that all assets can be maintained and replaced at their current standard.

Asset replacement financing has not included the overall cost for all assets, as buildings and bridges are not yet included. At this time there are established "steady state" infrastructure replacement funding levels for reviewed assets that are included in financial planning.

Purchasing

Procurement is primarily handled through Engineering and Public Works. This is unusual for local government as this key area requires specific scrutiny, typically through the Finance Department.

Fernie does an admirable job of sourcing goods and services locally, when financially reasonable. This supports the local economy; however, local procurement must be reasonably competitive with other options.

Financial Reporting

Financial reporting and management at the City is below standard however, the CAO and CFO have done an exceptional job of bringing financial reporting up to a local government standard that is sustainable. There is considerable work that is still required but this is an area seeing significant improvement.

Financial Decisions

There is need for a proper business case or spending package process when it comes to requesting new positions or proving out projects. Some decisions are not properly considered because they do not rise to the level of the decision makers properly.

External consultants are expensive resources and there has been no evaluation as to best value for the services provided.



Finance Capacity

The Finance Department may need additional capacity on a permanent basis. The CFO has a long list of projects required to bring the organization to an acceptable standard.

Development and Building Permit Revenues

Revenues from Development Permits and Building Permits are currently allocated directly to General revenue without any linkages to the level of work required by Development Services. City revenues received for development and building services support has averaged over \$240,000 the last three years. This equates directly to the heavy workload of City staff who deal with development and building permits.

Zoning and Subdivision Fees	\$18,000
Development Permits	\$20,000
Variance Permits	\$ 5,200
Building and Plumbing Permits	\$ 235,000

RCMP Budgeting

RCMP costs are budgeted at the full cost of the service expected. The RCMP consistently fails

	2021 Budget	2020 Actual	2020 Budget	2019 Actual
Support Staff: RCMP	\$ 78,000	\$ 76,470	\$ 74,172	\$ 68,107
RCMP Contract	\$ 881,255	\$ 555,034	\$ 867,002	\$ 662,691
Potential retro reserve	\$ 190,000			

to deliver on the complement of planned Officers and rebates the City at the end of the RCMP fiscal year (March). This amounts to up to \$200,000 / year and has been consistent for a number of years.

Fire Services Costs

Fire Services cost approximately \$1.6 million / year in operating funding with the RDEK providing approximately \$400,000 / year for the contract to provide services outside of the City.

	2021 Budget (proposed)	2020 Actual	2020 Budget	2019 Actual
Operational expense	\$1,664,950	\$1,582,179	\$1,622,159	\$1,545,743
Equipment Reserve	\$ 304,319	\$ 300,000	\$ 300,000	



Long-Term Strategic Financial Plan

There is no long-term strategic financial plan and policy at this time however, this cannot be commenced until completion of the full asset management plan.

Annual Audit

The annual audit for Fernie has been conducted by a local firm, with no other local government clients. Although this firm is well respected in the community, they have limited expertise in the local government industry.

Financial Systems

The timecard system is archaic and highly unusual in local government – most have some type of software or system that can streamline this process.

City of Fernie Real Estate

The City currently has title to a number of buildings, vacant land, and unopened rights-of-way. There is no formal City-owned land management plan and there is little consideration of the value of current leases, rentals, community use, and long-term disposition. This is a significant missed opportunity for financial security for the City,



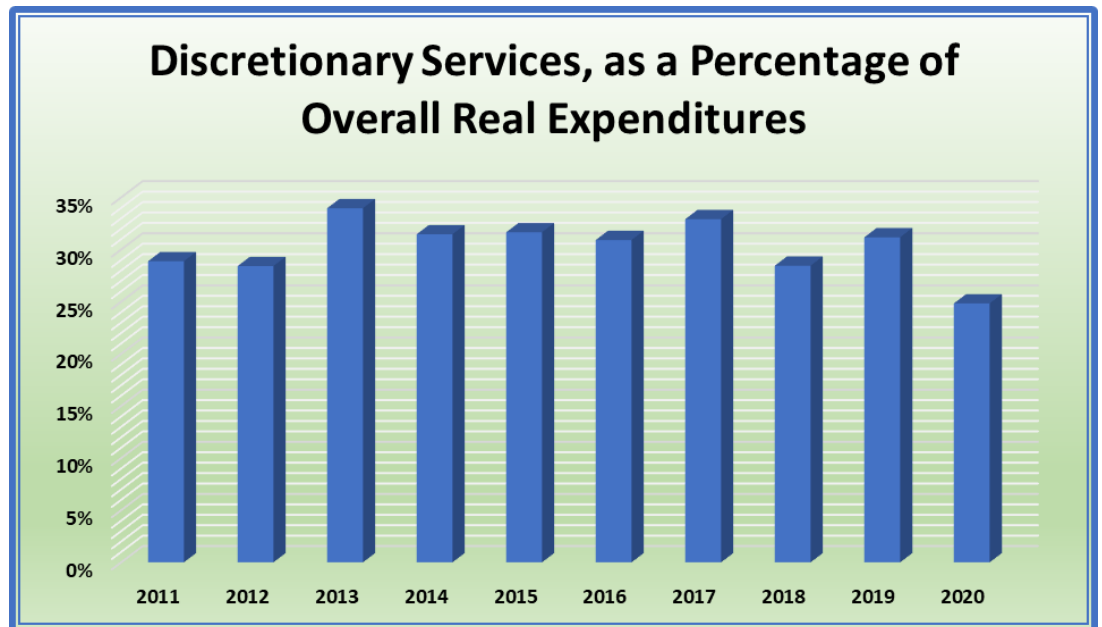
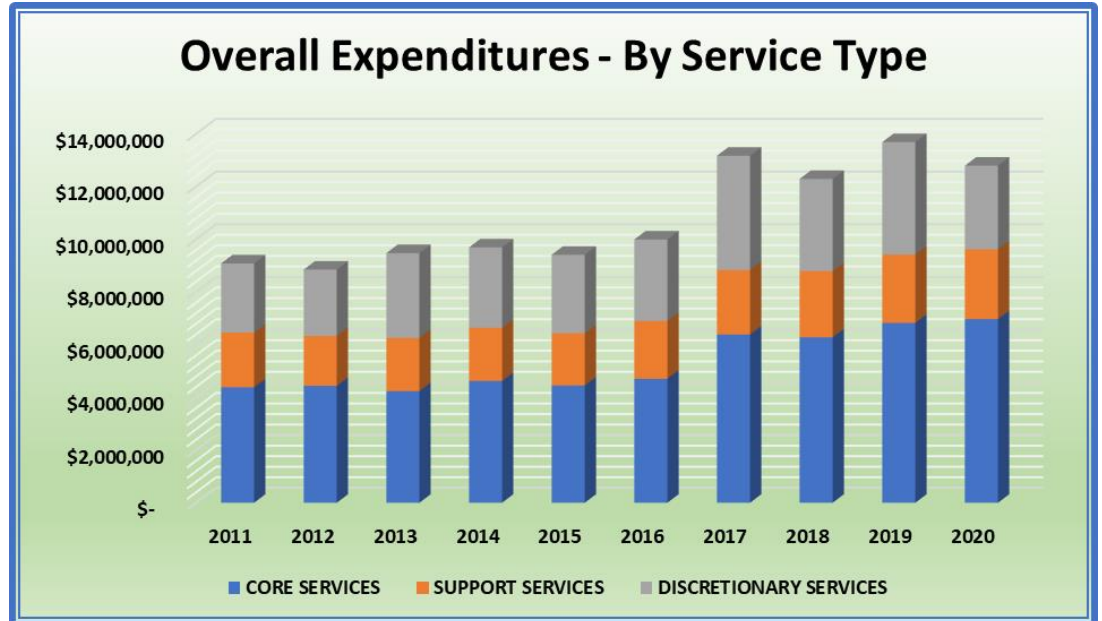
Discretionary Services / Expenditures

Local government organizations typically provide three types of services:

- Core services (public safety, water, sewer, finance, legislative services, etc.)
- Support services (human resources, IT, OH&S, administration, etc.)
- **Discretionary services** (parks, recreation, social programs, housing, etc.)

Fernie provides discretionary subsidies or funding in a number of different areas:

- Parks
- Recreation
- Community services
- Social programs
- Grants in Aid
- Operating Grants
- Permissive Tax Exemptions
- Community Economic and Social Development Agreements
- Events
- Real Estate subsidies



Typically, local government organizations similar in size to Fernie have discretionary expenses between 20% and 40% of overall expenditures.



Fernie partners with local non-profit organizations utilizing dated agreements and high levels of subsidy, particularly with the use of City-owned buildings. The estimated costs to the City are approximately \$900,000 / year. This discretionary spending represents a high percentage of overall expenditures and it is questionable as to the overall value to the community.

Annual Costs - Fernie Partnerships

Agreement	Operating Grant	Facility Operating Expenses	Unallocated Staff Time	Rental value of building	Actual rent paid by organization	TOTAL
Chamber of Commerce - VIC	\$ 112,000	\$ 35,525	\$ 11,000	\$ 44,000	\$ 1	\$ 202,526
Senior Citizens Club	\$ 30,000	\$ 28,905	\$ 8,100	\$ 18,000	\$ 1	\$ 85,006
Heritage Library	\$ 258,000	\$ 42,075	\$ 8,100	\$ 55,000	\$ 1	\$ 363,176
Art Council	\$ 45,075	\$ 39,505	\$ 8,100	\$ 40,000	\$ 1	\$ 132,681
Historical Society - Museum	\$ 45,372	\$ 15,790	\$ 16,350	\$ 24,000	\$ 1	\$ 101,513
TOTALS	\$ 490,447	\$ 161,800	\$ 51,650	\$ 181,000		\$ 884,902

*** rentals based on 2021 commercial rates

Other notable subsidies (2019) that indicate high subsidization rates for discretionary services provided include:

	Revenues	Expenses	Subsidy	Revenue / Expense rate
Curling Club	\$ 9,600	\$ 52,000	\$ 42,400	23%
Max Turyk	\$ 67,000	\$ 200,243	\$ 133,243	50%
Aquatic Centre	\$ 301,000	\$ 1,076,000	\$ 775,000	39%
Arena	\$ 56,000	\$ 740,000	\$ 684,000	8%
Cemetery	\$ 17,000	\$ 80,000	\$ 63,000	27%
Totals	\$ 450,600	\$ 2,148,243	\$ 1,697,643	29%

Overall, discretionary services are undermanaged and there is no clear link to the value of services provided. This represents significant opportunity for Fernie considering the overall value of services to the community and real estate management principles.

It is also important to note that there are other demands for discretionary services as noted by Council that may provide more value to the community than existing partnerships, such as:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Childcare • Support for vulnerable populations • Indigenous Reconciliation and Representation | <ul style="list-style-type: none"> • Active Living • Children and Youth • Environmental Protection |
|---|---|



Financial – Recommendations

1. Prioritize the development of a **Comprehensive Asset Management Program**. There is much work to be done as a number of condition assessments are required along with an overall summary of future maintenance and replacement requirements. This should include all civic assets including water, wastewater, solid waste, parks, facilities, and ancillary assets.
2. Develop a **Long-Range Strategic Financial plan** once the Asset Management Plan is complete. This will ensure steady-state capital replacement along with certainty for taxpayers in Fernie. It will also ensure that any new infrastructure is considered as part of the overall City financial objectives.
3. **Develop a Long-Term Real Estate Strategy** considering disposition of assets, leasing assets, market values, and long-term planning.
4. Invest in a comprehensive **Capital Project Strategy**, linked directly to a refined asset management program. Leading all capital projects, liaising with engineering consultants, and managing contracts will all lead to financial savings.
5. Update the **Purchasing Policy** and adopt a methodology of considering a business case analysis for all decisions. This will ensure that decisions are rendered considering all stakeholders' interests over the long term.
6. Introduce **Financial Systems and Processes** that reduce the amount of manual input and increase the efficiency of day-to-day operations. Finance should review the business case for utilizing software to streamline services and workload, wherever possible.
7. Review **contracted consulting fees** and develop a business case for best value. There may be opportunities for hiring internal staff to replicate, at a lower cost, work currently performed externally.
8. Introduce a **development and building services reserve**, with accompanying policy. This reserve can be allocated towards staff assistance during peak demands for development and building services.
9. **Conduct an RFP for auditing services** and prioritize firms with extensive local government experience.



10. Continuously evaluate opportunities to increase revenues and decrease expenditures.

Potential financial changes to support the budget that should be constantly considered include:

- Grow the tax base to generate additional revenue through attracting new development
- Pursue all appropriate grant opportunities to fund priority initiatives and projects
- Use City lands to generate additional revenues
- Evaluate the policy for Permissive Tax Exemptions, potentially reducing the overall load on the budget
- Use Class “C” estimates for all capital project five-year planning. This can reduce the overall asset replacement loading on the overall budget
- Consider reducing levels of service in all discretionary service areas (recreation, parks, social programs, etc.) while maintaining core service funding, as appropriate
- Evaluate RCMP financial reporting to ensure proper reporting

11. Once financial systems are running at an acceptable level, the Director of Finance should **undertake a detailed assessment of the departmental needs** and the current capacity to deliver. This review should include an evaluation of departmental job descriptions, software, and processes.

12. Establish consistent standardized reporting for non-profit core operating funding agreements.

13. Conduct a comprehensive review of discretionary services with consideration of:

- a. Reporting requirements
- b. Current user fees
- c. Current cost share agreements with the RDEK
- d. Value of each specific service to the community
- e. Value of real estate provided and links to long-term real estate strategies
- f. Options for moving to non-profit self-sufficiency
- g. Overall governance of discretionary services

Funding the Capacity Gap

This report identifies areas that require additional resources to support the overall goals of Council and the community. It is also important to recognize that Fernie has higher taxation than many like sized municipalities, in part due to enhanced (and consequently more expensive) services such as paid career firefighters and a 70/30 RCMP detachment. Simply increasing taxes to pay for the costs of additional capacity and services is a difficult choice, particularly when considering the expected high costs for asset management. The following concepts should be considered as appropriate financial changes implemented in the order suggested below, and will greatly assist with yearly taxation:

1. Fund a Project Manager through Capital

Capital projects have specific costs embedded in each and every project. Apply these funds directly to funding a new position "Project Manager".

2. Set RCMP budgets at appropriate levels

The RCMP budget is developed considering the full complement of members being present at all times. The City receives a rebate each year recognizing the vacancies through the year. Historically, the RCMP operates at 80% to 85% of the budget due to these vacancies. Set the overall budget at 90% of actual, opening the overall budget by \$85,000.

3. Implement a Development and Building Reserve

Using surplus funds from development and building permitting to create a reserve will ensure appropriate levels of service when demands are high without increasing general taxation.

4. Maximize Fernie real estate financial returns

Fernie's current real estate portfolio is significantly under-utilized. Develop a real estate strategy that maximizes returns without compromising the ownership of lands. Consider:

- Sell or lease existing undeveloped titles lands
- Sell unused road ends and other rights of way that serve no future purpose.
- Set market lease rates for all buildings
- Sell or lease existing buildings

5. Reduce the community's reliance on City funds

Evaluate all grants and discretionary grants with the goal of organizations becoming self-sufficient. This should be actioned after the completion of the Real Estate Strategy.



Communications - Findings

Communications Capacity

Communication is often a challenge in local government. The City handles communication adequately considering there are limited assigned resources or expertise. The Mayor's communication is considered to be very effective, but is primarily directed at emerging, emergency, or politically-natured issues.

External Communications

Public perception of the excellent work provided by the City is perceived as poor. There is no "continual dialogue" as to what is important in terms of strategic priorities and major projects.

General communication to the community is generated through mailed notices, the web site, social media and local publications. The web site is adequate although improvement would benefit public perception. City staff have excellent connections to the community and are very responsive to public concerns; however, Fernie inconsistently promotes and amplifies the great work and value for service. Significant turnover due to leaves in communications has caused gaps in service although this area is improving. Fernie's Annual Reports are well presented, informative and useful.

The annual citizen satisfaction surveys Fernie has conducted are intended to gauge community support for the work of the City. Unfortunately, these statistically inaccurate surveys have not provided accurate information that can be used to truly understand the needs of the community. Defensible sampling and survey design is required to confirm or check findings from past surveys moving forward.

Communications and engagement with community "partners" has been centralized through the manager of sustainable service delivery. This should be transitioned to the Communications and Executive Assistant when the former position is retitled and relocated.

Public Engagement

The City has been working hard to increase public engagement however, there are few resources to adequately provide effective engagement on the many projects under way. A baseline of effective educational and informational material being regularly published to the public engagement portal will form the basis for future engagement campaigns and is an important next-step for the City.

Internal Communications

Internally, staff have a better idea of City issues as administration provide regular updates on activities, goals, and interests.

There seems to be a disconnect between Council and staff as far as the overall goals of the organization. Some projects may be stalled because staff are not seeing the same priorities as the elected leadership. Renewal of a strategic approach to staff engagement and the re-clarification of departmental goals that align with Council's strategic plan will help staff better understand and support the organization's overall direction.



Communications - Recommendations

1. **Communicate** with citizens so they clearly understand what the City does, what the City doesn't do, and the level of services provided. Use social media and print media to increase awareness of Fernie services. Use every opportunity to communicate positive change.
2. Council and senior staff, should consider an annual **"meet and greet" with local organizations** (BIA, Chamber, etc.) to strengthen the relationship and to reduce community misinformation.
3. The CAO needs to **provide clear expectations** to all staff regarding delivering Council Strategic objectives. This will involve Council reviewing and reprioritizing Strategic Plan deliverables as part of the 2022 budget and financial planning process.
4. The CAO and Council should seek every opportunity to meet and **engage with staff** in an open and supportive manner. Staff need to feel part of the overall team.
5. The CAO needs to move out into the organization. It is important the CAO be seen at the Fire Hall, Public Works, and Recreation facilities.
6. The Town should commission a statistically accurate **citizen satisfaction survey** to determine:
 - Thresholds for tax increases
 - Expected service levels
 - Areas requiring attention
 - Preferred communication channels
 - Value for service levels provided



Leadership / Supervision - Findings

Council Leadership

Overall, there is strong political leadership in Fernie. A respectful, cohesive and informed Council has provided strong direction, despite many of the internal challenges within the organization. The Mayor and Councillors clearly understand their roles as elected officials and are generally respectful to not delve too deeply into operational issues. The Mayor is an effective and capable Chair, ensuring that decisions are made by the body of Council in a democratic manner, leading to optimum results.

CAO Leadership

The current CAO is relatively new to the position (January, 2020) but has gained excellent knowledge of the overall needs and has done remarkable work to correct a struggling organization. The CAO provides strong leadership by providing senior leaders with the support and latitude to manage/lead effectively. The CAO has been functioning too frequently at the Director level, carrying workloads of underperforming departments during a period of significant change. While the CAO is personable, confident, well informed, and skilled, they will need to transition to leading performance through their leadership team to avoid burnout while still providing excellent service to the organization.

Leadership Team

The current leadership team is not operating at its optimum level and suffers from lack of trust in each other, self-interest, and historical challenges with expectations. This lack of a highly collaborative leadership team does not allow for optimum decision making and reduces the strength of the organization overall. The leadership team, as a whole, operates individually versus strategically, creating silos that can impede good decision making. Teambuilding and strategic planning will be important moving forward to enhance the performance of this team.

The heavy workload of late has created anxiety with senior managers and has been identified and noted by both the CAO and Council.

Council – Staff Relations

There is a misunderstanding of the roles of Council and staff that leads to uncertainty and missed opportunities. The Fernie 2019-2022 Strategic Plan is a document that outlines the direction for the organization and provides some vision of the overall priorities. This has not always been seen as a priority for staff, although the CAO clearly understand the importance. Balancing strategic priorities against the critical infrastructure needs will be an important step for Council and staff moving forward.

Decision Making

The Fernie management team meets once per week and typically discusses transactional and operational issues. The CAO and Directors also meet once per week and discuss Council and transactional issues. There is little time for the leadership team to discuss strategic issues.

The senior leadership team deals with a high volume of transactional work that often takes precedence over strategic thinking. There is rarely enough time at senior leadership team meetings to discuss high

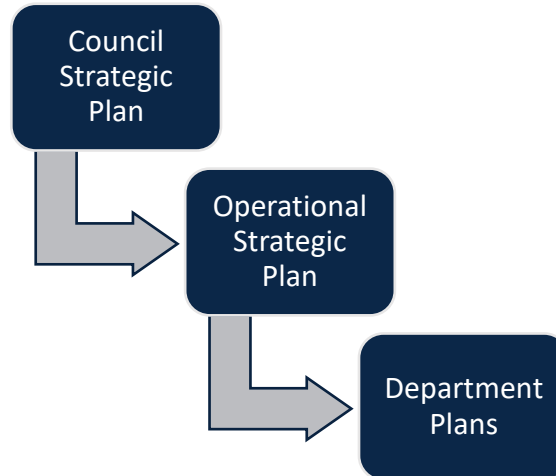


level operational strategies. This is somewhat related to the current structure which focusses on project delivery instead of strategic leadership. Transitioning project management and formalizing structure will improve the situation and force strategic realignment within the team.

Leadership / Supervision - Recommendations

1. **Invest effort in creating a loyal, dedicated, cohesive and highly functioning leadership team.** This team should continue to provide strong decision-making support for the CAO through unbiased, open, honest, and direct meetings and conversations. The CAO should invest in specific team-building exercises including the renewed focus on the Leadership Team Charter and accountability measures.
2. **Initiate and make routine the “celebration of success”** for any major project completion or milestone.
3. **Provide comprehensive CAO progress reports** to support Fernie Council. The CAO should ensure that Council receives regular and ongoing reports and information, over and above the current weekly updates (Fridays). Although the CAO is ultimately responsible for the operation of the City, these reports will provide Council with assurances on operational effectiveness, provide information to relay to constituents, confidence in budget deliberations, and assist with strategic planning. Understanding the current organizational challenges, the information to be presented should include:
 - progress on Council’s Strategic Plan
 - overall performance metrics
 - capital project progress
 - special project progress
 - major initiative progress
 - employee attendance statistics
 - grievance statistics
 - building statistics
 - development statistics
 - major development proposals
 - major building proposals
 - BP and DP processing times
 - others, as requested
4. **Support employee engagement** through staff events that encourage participation and recognize successes. Ensure staff appreciation events are inclusive and positive, with key messaging around overall expectations.

5. **Develop a five-year operational strategic plan** that includes the Fernie Strategic Plan, upcoming capital projects, major initiatives, and how it will balance with staff capacity.



6. Regularly schedule leadership team meetings and honour time to **discuss strategic issues** (versus the day-to-day Council and operational issues). Consider assigning time once per month for strategic issues only.

IMPLEMENTATION PLAN

This implementation plan summarizes and organizes the recommendation portions of this report.

NO.	CATEGORY	ACTION ITEM	PRIORITY
1.	People & Structure	Modify the organizational structure to increase efficiencies and balance workload across the organization	High
2.	People & Structure	Hire a Project Manager to streamline and coordinate all major projects and grants	High
3.	People & Structure	Conduct a Compensation & Benefits review and adjust salaries, as appropriate	High
4.	People & Structure	Develop and implement a comprehensive performance management and succession planning program	High
5.	People & Structure	Evaluate the clerical support organizational model and consider funding a front office contact position to manage CRM for the organization	High
6.	People & Structure	Establish a social and engagement committee with the goal of increases staff awareness and celebrating the great work of staff	High
7.	People & Structure	Review and enhance training opportunities for existing employees	Medium
8.	People & Structure	Develop and implement an attendance management program with support for employees to achieve attendance goals	Low
9.	People & Structure	Evaluate the need for additional capacity in the areas of financial services, recreation, and planning (once the new leadership structure and team is in place and operational)	Low then High
10.	Technical – Strategy, Service Delivery, Processes	Develop a capacity analysis / project management tool to link Council expectations to available capacity	High
11.	Technical – Strategy, Service Delivery, Processes	Performance Benchmark key business functions in the organization	High
12.	Technical – Strategy, Service Delivery, Processes	Introduce an equitable Public Works Manager standby rotation	High
13.	Technical – Strategy, Service Delivery, Processes	Support the LGDAP grant and streamline planning and development services, with the goal of optimizing the department, as a whole and supporting balanced workload for staff in this service area.	High
14.	Technical – Strategy, Service Delivery, Processes	Streamline Systems through process mapping <ul style="list-style-type: none"> • Capital Projects / Grants • Development and building permit approvals • Operations 	High
15.	Technical – Strategy, Service Delivery, Processes	Conduct a comprehensive a detailed review of Public Works / Operations	High

NO.	CATEGORY	ACTION ITEM	PRIORITY
16.	Technical – Strategy, Service Delivery, Processes	Develop strong policy and licensing framework for Short Term Rentals in Fernie	High
17.	Technical – Strategy, Service Delivery, Processes	Enhance auxiliary firefighter support	High
18.	Technical – Strategy, Service Delivery, Processes	Increase the organizations emergency preparedness training and exercised in collaboration with the Regional service	High
19.	Technical – Strategy, Service Delivery, Processes	Develop a CRM System for the City	Medium
20.	Technical – Strategy, Service Delivery, Processes	Utilize firefighter expertise and capacity	Medium
21.	Financial	Prioritize the asset management program across the organization	High
22.	Financial	Complete condition assessments of all remaining infrastructure as soon as possible	High
23.	Financial	Develop a comprehensive capital project strategy, linked directly to the asset management program	High
24.	Financial	Continue to evaluate opportunities for increasing revenues and decreasing expenses across the organization	High
25.	Financial	Develop a Long-Term Real Estate Strategy	High
26.	Financial	Establish consistent standardized reporting for non-profit core operating funding agreements.	High
27.	Financial	Conduct a comprehensive review of discretionary services	Medium
28.	Financial	Introduce a development and building reserve	Medium
29.	Financial	Review contracted consulting fees	Medium
30.	Financial	Utilize financial systems and software to reduce the amount of manual input and increase the efficiency of day-to-day operations	Medium
31.	Financial	Update the purchasing policy and use business case analyses for all decision making	Medium
32.	Financial	Conduct an RFP for auditing services	Medium
33.	Financial	Working with Council, complete a long-range strategic financial plan and accompanying policies (once the asset management and real estate plans/strategies are completed)	Low
34.	Communications	Commission a statistically relevant citizen satisfaction survey including taxation threshold questions	High



NO.	CATEGORY	ACTION ITEM	PRIORITY
35.	Communications	Develop communication protocols and channels to ensure Fernie citizens and businesses understand the value for services provided by the City.	High
36.	Communications	Provide internal communications whenever possible, including engagement with Council, the CAO, and staff	High
37.	Communications	Provide more opportunity for Council and senior managers to engage with all staff	High
38.	Communications	Consider an annual “meet and greet” with local organizations (BIA, Chamber, etc.)	Medium
39.	Leadership / Supervision	Provide Council, staff and the community with a quarterly report on the delivery of the Strategic Plan and operational benchmarks, issues, and progress	High
40.	Leadership / Supervision	Ensure a cohesive and dedicated leadership team	High
41.	Leadership / Supervision	Develop a five-year operational strategic plan	High
42.	Leadership / Supervision	Ensure leadership team meetings put time and emphasis on strategic issues	High
43.	Leadership / Supervision	Routinely celebrate project successes / milestones with staff, Council, and the community	High

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