
Subject: Options for Consideration Regarding the Selection of the Chief Administrative Officer

Report to: Members of Regional Council

Report date: Thursday, November 19, 2020

Recommendations

1. That Regional Council **APPROVE** one of four options outlined in this report; and
2. That the employment contract of the Acting CAO **BE EXTENDED** until such time that a permanent CAO is in the role.

Key Facts

- The role of CAO is a critical leadership position and provides strategic direction at Niagara Region, as per responsibilities outlined in the *Municipal Act, 2001*, and is accountable to all of Regional Council.
- The CAO position has remained in an acting status for nearly two years as a series of external factors made the selection of permanent CAO impractical (i.e. the municipal governance review, responding to the Ombudsman's *Inside Job* report and COVID-19).
- In March 2020, at the onset of the COVID-19 pandemic, Regional Council passed a motion to place the CAO recruitment process in abeyance until such time that Council could properly focus on this important hiring process.
- At the October 22, 2020 meeting of Regional Council, direction was given to provide Council with recommendations on the next steps in the selection process.
- Given the complexity associated with the selection of a CAO, Council should consider all of the options available, including: maintaining the status quo, appointing an interim CAO, extending the acting CAO until the end of the term and proceeding with a full recruitment process. Each of these options carries pros and cons that Regional Council can consider before moving forward

Financial Considerations

There are no direct financial implications associated with the approval of one of the four presented options. However, some of the options would require financial investments in order to proceed. For instance, in accordance with the policy and procedures, cost estimates of securing an external human resources recruitment firm range from \$40,000 - \$60,000, as it will depend on the scope of work agreed upon by the CAO Recruitment

Committee and the selection of the external search firm through the Request for Proposal procurement process.

Any costs related to CAO recruitment activities in 2020 will be funded through the Council approved 2020 budget, any costs incurred in 2021 will also be accommodated within the future Council approved budget.

Analysis

At the Regional Council meeting on December 13, 2018, Council appointed Ron Tripp, Commissioner of Public Works, to act as the Region's CAO due to the vacancy of that position. Given the importance of the Chief Administrative Officer's role in a municipality, appointment of an individual to serve in an acting capacity was both appropriate and necessary.

A number of external factors influenced the permanent recruitment of the CAO, including:

- 1. The Municipal Governance Review:** On December 20, 2018, the provincial government appointed an advisory body to study regional governance across Ontario. The scope of the study suggested the province may be considering significant top-down changes to regional municipalities across Ontario. Given the unpredictable outcome of this study, Council chose to continue extending the Acting CAO's contract as recruitment under these circumstances would have been exceptionally challenging. While the province ultimately decided to maintain the status quo, that announcement was not made until October 24, 2019.
- 2. The *Inside Job* Ombudsman's Report:** On November 29, 2019, the Provincial Ombudsman released his report *Inside Job* that included a series of recommendations for policies and practices that directly related to the recruitment, hiring and performance management of the Region's CAO. In response to this report, Council continued to delay the CAO recruitment process to ensure the corporation could complete and satisfy the Ombudsman's recommendations. This work was completed by the Region's human resources department in early 2020, and was ultimately approved by Council at the January 23, 2020 meeting.
- 3. The COVID-19 Pandemic:** On March 26, 2020, approximately two weeks after the start of the COVID-19 pandemic, Regional Council passed a motion putting the recruitment in abeyance until such time that the appropriate level of attention could be put towards the recruitment process.

On Oct. 22, 2020, Regional Council gave direction to staff to produce a report that would outline the recommended next steps in the CAO recruitment process. Prior to moving forward with a formal recruitment, Councillors may wish to consider all of the relevant facts bearing on this matter.

Potential Challenges in the Recruitment Process and Hiring a New CAO

Council should be aware that there are potential challenges that may accompany the Region's undertaking of a CAO recruitment at this time and may affect or dilute the talent pool of interested candidates. These challenges include:

1. The heightened instability caused by COVID-19; given that municipal CAOs are often employed in other municipalities they may be unwilling to leave a current post to apply elsewhere;
2. It is anticipated that the recruitment process for the CAO would not likely be completed until June 2021 at the earliest. As CAOs serve at the pleasure of Council, this timeline would only allow 18 months of interaction with the current term of Council;
3. The Region's brand and reputation are still recovering within the municipal sector as a result of the Ombudsman's *Inside Job* report which reported on the 2016 CAO recruitment process during the previous term of Council notwithstanding the new term of Council having commenced in 2018; and
4. The competing market where other local municipalities in Niagara are currently recruiting for CAOs.

The recruitment and onboarding of a new CAO, even under normal conditions, can be a cause of great apprehension among staff at all levels. This apprehension amongst staff may lead to disengagement, potentially having a negative effect on productivity.

Moreover, the unpredictability associated with COVID-19 requires the organization to be agile and react quickly to unprecedented and challenging situations. Installing a new CAO may reduce this agility and slow down the decision-making process across the organization.

Finally, Council should also be made aware that it is common for newly recruited CAOs to want to make significant changes to organizational structure, policies, practices, culture and personnel. Again, even under normal circumstances, undertaking this type of change management can be disruptive to an organization. With the added stressors of the pandemic, Council may want to fully consider the timing of undertaking a recruitment.

Options for Consideration:

Council may approve one of the following four options:

CAO HIRING OPTIONS FOR CONSIDERATION	
OPTION #1: Maintain the status quo (extension of the Acting CAO on 3-6 month contract extensions)	
<p>Pros:</p> <ul style="list-style-type: none"> • Maintains stability across the organization (including the ability to make agile change) • Council has the ability to undertake a recruitment at anytime • Least expensive option (avoids recruitment costs and any potential future severance) • Allows the next full-term of Council to make a clean decision regarding leadership 	<p>Cons:</p> <ul style="list-style-type: none"> • Lack of guarantee to the incumbent • Does not project Council’s confidence in the Region’s top bureaucrat • Difficult for the incumbent to carry out any vision • May impact candidate pool/ attraction for other senior level recruitments in the Region • Delays the inevitable decision that Council proceed with the permanent recruitment process
OPTION #2: Appoint an interim CAO for a two-year term	
<p>Pros:</p> <ul style="list-style-type: none"> • Allows Council to select an external candidate • Avoids some of the recruitment costs and potential future severance with properly worded contract • Less likely to disrupt the organization as intensely as a full recruitment • An expedited option as compared with proceeding with a full recruit • Allows the next full-term of Council to make a clean decision regarding leadership 	<p>Cons:</p> <ul style="list-style-type: none"> • May be seen as a “care taker” with less of a vision for the organization • Will be less familiar with the organization and culture • Less agile in decision making • May be a source of anxiety for staff, impacting productivity • Delays the inevitable decision that Council proceed with the permanent recruitment process

CAO HIRING OPTIONS FOR CONSIDERATION	
OPTION #3: Extend the current acting CAO's contract to the end of the term	
<p>Pros:</p> <ul style="list-style-type: none"> • Provides the most stability for the organization and would be less disruptive • Avoids all recruitment costs and potential future severance • Projects confidence in the Acting CAO, allowing him to execute on more strategic initiatives • Allows Council to manage the Acting CAO appropriately, enforcing performance objectives • Allows the next full-term of Council to make a clean decision regarding leadership 	<p>Cons:</p> <ul style="list-style-type: none"> • Unable to engage in longer term planning • Key positions continue to have acting Commissioner roles for Public Works, Planning and Economic Development, and Medical Officer of Health
OPTION #4: Undertake a formal recruitment process for the CAO	
<p>Pros:</p> <ul style="list-style-type: none"> • Council would undertake a fulsome search with the hopes of finding top talent • Provides the greatest level of transparency and alignment to recruitment policy and procedures • The new CAO, if external, may bring with them a new vision and mandate • Would allow for Public Works temporary leadership to move to permanent, creating additional stability for that group • Ability to engage in strategic planning • Provides for longer term team building with Corporate Leadership Team and Senior Leaders • Seen as stability for employees (current and future) and community. 	<p>Cons:</p> <ul style="list-style-type: none"> • The most costly option • Takes most time to execute • Potentially the most disruptive to Regional operations • The CAO contract would extend into the next term of Council • May not be successful given the current situation (i.e. timing, talent pool)

Relationship to Council Strategic Priorities

The selection of a CAO aligns with Council's strategic priority of Sustainable and Engaging Government.

Other Pertinent Reports

- HR 01-2020 *REVISED* – Chief Administrative Officer (CAO) Recruitment, Selection, Offer of Employment and Performance Management Policy and Procedures
- HR 03-2020 Chief Administrative Officer (CAO) Recruitment – Regional Councillor Appointments to the CAO Recruitment Committee
- CHR 5-2020 Acting CAO Performance Appraisal Process and Recruitment Next Steps

Submitted by:

Jim Bradley,
Regional Chair

This report was prepared in consultation with Daryl Barnhart, Executive Officer to the Regional Chair, Ann-Marie Norio, Regional Clerk, Franco Meffe, Director, Human Resources and Jodie Middleton, Manager Organization Development and Talent Acquisition.