

Town of High Prairie

Municipal Inspection Report

May, 2012



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1 Executive Summary

The Minister of Alberta Municipal Affairs (Minister) does not arbitrarily initiate inspections of municipalities; municipal inspections are conducted for a reason. A sufficient petition by the residents may have been received or there may be obvious contraventions of the Municipal Government Act (MGA) or a legitimate request may have been made by the municipality council. But inspections don't just happen.

So why would the Minister approve a municipal inspection of the Town of High Prairie (Town). There are few complaints about the services provided. Community spirit is reported to be excellent. The Town responded quickly to the needs resulting from the 2011 Lesser Slave Lake fires. Recreation facilities are available for all age groups in most Canadian sports. A new hospital has recently been approved and a bio-diesel plant may be coming to the area. There's even going to be a Tim Hortons! This is the 'Gateway to the Peace Oil Sands'. So what's the problem?

There is a 'direct control' problem at the Town. The large amount of commercial property zoned as 'direct control' has raised questions and concerns and it may be a problem. But there is a larger 'direct control' problem – direct control by the Mayor. It appears that the Mayor attempts to control Council, attempts to control the Chief Administrative Officer (CAO), attempts to control operations, attempts to control recreation, attempts to control the Town. And by way of intimidation he is being somewhat successful but to the detriment of the Town. The Mayor has contravened at least two sections of the MGA:

- A council may act only by resolution or bylaw. Section 180(1)
- A council must not exercise a power or function or perform a duty that is by this or another enactment or bylaw specifically assigned to the CAO or designated officer. Section 201(2)

The role of the Chief Elected Official includes:

- *Chairman of council*
- *Consensus seeker amongst members of council*
- *Liaison with senior staff*
- *Advisor to council*
- *Ex officio on various boards and committees*
- *Key representative with regard to ceremonial responsibilities*
- *Liaison with other levels of government*
- *Advice with regard to policy development.*

Roles and Responsibilities Workshop for Council, Councillors, &
Administrators, Alberta Municipal Affairs (AMA), 2005

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In numerous situations the Mayor has stepped outside of the role of Chief Elected Official and interfered with Town management, has not followed Council's direction or has not brought items to Council for their decision. The following actions of the Mayor are either contraventions of the MGA or actions that are inappropriate:

- a. Interfered with the CAO, senior management and professional advisors when they are researching or making recommendations that are in the best interests of the Town.
 - There has been higher than normal turnover of the CAO and Treasurer positions. The inspection determined that the major reason for the resignations was interference by the Mayor in administration responsibilities.
 - Directed a Treasurer to include expenses in grant claims in spite of the Treasurer indicating that these expenses were not eligible to be claimed.
 - Promoted acceptance of deficient construction.
 - Interfered with a tender process which resulted in the requirement of legal counsel to become involved with the tender process.
 - Took the side of the contractor for economic development when the CAO and Treasurer were legitimately questioning whether the terms of the contract were satisfactorily met prior to payment for services.
- b. Proceeded to take action without Council authorization or against Council resolution.
 - Sent a letter to a private entity to swap land for equity after Council was advised by legal counsel that the transaction was not compliant with Section 70 of the MGA and was not compliant with provincial trade agreements.
 - Continued to work directly with the contractor for economic development after Council passed a resolution that this contractor and any other contractor for the Town were to deal directly with administration and the Mayor and Council were not to directly contact contractors.
- c. Intimidated and threatened staff.
 - Sent a threatening e-mail to a Treasurer which stated 'all I can say to those particular staff is an old hockey saying "keep your head up"' which was the last straw for the Treasurer and resulted in his immediate resignation.
 - Was heard to intimidate a CAO with such loud profanity that a School Division meeting in an adjacent room needed to be relocated.
- d. Did not bring all items to Council.
 - Items include letters to Council or the Mayor from private companies and the High Prairie School Board and agenda items that previous CAOs wanted to bring to Council but were not allowed by the Mayor.

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- e. Initiated action on Town matters without authorization from Council.
 - Reported on activities to Council that often included meetings with other parties of which Council had not provided any direction. Examples are significant issues such as the bio-diesel project and seed cleaning plant and Council was requested to approve the Mayor's recommendation which was not an agenda item.
- f. Appeared to be trying to control Council.
 - Made a significant number of motions at Council meetings (29% of motions made in 2011).
 - Made motions that included him personally.
 - Automatically assumed the position of chair at committees.
 - Was dictatorial regarding appointing councillors to committees and boards.
 - Reported to Council that the 10 year capital plan was done and any Councillor could receive a copy from him.

The reasons for the unusual and unfortunate situation at the Town do not totally rest with the Mayor. The previous and current Councils bear responsibility too. Council requested a corporate review and Activation Analysis Group Inc. (AAGI) presented the report to Council in May, 2010. 33 of the 53 recommendations have not been addressed and most of the major recommendations are still outstanding. Council requested a follow-up review and the Archie Grover Report of 2011 was presented in October, 2011. Council treated this report as confidential and the Information and Privacy Commissioner has been requested by the public to authorize release of this report. Note: The inspector appreciates the permission granted by Mr. Archie Grover to reference and include information from these reports. Council could have taken definitive action on the recommendations in these reports but chose not to. Council has not had sufficient orientation to the roles and responsibilities of Council, Mayor and individual Councillors. The current organization structure invites micro-management and the ethos of the organization is management by elected officials. Some Councillors individually indicated that they wanted to learn how good governance should be done. This report recommends a complete restructuring of how Council conducts its business.

The Town in comparison to other similar sized towns had a below average property tax base per capita. But it has a reasonably good non-residential tax base; 36% which is the highest percentage when compared to the other towns. The Town's municipal property tax rates are comparatively the highest for both residential and non-residential properties. These high tax rates cannot be attributed to the low property tax base; the reason is high costs. Very few towns have their own gas utility but even when the gas utility related costs are removed, the per capita cost is 72% higher than the median when compared to similar sized towns. Debt per capita is the highest in the group at \$1,939 per capita which is 115% higher than the median for the group.

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The inspection has determined that the Town has been governed and managed in an irregular, improper and improvident manner. There are numerous contraventions of the MGA which must be addressed. Some of these contraventions have resulted in other inappropriate actions. One of the main purposes of a municipality is to provide good government (Section 3, MGA). The Town is not fulfilling this purpose.

This report has 69 recommendations which are grouped in the categories of 'Governance', 'Meeting Procedures, Agendas and Minutes', 'Financial' and 'Administration'. These recommendations are not considered to be all inclusive but are considered to be of sufficient significance and importance that all should be implemented. All of the recommendations in Section 7 of this report are condensed into the following summary:

Governance

- Council must act by bylaw or resolution. (#1)
- The Mayor must only carry out actions on behalf of the Town that are authorized by Council resolution. (#2)
- The contract of the interim CAO must not be renewed and the interim CAO must not be appointed to be the CAO of the Town. If the interim CAO has been appointed to be the CAO of the Town, he must be dismissed immediately in accordance with the terms of his contract. (#3)
- A workshop on roles and responsibilities must be scheduled immediately for Council and administration. (#4)
- The focus of all Committees of the Town must be in accordance with the MGA. (#5)
- The Public Works Committee, Protective Services Committee and Finance & Personnel Committee must be discontinued immediately. (#6)
- The High Prairie Recreation Board must be dissolved with all responsibilities transferred to the Town. (#7)
- The governance committee structure of the Town must be reconfigured prior to the 2012 organizational meeting with approved Terms of Reference for each committee. (#8, #10)
- The Terms of Reference for the Economic Development Pursuit Committee must be amended. (#9)
- The CAO or designate must be included on all committees of Council. (#11)
- Council must not interfere with any matters involving Town employees. (#12)
- Town contractors are to report directly to the CAO or designate and the Mayor or Councillors must not administer the contractors or contracts. (#13)
- All references of staff other than the CAO appointed by or reporting to Council must be removed from bylaws, policies and position descriptions. (#14, #15, #16)
- The requirement for all correspondence to require the Mayor's signature must discontinue immediately. (#17)

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- Council must only approve motions that are compliant with provincial and federal legislation. (#18)
- The Mayor must abide by the Procedure Bylaw regarding committee chair appointments. (#19)
- Council must develop and adopt a three year business plan. (#20)
- Council must approve a ten year capital plan. (#21)
- The Procedure Bylaw should be amended to state that a plebiscite is required to change the composition of Council. (#22)
- The procedures to appoint Councillors to committees, agencies, boards and commissions should be reviewed. (#23)
- The long range plan for all Town infrastructure should be updated. (#24)
- Council should endeavour to improve communications with the High Prairie School Division Board. (#25)
- The Municipal Development Plan should be reviewed and revised as necessary. (#26)
- Council should approve a policy for the annual performance review of the CAO. (#27)
- Council should always use a consultant to fill the position of CAO. (#28)
- Legal counsel should be used to prepare the CAO employment contract and handle CAO terminations. (#29)
- The Town should consider developing an Inter-Municipal Development Plan and establish a Regional Economic Development Committee with the MD. (#30)
- The CAO should have a report prepared that will identify the advantages and disadvantages of Direct Control zoning. (#31)
- Council should approve a code of conduct policy. (#32)
- The Minister may need to appoint an Official Administrator to oversee and advise the Town during the implementation of the major recommendations. (#33)

Meeting Procedures, Agendas and Minutes

- Council must abide by the requirements of conducting Council and Committee meetings in public. (#34, #35)
- Council, staff and public must comply with the Procedure Bylaw and the CAO must ensure compliance. (#36)
- The CAO must be aware of all Council meeting agenda items and prepare background information with recommendations. (#37)
- The Procedure Bylaw should be amended to:
 - Include the recommended amendments in this report and the AAGI report. (#38)
 - Include the contents of the Public Delegation Policy and the Council Agenda Package – Electronic Version Policy. (#39)
 - Revise the meeting agenda and meeting process. (#40)

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- Bylaws that receive all three readings in the same Council meeting should indicate unanimous consent. (#41)
- The public hearing process should include explanations for the bylaw. (#42)
- Councillor reports on events attended should address specific issues and be in written form. (#43)
- The recommendations and observations in this report regarding Council minutes should be implemented. (#44)

Financial

- Council must appoint the auditor for the 2011 fiscal year. (#45)
- The CAO must ensure that accurate financial reports are regularly provided to Council. (#46)
- A policy must be developed to govern the Council Discretionary Fund budget. (#47)
- The agreement between the Town and the High Prairie Seed Cleaning Co-op should be amended to clearly address the approach to tax relief during the term of the agreement. (#48)
- The current auditor should be appointed for the 2012 fiscal year and future appointments should be multi-year using a 'request for proposal' process. (#49)
- Motions approving the annual operating and capital budgets should include the budget amounts being approved. (#50)
- The CAO should improve the budget document presented to Council and the budget information presented to the public. (#51)
- The Tangible Capital Asset policy should be reviewed. (#52)
- Policies should be developed for each restricted surplus account. (#53)
- A study should be conducted of all tax incentives and property assessment classes to determine acceptable and fair applications. (#54)
- The Financial Control Policy should be reviewed and amended. (#55)
- A policy should be developed to require more detail for the Council conference budget. (#56)

Administration

- The CAO must ensure that all Town employees consistently follow all Town policies and bylaws. (#57)
- The CAO must ensure that safety is given a higher priority by all Town employees. (#58)
- Council must approve a policy that does not allow Town employees to be involved in any activities that use Town equipment or facilities for personal gain. (#59)
- The CAO must ensure that all staff have adequate training. (#60)
- The CAO must ensure that the 2012 assessment tax notice package is compliant with the MGA and the Matters Relating to Assessment and Taxation Regulation. (#61)

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- All management and staff need to fully understand policies and procedures and take responsibility to follow them and accept responsibility when they are not followed. (#62)
- A communication policy should be developed. (#63)
- The organization chart should be amended to identify a Senior Community Peace Officer position approved by Council. (#64)
- The Employee Performance Review System should be reviewed and procedures developed. (#65)
- A central filing system should be developed. (#66)
- Council should ensure that the CAO has available the necessary professional expertise to provide sufficient information for Council to make quality land use decisions. (#67)
- The CAO should review the recommendations in the AAGI report and seriously consider implementing recommendations that remain outstanding. (#68)
- Policies should be developed regarding computer use and harassment. (#69)

There is an attitude of Council that if the advice of the experts is not in line with their thinking, then the experts are wrong. Examples are:

- The Town's current engineering firm recommended not to accept work by a contractor. Council proceeded to accept it despite this recommendation. The previous Town engineer discontinued doing work for the Town indicating they had all kinds of work and didn't need to deal with the Town and their attitude towards engineers.
- The Town's legal counsel advised not to proceed with a land swap for MGA and inter-provincial agreement reasons. The Town proceeded.
- The Town did not follow the Town's legal counsel advice in a land transaction and has contravened the MGA and is now in a legal situation.

Members of Council are not experts in engineering or law and, therefore, must rely on the expert advice of these trained and experienced professionals. That is part of what is involved in being a good, effective representative of the public interest.

Council also seems quick to blame others rather than accepting responsibility. Regarding this inspection, Council was blaming the previous CAO for it taking place. Yet, before his time, there is a memo to Council from a previous Councillor requesting that an inspection be conducted and a current Councillor apparently has suggested to AMA that AMA should conduct an inspection. The Grover report recommended that AMA undertake an inspection.

The Mayor has acted in a manner that would indicate dismissal may be the appropriate outcome unless all directives by the Minister are implemented to the satisfaction of AMA. This report includes recommendations that will hopefully get Council out of micro management and into governance by policy and strategic

planning which is lacking. The high turnover of the CAO and Treasurer positions has resulted in lost continuity in administration. Implementing these recommendations will be a major task for Council and the CAO but it can be done and must be done to the benefit of the Town. The present interim CAO has demonstrated that he is not capable of providing the necessary administrative leadership to the Town. A CAO with proven municipal experience and knowledge will be required.

2 Description of Municipality

The Town of High Prairie (hereinafter referred to as the ‘Town’) is located 365 km northwest of Edmonton on primary Highway 2 on a direct route to both the Mackenzie and Alaska Highway systems. It is situated at the west end of Lesser Slave Lake which is the largest lake entirely within the boundaries of Alberta.

The population of the Town is 2,836 and officially became a Town in 1950. The Town Council consists of an elected Mayor and six Councillors. Municipal services are provided by a Town staff of 24 (excluding recreation) as well as through partnerships with the Municipal District of Big Lakes and other boards and agencies.

A major event in 2011 that impacted the Town was the Lesser Slave Lake fires. The Emergency Operations Center was activated. The Town increased in population by about 2,000 during this disaster. The residents rallied behind the needs of the evacuated people at every stage by volunteering assistance with providing food, water, activities and opening their homes to these unexpected guests. Town Council recognized all of the volunteers for the Slave Lake fires and surrounding communities evacuation with the Volunteer of the Year award.

3 Purpose of Inspection

The Minister was made aware of serious allegations that had occurred in the operations of the Town as a result of an advisory visit by AMA staff to the Town and written concerns from residents. A petition was in the process of being prepared by the Town residents when the Minister decided to conduct an inspection of the management, administration and operations of the Town under Section 571 of the MGA. The inspector was also appointed as an Official Administrator under Section 575 during the course of the inspection.

4 Findings of Fact

4.1 Governance

4.1.1 Council

Town Council is comprised of the Mayor and six Councillors; the Mayor is an elected position. The elected officials for the 2010 – 2013 term are:

Mayor	Rick Dumont	2 nd term as Mayor; 5 th term on Council
Councillors	Wayne Forrester	3 rd consecutive term; served previously
	Crystal Sekulich	1 st term
	Barry Sharkawi	1 st term
	Michael Smith	1 st term; served previously
	James Waikle	4 th term
	Wilfred Willier	2 nd term; served previously

Reasons for wanting to serve on Council included:

- Recreation opportunities for the youth.
- Economic development
- Land use planning
- Financial accountability
- Serving the Town
- Being the ‘voice for the residents’.

The structure of Council was addressed in the 2010 Corporate Review report. Recommendation G1 of that report was to maintain the current composition of Council; i.e., seven elected Councillors of which one is an elected Mayor. Council approved this recommendation (Resolution 371/10, July 14, 2010) and also approved that any future amendments to this composition would require a plebiscite.

Clause 12 of the Procedure Bylaw addresses organizational meetings as required by Section 192, MGA. The agenda of the organizational meeting is restricted to:

- Establishing regular meeting dates for the next 12 months.
- Establishing the standing committee structure.
- Establishing *ad hoc* committees.
- Selecting the Deputy Mayor by rotation or as designated by the Mayor.
- Appointing Councillors to Council committees.
- Appointing Councillors and Members at Large to agencies, committees, commissions and boards.

The Mayor provides a summary of appointment recommendations to Council in accordance with Clause 12.2.9:

- The CAO provides the list of committees to each Councillor to identify their preferences.
- The CAO summarizes the responses for the Mayor.

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- The Mayor develops the recommended appointments through consultation with each Councillor and using his best judgment.
- The Mayor brings the recommended list to the organizational meeting for Council approval.
- Individual councillors may dispute an appointment recommendation at which time Council can debate specific appointments.
- The final list is approved by Council majority.

Councillors seem to be generally satisfied with this process but there were some exceptions. There were complaints of favouritism or councillors removed from committees during the appointment term because of disagreement with the Mayor's position. Also, the involvement of the CAO in the process appeared to be minimal.

The minutes of the 2010 and 2011 organizational meetings were reviewed and meet the requirements of the MGA. The committee appointment process established in the Procedure Bylaw is intended to streamline this process while still providing opportunity for input by Councillors into the appointments recommended by the Mayor. The intent to streamline is certainly being achieved because the total meeting time in 2010 was 15 minutes and 5 minutes in 2011. But the opportunity for input and discussion appears to be lacking. Not only because of the short meetings but also because, for example, the 2011 minutes include the statement 'Mayor Dumont informed Council he would be making two changes to the appointment list he provided.' These changes were identified and then the Mayor proceeded to make the motion. This was all done in 5 minutes which included administering the oath of office to the Deputy Mayor, approving the meetings schedule for the next year and authorizing administration to advertise for Members at Large committee appointments.

4.1.2 Committees, Boards, Authorities, Commissions and Associations

There are many committees and organizations which are either committees of Council or have Town representation. The committees and organizations are summarized as follows:

Committee of the Whole		
	Disaster Services Committee	Council
Standing Committees		
	Inter-Governmental Relations	
*	Inter-municipal Negotiating Committee	Three Councillors
*	Northern Mayors and Reeves	Mayor
*	Protective Services Committee	Three Councillors
*	Public Works Committee	Three Councillors
*	Federation of Alberta Gas Co-ops/Gas Alta Inc.	Councillor
*	Solid Waste Collection & Disposal	Councillor

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Recreation & Culture		
	High Prairie & District Recreational Board	Two Councillors
	High Prairie Municipal Library Board	Councillor, three residents
*	Peace Regional Library System	Councillor
	High Prairie & District Museum & Historical Society	Councillor
	High Prairie & District Golf Board	Councillor
Economic Development & Tourism		
	Lesser Slave Lake Community Futures	Councillor
	Lesser Slave Lake Economic Alliance	Councillor
	Lesser Slave Lake Watershed Committee/Alberta Water Council	Councillor
	Buchanan/Tolko Forest Resource Advisory Committee	Councillor
Social Services		
*	FCS Assoc of Alberta (& Liaison to Big Lakes FCS)	Councillor
	Heart River Housing Foundation	Councillor
*	High Prairie Partnership Council	Councillor
*	Finance & Personnel Committee	Three Councillors
Health		
*	Physician Retention	Two Councillors
	HP & District Community Health Foundation	Councillor
Land Use Planning Committees		
	Municipal Planning Commission	Two Councillors, three residents
	Subdivision & Development Appeal Board	Two Councillors, three residents
Other Quasi-Judicial Boards		
*	Assessment Review Board	Two Councillors
Ad Hoc Committees		
*	Firehall Ad Hoc Committee	Councillor
	Economic Development Pursuit Committee	Three Councillors
*	High Prairie Beautification	Councillor
*	Procedural Bylaw Committee	Six Councillors
*	Municipal Sustainability Committee	Three Councillors
*	Joint Economic Development	Three Councillors
	Daycare (Children) Resource Council	Councillor

Bylaws and/or agreements are available for the following committees:

Disaster Services Committee	Bylaw 04/2009, January, 2009
High Prairie & District Recreation Board	Incorporated as society, October, 1980
High Prairie Municipal Library Board	Bylaw 08/2009, March, 2009
High Prairie & District Museum & Historical Society	Society bylaw specifies representative from Town

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High Prairie & District Golf Board	Bylaws do not provide for an appointment from Council
Lesser Slave Lake Community Futures	Appointments from municipal councils
Lesser Slave Lake Economic Alliance	Bylaws identify Town as a 'core member' with representative as a director
Lesser Slave Lake Watershed Council/Alberta Water Council	Watershed Council Bylaw specifies representative from Town
Buchanan/Tolko Forest Resource Advisory Committee	Forest Management Agreement does not reference an advisory committee.
Heart River Housing Foundation	Ministerial Order to appoint a member of Council or member at large
HP & District Community Health Foundation	Foundation bylaw does not specify a Town councillor; eight directors from High Prairie community
Municipal Planning Commission	Bylaw 17/2001, November, 2001
Subdivision & Development Appeal Board	Bylaw 19/2005, November, 2005
Economic Development Pursuit Committee	Council Resolution #635/11, November 23, 2011
Association of High Prairie & District Children's Resource Council	Bylaw states that membership is open to interested individuals of specified communities including theTown

The Town did not have on file the related bylaws and agreements for many of the external organizations and obtained them during the inspection. Terms of reference have not been established for the committees noted with an asterisk (*). The Councillor appointment list states the areas of responsibilities for the Protective Services Committee and Public Works Committee noted as follows:

1. Protective Services Committee
 - Fire protection
 - Police protection
 - Peace officer program
 - Traffic control
 - Ambulance services
2. Public Works Committee
 - Streets/sidewalks/storm sewers
 - Water treatment & distribution
 - Sewage collection & treatment
 - Municipal airport
 - Town buildings, vehicles & equipment
 - Town parks & playgrounds
 - Boulevards & tree maintenance
 - Town's walking trail system
 - Winter light up/beautification
 - Gas services

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A previous CAO mentioned in an interview that he wanted to develop Committee Terms of Reference but was prevented by the Mayor from completing the task and presenting them to Council. The 2010 Activation Analysis Group Inc. (AAGI) Corporate Review Report refers to these drafts as ‘quality’ work with some work remaining to be done.

The 2011 minutes of the Protective Services Committee, Public Works Committee and Finance & Personnel Committee were reviewed. These minutes indicate that these committees are addressing matters that would be considered to be administrative. Previous CAO’s as well as some of current management concur that these committees are not necessary or should be restructured.

The 2010 AAGI Corporate Review report recommends that the number of committees be reduced and restructured. Recommendation G2 configures the committee structure to:

1. Statutory Committees:
 - Subdivision and Development Appeal Board
 - Local Assessment Review Board
 - Composite Assessment Review Board
 - Municipal Planning Commission
2. Committees of the Whole:
 - Disaster Services
3. Policy Committees
 - Corporate Affairs Policy Committee
 - Operational Affairs Policy Committee
 - Community Affairs Policy Committee

The following statement was made in the 2010 AAGI Corporate Review report regarding Policy Committees:

‘As a means to keep reminding Councillors of their need to shift focus from administration to policy, the title “Standing Committees” in High Prairie’s governance committee structure has been changed to “Policy Committees”. Many of the Standing Committees have been collapsed into three Policy Committees. It may appear that this may not be sufficient to do the work of Council. It is enough, however, if Council remains focused on policy and does not stray into management matters.’

Recommendation G3 of the AAGI report addresses the appointments list and recommendation G4 addresses the minimum Terms of Reference that should be adopted.

4.1.3 Orientation of Council

The Town did not provide any orientation or training for the new Council following the 2010 election. Opportunity was provided to attend a training seminar sponsored by the Alberta Urban Municipalities Association. Council did

not schedule any time for strategic planning or to discuss and develop goals for this term.

4.1.4 Bylaws and Policies

1. Bylaws

Major bylaws, recent bylaws and bylaws pertaining to issues being researched were reviewed. Bylaws are filed electronically by year and were very easy to retrieve. A binder of the original signed bylaws is stored in the vault. There is a bylaw index that identifies each bylaw by year with the following information:

- Bylaw number
- Bylaw date
- Bylaw name
- Reference of bylaw amended if it is an amending bylaw.
- Council resolution reference
- Reference of bylaw replacing it if the bylaw has been subsequently repealed.

The following deficiencies were found which may be addressed in greater detail later in the report:

- Some annual bylaws were not developed consistently.
- Management was not aware of the content of bylaws pertaining to their department.
- A bylaw resulting from a Council decision was not consistent with the Council decision.
- Some bylaws do not record all 3 readings; an example is Bylaw 12-2010 which has omitted the 1st reading. The minutes indicate that 1st reading was given.
- Some bylaws that receive all 3 readings in the same meeting do not indicate that unanimous consent to proceed to 3rd reading was given.
- The bylaw index was not current pertaining to the status of draft bylaws.
- The bylaw index does not indicate when or if the bylaw was last reviewed.

The 2010 AAGI report identified some bylaws that required amendments and Council has addressed some of these recommendations. The AAGI report also recommended that all bylaws be reviewed on a regular basis. This recommendation has not been formally implemented.

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2. Policies

There are 52 Town policies with initial approval dates ranging from 1997 to 2011. These policies are identified by department:

Public Works	16
Development	10
Protective	9
Finance	8
Administration	4
Council	3
Human Resources	2

The original signed policies are stored in the vault. In addition to the vault binder, policy binders are provided to the CAO, front desk in the main office, Superintendent of Public Works, Water Department, Gas Department, Manager of Roads and Facilities and the Town Shop. There is an electronic copy of each policy with a policy manual index. The index provides the following information: policy number, department, approval date, policy title, Council resolution reference and what policy is being amended.

Comments from interviews regarding policies and policy reviews are:

- Some of the policies should be rewritten to the current format.
- There is ambiguity in policy implementation.
- Some Town personnel are not aware of the policies.
- Some Town personnel intentionally disregard policies.
- There is no formal policy review process.
- The policy format does not include when the policy was last reviewed.

The observations in the 2010 AAGI report were similar to what was found in the inspection. The 2010 reports identified specific policies that required amendments or enforcement. The report also recommended a formal policy review process that has not been implemented.

3. Safety Policy

There are other policies that require review and amendments as noted in the previous section but this report will focus specifically on the ‘safety policy’. The two significant reasons for this focus are:

- One of the purposes of a municipality is ‘to maintain safe and viable communities (Section 5(a) MGA).
- The term ‘community’ includes Town operations and the inspection determined that the Public Works department does not consider safety a priority.

The Town Safety Manual, initially developed in 1999, was updated in 2008/09 with the assistance of an independent consultant. Council approved a Health and Safety Policy in July, 2011 which includes the statement ‘to ensure that Occupational Health and Safety is supported and followed by all Town

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employees to ensure a healthy and safe work environment'. The Town staff member responsible for the Safety Manual was not aware that this policy had been approved by Council.

A previous CAO had expressed concerns that Public Works employees were not following proper safety procedures and this was confirmed from interviews. Examples included:

- Insufficient signage at construction sites for public awareness and safety.
- Lack of personal protective equipment such as eye protection, hard hats, and steel footwear when working on construction sites or using equipment.
- Smoking in town buildings and vehicles.
- Safety and tailgate meetings not conducted or documented consistently.
- Inconsistent completion of incident reports.
- Insufficient accountability and supervision of summer employees as well as permanent employees.

The Peace Officers are responsible for Town safety and would become indirectly aware of safety incidents and accidents involving Town employees. They appeared to be afraid to follow up these incidents and obtain the facts.

4.1.5 Corporate Review

1. Activation Analysis Group Inc. Review - 2010

Council appointed Activation Analysis Group Inc. (AAGI) on October 22, 2009 to prepare a Strategic Plan and conduct a Governance Review. This request followed the resignation of the CAO who had been in the position for three months. AAGI provided oversight to the CAO recruitment process and was engaged to provide interim management services as well as develop a Municipal Sustainability Plan.

The Corporate Review report was presented to Council on May 10, 2010 with Council receiving it for information. The report provided 31 recommendations regarding governance and 22 regarding administration for a total of 53 recommendations. Subsequent actions by Council regarding the report are noted as follows:

May 12, 2010; Resolution 258/10

Moved by Councillor Burgar that Council adopt the entire Corporate Review report in principle and instruct administration to begin implementing it.

In Favour: Councillor Burgar, Councillor Vanderwell

Opposed: Councillor Aarts, Councillor Forrester, Councillor Waikle,
Mayor Dumont

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Motion defeated

Note: The minutes for this meeting indicate that all 7 councillors were in attendance but Councillor Willier's name was excluded from the recorded vote.

May 26, 2010; Resolution 294/10

Moved by Councillor Burgar that Council approve beginning the implementation of the Corporate Review recommendations.

In Favour: Councillor Burgar, Councillor Vanderwell, Councillor Forrester

Opposed: Councillor Willier, Councillor Waikle, Mayor Dumont, Councillor Aarts,

Motion defeated

June 23, 2010; Resolution 349/10

Moved by Mayor Dumont that Council accept the Corporate Review by Activation Analysis excluding Recommendation G2 and Recommendation G3.

In Favour: Mayor Dumont, Councillor Willier, Councillor Waikle, Councillor Vanderwell, Councillor Aarts

Opposed: Councillor Forrester, Councillor Burgar

Motion carried

Note: Recommendations G2 and G3 address the structure of committees and committee appointments. The CAO recommended deferring G2 until after the 2010 fall municipal election.

Since the June 23, 2010 decision, the Town has addressed some of the recommendations. Appendix 8.5 provides the status of each of the report recommendations. This report will reference some of the AAGI recommendations because of similarities in findings. The total cost of the AAGI corporate review was \$50,000 plus costs excluding GST.

2. Archie Grover Report - 2011

Mr. Archie Grover was part of the AAGI team that conducted the 2010 corporate review and prepared the report. Mr. Grover had previously served as interim CAO and was authorized by Council in April, 2011 to 'spend two weeks working with the new CAO after he commences employment with the Town as well as continuing on to spend two three day visits, one at three months and the other prior to the six month probationary period to assess the progress and report to Council'. This resolution was rescinded in June, 2011 and, therefore, the follow-up three day visits were not done.

In August, 2011, Council authorized administration to contract Mr. Grover to conduct a follow up review of the Town operations. Mr. Grover presented his report at a special meeting of Council on October 5, 2011 in an in-camera

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session. The motion at this meeting to go in-camera declared the reason to be ‘personnel’ with the CAO requested to leave the meeting. There were no resulting motions following this in-camera session. The public requested information about this report at the October 26, 2011 and November 9, 2011 Council meetings. Council’s response was that ‘they would investigate the concerns’ and, when asked which of Council had reviewed the report in the last two weeks, ‘the Mayor and Council all noted they never had a copy as it was an in-camera report’. The public filed a request with the Town on October 18, 2011 to make this report public under the *Freedom of Information and Protection of Privacy Act*. This request is being addressed by the Office of the Information and Privacy Commissioner with a recommendation expected by May 22, 2012.

This report was provided in two parts; the main confidential report and a supplementary report. Both of these reports were presented at the same time. The author of these reports is very knowledgeable of the Town because he served as the Town’s interim CAO for three months in 2009 and five months in 2011. Therefore, the content of these reports can be deemed reliable. The following summarizes both reports:

a. Confidential report

- The major problem is between the then CAO and the Mayor; the CAO and the Economic Development Consultant and the CAO and the Public Works Managers.
- The office staff has confidence in the CAO who has created a good office working environment.
- The main issues causing friction between the Mayor and the CAO are:
 - Contract with Nicholls Applied Management.
 - Sale of the Towns municipal reserve.
 - Public works department.
- The report includes positive and negative statements from interviews regarding the Mayor, CAO, Public Works and Economic Development Consultant.
- The report concludes that:
 - The differences between the Mayor and the CAO are likely not reconcilable unless there is agreement by both to ‘set aside differences and work together’.
 - The Mayor and Council are micro-managing.
 - The CAO has the best interests of the Town but his approach to solutions could be questioned.
 - Nicholls Applied Management should be reporting to the CAO and that, not only does the CAO have the right to question invoices, but that this is a reasonable request.
 - The CAO requesting more accountability from the Public Works department such as log books for the vehicles is not

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unreasonable. What is not acceptable is that the Public Works managers take their complaints to the Mayor who addresses them instead of referring them to the CAO.

- The confidential letter from The Power Alternative Group to the Mayor which portrays the CAO in a very bad light for allegedly making public comments about conflict of interest requires the CAO's side of the situation.
- The summary conclusion of the report was 'the organizational climate amongst the Town's work force and Council is not conducive to a positive work environment due to tension and lack of trust that is heightened by allegations, innuendos and a basic lack of common courtesies. This environment cannot be allowed to continue or the Town will lose some valued personnel.'

b. Supplementary report

The supplementary report is a brief two page report added to the main report which provides critical commentary on three issues:

- Council 'must assess whether attending every conference that comes along is of benefit to the Town, and if so, is it necessary that more than one Councillor attend'. A written report should be presented at the next Council meeting for the benefit of the rest of Council.
- Tax concessions should be considered carefully because the rest of the Town taxpayers must pay a little more to subsidize tax relief.
- 'The Public Works Department seems to think they are a separate entity from the rest of the Town staff. The two Managers in that Department are of the impression that they are the chosen two, the Untouchable Golden Boys. It seems they do not think they have to adhere to the policies of the Town and bend the rules whenever it suits them. This unacceptable practice will continue as long as the CAO – who is their Manager – is overruled by Council or any individual member of Council.'

There is one key recommendation in the reports:

That Council give very serious consideration to inviting the Minister of Municipal Affairs to undertake an inspection of the municipality in accordance with Section 571 of the Municipal Government Act.

Note: Permission was granted by Mr. Archie Grover to provide this information.

4.2 Town Overview

4.2.1 Services

Municipal services are provided to the Town and rural residents in the area by a combination of personnel and equipment from the Town, other municipalities and the private sector. The following services are provided by the Town:

- Fire protection
- Disaster
- Street maintenance
- Water treatment and distribution
- Sewer collection and treatment
- Gas distribution
- Bylaw enforcement
- Land use planning and development

Services provided with or by other parties are:

- Solid waste pick-up and disposal
- Landfill
- Parks and cemetery maintenance
- Recreation
- Library
- Family and Community Support Services
- Economic development (contracted in 2011; vacant in 2012)
- Police protection
- Building code inspections
- Property assessment
- Safety fire code
- Infrastructure planning, construction or rehabilitation by independent consultants and contractors
- Seniors lodge

1. Public Works

Generally, there is satisfaction with the services provided by the Public Works department. There are two main areas of service; streets and utilities. The Superintendent of Public Works is responsible for the entire department and provides direct supervision to the utilities section. The Manager of Roads and Facilities, under the Superintendent of Public Works, is responsible for the operations and maintenance of the roads, sidewalks, storm drainage, parks and facilities. The Public Works Service and Maintenance policy and Gas System Utility policy identify the service and maintenance schedules for daily, weekly, monthly, bi-annual and annual infrastructure maintenance. The Gas System policy also identifies maintenance requirements for 2, 3 and 7 year intervals.

a. Streets and sidewalks

Town snow removal received high marks from all of those interviewed. There is a snow removal policy which provides a level of service that is above average for most urban municipalities. It includes snow removal on all sidewalks when snowfall accumulations reach a depth of 1 ½". Sand or hot sand is spread on sidewalks as soon as possible when there is freezing rain. The snow removal policy was initially approved in 1999 with subsequent amendments.

Street rehabilitation is contracted to the private sector whereas Town personnel provide the other infrastructure maintenance services. Summer work by Town staff includes crack sealing, pothole repair, gutter rehabilitation program and paving small areas. The Town has a small paver and recently started to pave private driveways because the private sector does not provide this service. Some of the residents expressed concern with the quality of pothole repair; they felt that the Town management needed to determine the proper methods of repairing potholes and then make sure that all involved have received a passing grade at 'pot hole repair school'.

The most recent long range infrastructure plan was prepared by UMA Engineering Ltd. (a previous engineering consultant) in 2006. This infrastructure assessment study reported that the Town's road network was in good condition (as at 2006). The only major concern was raveling along the sides of the roads (impacts about 10% of a road). The gutter rehabilitation program is addressing some of this issue. The report also stated that current budget levels were not sufficient to maintain the current quality of the roadways and that there will be a continual decrease in overall quality unless budget levels are increased. Public works administration has been using this report to determine project priorities.

b. Utilities

The Town provides water, sewer and gas services to its residents. The water treatment plant was built in 2002 and the Town also provides water to six water co-operatives including the hamlet of Enilda. The Superintendent of Public Works believes in having adequate back-up systems in place. There was a sense of pride in the utility systems which was backed up with recent system audit reports:

- Water (March, 2011) – waterworks system review conducted by Alberta Environment resulted in a 91% rating in both primary and secondary risk assessments (70% required).
- Gas (September, 2011) – no leakage detection, good to excellent levels of cathodic protection, odorant criterion achieved; conclusion that the system is in excellent condition and being maintained in a truly professional manner.

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The 2006 UMA infrastructure assessment report also addressed water supply, sanitary sewer and storm drainage linear utility infrastructure. The study provided information based on the installation date and expected service life. The report indicated that the remaining service life of each asset could be better determined when a formal condition assessment program was put in place. The Town has prepared condition assessment information rather than introduce a formal program and has discovered that much of the pipe is still in fairly good condition. A formal program may be warranted for the sanitary sewer pipe.

Water and gas utilities involve the public and meter readings. There appeared to be a lack of understanding of current policies regarding meter and utility rates by the public works department. Also, there were differing opinions of who was responsible when meter readings were not correct or not being done. Processes and procedures were either not in place, not understood or not being followed.

2. Fire

The Town fire department is established by Bylaw 2/2010 which was given third reading on February 9, 2010. All of the fire department personnel including the fire chief are volunteers. The current Fire Chief has been a member of the department since 1982 and Fire Chief since 2001. The bylaw states that the Fire Chief is appointed by Council and is responsible to Council through the Town Manager. The Fire Chief reports to the CAO and attends the Protective Services Committee meetings. Standard Operating Guidelines are in place to provide standards of operation for the fire department. There are 23 volunteers which is below the optimum number of 30 to 36. One of the biggest challenges is volunteer consistency; training and keeping volunteers up to date due to the transient nature of the area. Volunteers need to be properly trained for their safety and the safety of their colleagues; if there are two in a building, there needs to be four outside.

Fire suppression and rescue services are provided to a designated area of the M. D. of Big Lakes under a five year inter-municipal cost sharing agreement which expires on December 31, 2014. The MD pays 50% of the net operating costs within the response area. The Town owns the fire hall and major equipment includes four pumpers (two are provided by the MD), a rescue unit and a rapid attack unit. The fire department membership has its own society; High Prairie Fire and Rescue Society. The Society focuses on fund raising with all of the funds used to purchase equipment; for example, the rescue unit and the rapid attack unit.

The fire hall is presently being expanded. Expansion plans were initiated in 2004 but did not progress as quickly as intended due to the high turnover of the Town CAO and Treasurer positions. The project is proceeding with the

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MD contributing 2/3 of the cost. Another recent project is a fire training facility. The fire training school is located in Vermillion and, due to the Town's geographic location and the difficulty in recruiting volunteers, the fire department decided to construct its own training facility. It took four years to develop and construct and will be ready for inspection and accreditation in 2012.

As mentioned previously, the fire department is fully volunteer with a lot of time commitment by Town and area residents. Yet there is a feeling that this volunteerism is taken for granted by the Town and at times the fire department does not feel supported by the Town. Two examples are:

- The training facility was constructed with approximately 80% volunteer labour. Local businesses provided equipment at no cost and operators and materials at reduced rates. The MD provided equipment for a week at no cost. But the Town public works department either would not let the department use their equipment or staff or if a staff member volunteered his time, the Town would bill for the use of the equipment.
- The fire hall expansion contract was addressed by Council at the October 12, 2011 meeting. The Fire Chief and two other members of the fire department attended to hear the discussion and decision of Council. The contract was in the Administrative section of the agenda but Council decided to discuss this item during the 'in-camera' session. Note: The minutes identify the purpose of the 'in-camera' session to be 'personnel'. This is not an in-camera item and the fire department representatives felt slighted by Council in how this agenda item was handled and how they were treated.

3. Recreation

Recreation services are provided to the Town and the MD by the High Prairie and District Regional Recreation Board. The Recreation Board was incorporated under the Societies Act in 1980. The incorporation bylaw stipulates that any four members of the Board will constitute a quorum for Board meetings. Annual meetings are to be held on or before January 31 in each year and seven members constitute a quorum at these meetings.

Funding sources for the Recreation Board are user fees, grants and sharing of the budgeted net operating costs by the Town and the MD on a 50/50 basis. This cost sharing arrangement is part of the 2009-2014 Inter-Municipal Cost Sharing Agreement between the Town and the MD. There were similar cost sharing arrangements prior to this Agreement. This Agreement specifies that the Recreation Board shall consist of four members; two Town councillors and two MD councillors with annual appointments made at each respective municipality's organizational meeting. There is no Town or MD administration on the Recreation Board or in regular attendance at Recreation

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Board meetings; the MD Treasurer attended some meetings in the spring of 2011. There are no other members and, while there may be meetings open to the public, there is no formal annual meeting of the members as required by the Society bylaw.

The Recreation Board operates the following facilities and programs:

- Sports Palace – main ice surface, meeting rooms, other recreation areas
- Gordon Buchanan Recreation Centre (constructed in 2007) – second ice surface, performing arts centre
- High Prairie Regional Aquatic Centre (all season)
- Jaycee Park ball diamonds (4)
- Rainna Otto & Stan Kozie walking trails
- High Prairie Tourist Information Centre

The Town owns the recreation facilities whereas the Recreation Board owns the equipment in these facilities. There is long term debt on the recreation centre and aquatic centre which is held by the Town and paid by the Town in addition to the Town's share of the net operating costs. The debt principal remaining at December 31, 2010 was \$2,484,569; the annual principal and interest payment is \$241,374. There is a Joint Use of Facilities agreement between the school divisions and the Recreation Board. This provides, at no cost, use of the Recreation Board facilities by the schools and school gymnasiums and playgrounds by Town and MD residents. The Recreation Board facilitates this by administering the bookings of the school facilities.

The Recreation Board administration is independent of the Town and the MD. It operates under its own policies with its own salary and wage grid; has its own financial system with an independent audit. Therefore, the financial information in the Town financial statements reflects only the Town's share of the net operating costs of the Recreation Board. Recreation Board requisitions to the Town were:

2009 actual	\$467,958
2010 actual	\$556,328
2011 budget	\$549,063

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The following table provides information on total revenues, total expenses and the percentage cost recovery for each type of recreation:

	2009 \$	2010 \$	Cost Recovery	
			2009 %	2010 %
Revenue				
General	26,691	11,792		
Sports Palace	245,748	256,935		
Concession	16,587	17,615		
Jaycee Park	6,720	8,424		
Indoor swimming pool	284,646	239,707		
Tourism	64	126		
Recreation Programs	<u>27,492</u>	<u>30,078</u>		
Total Revenue	<u>607,948</u>	<u>564,677</u>		
Expenses				
Administration	152,979	150,379		
Amortization	32,257	30,645		
Sports Palace	496,753	608,471	49	42
Concession	6,508	5,226	255	337
Jaycee Park	66,850	66,441	10	13
Indoor swimming pool	811,878	815,533	35	29
Tourism	20,181	16,636	0	1
Recreation program	<u>32,777</u>	<u>26,995</u>	84	111
Total Expenses	<u>1,620,183</u>	<u>1,720,326</u>	38	33
Cost Recovery excluding Administration & Amortization			41	36
Net Cost Before Contribution by Town and MD	<u>1,012,235</u>	<u>1,155,649</u>		

The following summarizes the 2010 financial statements:

- The financial liabilities were \$128,000 greater than financial assets.
- The financial liabilities included a bank overdraft of \$67,000.
- The net book value of recreation equipment is \$206,000.
- The deficit in operations was \$43,000 (operations deficit in 2009 was \$76,000).
- The accumulated surplus is \$83,000 but this is not a cash surplus. \$206,000 is the net book value of the equipment; therefore, the balance is an unrestricted deficit of \$160,000 and a reserve fund positive balance of \$37,000.

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- The management letter from the auditor included a statement regarding the \$37,000 reserve balance. The auditor stated that this reserve amount was underfunded by \$20,000 and recommended that the Board prepare a long term capital plan for replacement and include a strategy to fully fund the reserve amount. This statement was also made in the management letter for the 2009 financial statements.

The Recreation Board should not be creating huge surpluses but as at December 31, 2010 and December 31, 2009 the Recreation Board was not in a good financial position. The Recreation Board has not addressed this poor financial position but states that the projected 2011 position may be more positive.

Recreation staffing full time equivalents (FTE) are summarized as follows:

	2010	2011
Administration	2.0	2.0
Arenas	5.0	4.5
Aquatic Centre	9.0	9.0
Summer programs and tourist booth	<u>.7</u>	<u>.7</u>
Total FTE	<u>16.7</u>	<u>16.2</u>

4.2.2 Town Financial Position

Section 4.4 addresses the annual budget and the circumstances regarding the 2010 and 2011 audit of the financial statements. This section will also address the financial position of the Town.

1. 2010 Audit Report and Financial Statements

The Town received an unqualified audit report in 2010 stating that the financial statements presented fairly the financial position of the Town and were prepared in accordance with Canadian generally accepted accounting principles. A management letter was provided to Council and is referenced later in this report.

The following summarizes the 2010 financial statements:

- The Town has an inter-municipal agreement with the MD which includes 50% net cost sharing of library, recreation and waste disposal services. The Town's share of these services is reflected in the Town's financial statements.
- The cash position decreased \$2.1 million resulting in a bank overdraft position as at December 31, 2010.

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- The cash position decrease would be attributed to:
 - \$1.2 million in grants received in previous years that were used for projects in 2010.
 - An increase of \$238,000 in taxes receivable.
 - An increase of \$326,000 in accounts receivable
 - An operating deficit.
- The Town has a net debt position of \$3.8 million; an increase of \$200,000 from 2009. This net debt position includes \$5.5 million in long term debt.
- The Town incurred a \$1 million operating deficit in 2010 due to underfunding of the budget (refer to Section 4.4.4).
- The net book value of the tangible capital assets is \$41 million. 43% of the useful life of these assets has been used.
- The accumulated surplus of \$37 million consists of:
 - Unrestricted surplus - \$700,000
 - Restricted surplus reserves - \$1.1 million
 - Equity in tangible capital assets - \$35 million
- \$465,000 was designated to be placed into the unrestricted surplus reserve accounts for future projects; however Council decided to fund the \$1 million deficit with reserve funds. Therefore, the \$465,000 was not put into reserves and \$526,000 was transferred from various reserve accounts to cover the deficit.
- As at December 31, 2010 there was insufficient cash to fully fund the restricted surplus accounts but during 2011 when the grants receivable were paid, these reserves became fully funded.
Note: A separate reserve bank account was established in 2011 to better track the funding of these reserve accounts.

2. Comparative Analysis

The following is a snapshot of the financial position of the Town. This analysis has been conducted using data from the Financial Indicator graphs prepared by AMA for the year ended December 31, 2010. The Town's financial information is compared with 18 other similar municipalities with populations ranging from 2,278 to 3,712; the Town is the median population of 2,836. Appendix 8.3 summarizes the information for each indicator.

a. Property taxes

The Town has a reasonably good tax base ratio; 36% of the tax base is non-residential assessment. This is the highest percentage of the group compared to a 21% median. The Town's equalized assessment per capita is below the median by about 12%. Therefore, it may be understandable that the net municipal tax rate would be above the median. And it is; in fact, it is the highest in the group for both residential and non-residential properties. But this high tax rate is not attributable to a below average assessment per capita. The main reasons are above average operating expenses and debt.

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- b. User fees
User fees make up 34% of the Town's total revenue which is the maximum for the group. One reason for the high percentage is the Town operates its own gas utility; only one other town in the group operates a gas utility. The user fee percentage would decrease to 24% of total revenues if gas fees were not included whereas property taxes would account for 31% of the revenue which is above the median.
- c. Operating expenditures
Total operating expenses per capita are the highest for the group at \$3,718 per capita; the median is \$1,963. If expenses for operating a gas utility service are removed, the per capita cost would be \$3,369; 72% higher than the median. The Town's cost per capita for roads, water, waste water, waste disposal and recreation & culture are all the highest in the group. This is one of the reasons that the net municipal property taxes are also the highest in the group.
- d. Debt, working capital and reserves
The Town's debt per capita is the highest in the group; \$1,939 per capita which is 115% higher than the median for the group. The unrestricted surplus is about average but the amount of the restricted surplus is below the median. One of the reasons for the lower amount is that the restricted surplus accounts were reduced in 2010 to cover the \$1 million deficit. The ratio of current assets to current liabilities is 1.8; this is the ability to meet short term obligations with liquid assets. 1.8 was the median for the group.

4.2.3 Business Plans

The current Town Council does not have a business plan. Council does not meet to review the vision of the Town and to develop a business plan and accompanying strategies. Existing plans that have a long term tone are:

- Municipal Sustainability Plan - 2010
This document was prepared by AAGI and was approved by Council on October 13, 2010. This plan could not be considered an initiative of Council because it was a requirement by Alberta Transportation to receive the gas tax grant. A Municipal Sustainability Committee (MSC) was formed and the January 26, 2011 Council minutes report that the Mayor requested the MSC meet since it had not met since the 2010 municipal election. There are no terms of reference for the MSC. The Economic Development Pursuit Committee made a motion at their February 15, 2011 meeting requesting Council to assign someone to follow up the recommendations of the Municipal Sustainability Plan. The minutes of this meeting were accepted by Council as information but no action was taken on this recommendation. The MSC met in April, 2011 and August, 2011. There does not appear to be any further activity resulting from the

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Municipal Sustainability Plan other than Council resolution 472/11, August 24, 2011, to forward to the 2012 budget contracting a professional planner for a maximum cost of \$25,000 to implement Goal N1, Strategy N1.1 to build on the existing Municipal Development Plan using MSI grant funding. This resolution resulted from a recommendation from the Committee; the Committee's recommendation also included Strategy N1.4 regarding a Business Revitalization Zone which was not included in the Council resolution. The 2012 budget does not include this project.

- **Municipal Development Plan**
Council adopted a Municipal Development Plan (MDP) in July, 2008 with Bylaw 10-2008. The development process was facilitated by UMA Engineering Ltd. and included an MDP Review Committee with opportunities for public input. The MDP is a broad planning document that identifies community vision, community priorities, future growth strategies and land use and infrastructure priorities. It does not appear that Council has spent any time working with the MDP. The AAGI report recommended that Council revise the MDP after the Municipal Sustainability Plan was adopted (Recommendation G31). This has not been done. The Town does not have an Inter-municipal Development Plan with the MD.
- **10 year capital plan**
UMA Engineering Ltd. prepared a Utility Infrastructure Assessment report for the Town in 2006 referenced in Section 4.2.1, Public Works. DCL Siemens Engineering Ltd. was requested in August, 2011 to prepare a 10 year plan with cost estimates. This plan was received by the Public Works Committee on November 8, 2011 and forwarded to the 2012 budget deliberations. There is no record in the minutes that this plan has been addressed by Council other than a comment by the Mayor noted in the November 9, 2011 Council minutes that the '10 year capital plan is done and any Councillor can receive a copy from him'. The capital plan document states the name of the project and the related cost with the projected year the project will be done. Total costs are not provided for each year or for the 10 years. The capital plan provides only the costs; it does not provide funding sources, descriptions of each project and a funding plan to accomplish the projects.
- **Strategic Socio-Economic Plan 2010-2020**
Nicholls Applied Management prepared two reports under a 10 year Strategic Socio-Economic Plan initiative. The first report, 'Non-Conventional Oil Opportunities: Assessment and Action Plan', focused on assessing and evaluating the region's emerging oil sands/non-conventional oil opportunity and how best to position High Prairie and area to take full advantage of emerging opportunities for jobs, new

investment and direct, indirect and induced expenditure activity. There were 14 recommendations categorized as high/immediate and medium/ongoing. The second report, 'Bio-Energy Opportunities: Assessment and Action Plan', summarized the recommended approach and strategy for building on the community's existing strengths, competitive advantages and economic development potential related to the emerging bio-economy and bio-energy sector. This report also provided 14 recommendations.

These reports were presented to the Economic Development Pursuit Committee in January, 2011. They have not been accepted by Council and, while there may have been some informal action on the recommendations, there have been no subsequent meetings determining which recommendations would be accepted and implemented.

The above noted plans are not sufficient for long range planning. The AAGI report recommended that Council 'develop and adopt a three-year business plan for the period 2011-2014 by December 31, 2010 and update it annually'. The rationale provided was 'the development of a business plan will be an important step in the implementation of the Town's Municipal Sustainability Plan (MSP). The business plan will provide a statement of the Town's medium-term business goals, the reasons why they are achievable, and the plan for reaching them. By linking it to the MSP, the business plan will provide a more detailed road map showing how the MSP's long-term goals will be achieved'. Council has not implemented this recommendation.

4.2.4 Communications

The Town does not have a formal communication plan to its residents. Information is normally provided to the public by the reporters from the local newspaper and radio station who attend Council meetings. The Town has a website that was recently revised; www.townofhighprairie.com. Town information provided includes:

- Council and committee meeting schedule
- Council meeting minutes since 2010
- Community calendar
- Town staff contact information

Copies of the Town financial statements are available at the front counter but are not provided on the website.

Administration is planning to post the agenda for the next Council meeting and remove it when the next agenda is posted. The Town does not prepare newsletters. A Community Coordinator position has been recently developed and newsletters are planned when this position is filled.

4.2.5 Inter-municipal Relations

The Town participates in partnership agreements with other municipalities and organizations to provide services such as seniors lodges and a regional library as well as collaboration regarding health, water and economic development. The following summarizes the partnerships that the Town has with the MD and school divisions.

1. Municipal District of Big Lakes

The Towns of High Prairie and Swan Hills are the two towns located in the Municipal District of Big Lakes (MD). The MD's offices are located on the boundary of the Town of High Prairie. The MD and Town are partners in an inter-municipal cost sharing agreement. This agreement addresses the following services:

- Recycling*
- Municipal library*
- Fire protection*
- Recreation services*
- Airport operations*
- High Prairie Landfill/Gilwood transfer station
- Family and Community Support Services
- Tourism
- Water
- Emergency management
- Peace officer services
- Agricultural pest control
- Weed control
- Shared capital equipment

The MD contributes 50% of the net operating costs for the services indicated with an asterisk(*) as well as cost sharing of some of the other services. The MD also contributes to capital projects on a project specific basis; for example, the MD is contributing 2/3 of the cost of the fire hall expansion.

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The following table provides the MD contribution history for 2010 and 2011:

	2010	2011
Recycling	\$19,377	\$14,536
Library	\$159,064	\$162,180
Fire	\$79,319	*\$41,250
Recreation	\$556,327	\$549,062
Airport	\$42,606	*\$36,700
FCSS	\$3,674	\$4,843
Physician retention	\$16,754	
Events	\$9,741	\$5,189
Fire hall expansion	<u> </u>	<u>\$21,175</u>
Total Contribution	<u>\$886,862</u>	<u>*\$834,935</u>

* The MD had not been invoiced for Oct – Dec, 2011 for Fire and Airport as at March 31, 2012.

Note: The MD also purchases water from the Town;
2010 - \$238,094, 2011 - \$205,726

Note: The MD will be contributing 2/3 of the cost of the fire hall expansion;
\$1,053,333 will be the MD share per the 2012 Town capital budget.

The Town and MD both indicate that this inter-municipal agreement is working fine. There once was a Regional Economic Development Board but there was no administrative direction and, therefore, it did not continue. The MD expressed an interest in having both Councils meeting annually with Town and MD representatives meeting on a quarterly basis. The MD also felt that other services could be addressed co-operatively such as pest control, physician retention and reciprocity of public works equipment. Some of these items are currently being considered; for example, shared use of the Town's vacuum truck.

2. High Prairie School Division

The Town and High Prairie School Division (SD) share the office building. This facility and cost sharing arrangement has worked well but both organizations are finding their spaces somewhat cramped. The council chambers and a meeting room are shared and the Town and SD staff have been able to accommodate each others schedule.

The good communication between the staff of the Town and the SD cannot be said of the Town elected officials. The SD commented that the Town of High Prairie is the only town in the SD that has not met with the School Board to discuss programs and vision. The School Board would like to meet with the Town Council on an annual basis. The following provides detail regarding the unsuccessful efforts the SD had in trying to meet with the Town:

- There was no response to a January 25, 2011 letter from the SD to the Mayor requesting input into the Early Years Continuum Project.

- The SD sent a March 16, 2011 letter of invitation to Council to meet with the School Board to discuss issues of common interest and concern. The Town responded on March 30, 2011 requesting the SD to suggest some dates for the Mayor to consider.
- The SD send a May 4, 2011 letter confirming the meeting between the School Board trustees and Town Council on August 24, 2011 at 4:00 p.m. (subsequently revised by letter to 3:00 p.m.).
- Several minutes prior to the scheduled time, the Town informed the School Board that the Mayor would not be attending and that Council had not been advised of this meeting and none could attend on short notice.

The inspector observed comments from individual councillors about the need for specific student programs. It is unfortunate that the Town elected officials are not availing themselves of opportunities to collaborate with the SD regarding the education opportunities for Town residents. This lost opportunity is even more glaring with the fact that both share the same building.

3. Holy Family Catholic Regional Division #37 & High Prairie School Division

The SD and Holy Family Catholic Regional Division are part of a joint use facilities agreement with the Town and MD. This agreement provides students the use of Town facilities and Town residents the use of school facilities at no cost to each party other than a small Recreation Board administration fee for the Town residents. This agreement is working well.

4.3 Council meetings

4.3.1 Procedure Bylaw

The Town has a 'Procedure Bylaw for Council and Committee Meetings' (Bylaw 12-2009). A procedure bylaw is important because it provides a standard format for council meetings and makes it easier for members of council, staff and the public to understand the process by which decisions are made.

The AAGI report addressed this procedure bylaw and recommended that Bylaw 12-2009 be revised according to the proposed modifications in Appendix E of the AAGI report. These modifications were not major but were intended to strengthen the bylaw; the Town has not proceeded with this recommendation.

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The following procedure bylaw amendments should also be considered:

1. Clause 2.1.37 – definition of ‘Urgency’
The definition should be amended to include Council authorizing; the amendment would be ‘then the Council or Chair may authorize the addition of the Addendum to the Agenda’. This amendment is required to comply with Clause 30.7.1 which requires Council approval.
2. Clause 12.2.4 ‘Selection of Deputy Mayor by rotation or as designated by the Mayor’.
The Deputy Mayor rotation should be determined by Council. The option to be designated by the Mayor should be either removed or amended to read ‘as designated by the Mayor at the discretion of Council’. It should not be at the Mayor’s sole discretion to develop the rotation.
3. Clause 12.2.9 – Process of Council and Members at Large appointments.
The current process provides the Mayor authority to recommend the appointments with input from Council. The process should be revised to provide Council opportunity for collaborative discussion regarding appointments during open Council meetings.
4. Clause 15.7 – Council members’ attendance at committee meetings to which they are not appointed.
This clause or the Council Honorarium Policy (Policy 07-2006) should state that such attendance will be at no cost to the Town, i.e. no meeting honoraria or expenses.
5. Clause 16.2 – matter permitted for in-camera sessions
Clauses 17, 18 and 19 of the *Freedom of Information and Protection of Privacy Act* are referenced in the bylaw. This reference should be amended to ‘Division 2 – Part 1’ which includes Clauses 17, 18 and 19. (Section 197(2) MGA)
6. Clause 17.4 – introducing a motion or bylaw during a public hearing
This clause states that the Chair ‘may’ call upon the Town Manager to introduce the motion or bylaw and to briefly state the intended purpose. The term ‘may’ should be strengthened; all bylaws and significant motions should be introduced by the Town Manager with sufficient commentary for Council to consider.
7. Clause 23.5.6.3 – amend 2nd word from ‘is’ to ‘in’.

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8. Clause 28.4 – appointment of an Acting Mayor in the absence of the Mayor and Deputy Mayor.
This clause states that Council will appoint the Councillor with the most seniority as the Acting Mayor. The term ‘seniority’ should be defined in Section 2.0 Definitions.
9. Clause 30.7.2.2 – addendums to the agenda during the meeting
This clause states that if an item requested to be added to the agenda does not meet the test of ‘urgency’, the item shall be tabled and added to the next agenda. Consideration should be given to using ‘notice of motions’ which can be used to introduce an item to be addressed at the next meeting. The Procedure Bylaw does not provide opportunity for a ‘notice of motion’.
10. Schedule B – Terms of Reference Format
The Procedure Bylaw Table of Contents identifies Appendix B to be the ‘Terms of Reference Format’. Clauses 15.2 and 15.12 refer to Appendix B and the terms of reference for committees but seem to infer more than just the format of the terms of reference. It is appropriate to establish the format for committee terms of reference and include it as an appendix to the procedural bylaw. The procedure bylaw should not include the specific terms of reference for each committee because this bylaw would require changing every time a committee was created or the terms of reference were revised. The purpose of the procedure bylaw is to establish process. Therefore, Clauses 15.2 and 15.12 should be amended to reflect this intent and the format for committee terms of reference should be developed and inserted into Appendix B which is currently blank.
11. The procedure bylaw will need to be amended to comply with any changes to committee terminology and restructuring. For example, the definition of ‘Committee’ in Clause 2.1.11.

The procedure bylaw, while necessary, can be fairly cumbersome. Therefore, it may be beneficial to prepare summaries of the bylaw; for example:

- Council that will address meeting procedures.
- Public delegations
- Public hearings

Some councillors were not very familiar with the procedure bylaw. Through reviewing materials and observing Council meetings, the following procedures or lack of procedures were determined to be not in compliance with the Procedure Bylaw:

1. Tabling motions.
The procedure bylaw correctly defines ‘table’ and ‘postpone’. The term ‘table’ is used ‘to delay consideration of any matter in order to deal with more pressing matters’. ‘Postpone’ means ‘to delay the consideration of any matter

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... when further information is to be obtained or indefinitely'. The definition for 'table' also includes this statement which is correct; 'Unless tabled to a time specific, any item not raised from the table before the meeting is adjourned is deemed lost'. The meeting minutes indicate that the term 'table' is often used when the term 'postpone' is actually intended. Also, there were tabling motions that did not specify a time to resume consideration of the matter and were not addressed later in the meeting; therefore, the item should have been deemed lost.

2. Section 11.0 Inaugural meetings
Section 11.0 states that Council is to hold an 'Inaugural Meeting' on the Wednesday in the first week after each municipal election at a place and time determined by the Town Manager. Councillors will take the oath of office at this meeting and the Mayor will determine the seating arrangement for future Council meetings. These 'inaugural meetings' are not held. Resolution 454/10 of the August 25, 2010 minutes refers to an orientation meeting to be held at noon on October 25, 2010 which apparently was not held. Councillors took the oath of office at the October 27, 2010 organizational meeting.
3. Clauses 15.2 and 15.12 – Terms of Reference for committees
Clause 15.2 states that Standing Committees shall be established and governed by a policy or Bylaw approved by Council. Clause 15.12 states that all Committees created by Council shall have written direction from Council. There are standing committees and other committees of Council that are not established by policy or bylaw and do not have written terms of reference. (see Section 4.1.2)
4. Clause 15.4 – Committee chairs
Clause 15.4 states that 'each committee shall elect its own chair' (Clause 15.4.1) and 'selected by vote of the members appointed by Council which shall include Members at Large appointments' (Clause 15.4.2). This clause was contravened as reported in the minutes of the November 8, 2011 Public Works Committee meeting which followed the organizational meeting stating 'Chairperson Dumont informed the Committee that as Mayor he has the right to Chair committees and he chooses to remain the Chairperson for the Public Works Committee meetings'.
5. Clause 16.2 – 'In camera' sessions
Section 197(2) of the MGA and Division 2, Part 1 of the Freedom of Information and Protection of Privacy Act governs what can be discussed without the public present. The summary phrase for confidential matters is 'land, legal and labour'. Council has contravened the MGA and their procedure bylaw by discussing business in in-camera sessions that did not meet the legislated criteria. (see Section 4.3.5)

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6. Clause 28.4 – Appointment of chair when Mayor and Deputy Mayor are absent
When the Mayor and Deputy Mayor are both absent from a meeting and there is no one to chair the meeting, Clause 28.4 states that Council shall appoint the Councillor attending with the most seniority as Acting Mayor. This clause was not followed in the following meetings in which the CAO or Legislative Clerk called for nominations for Chair:
September 22, 2010; July 27, 2011, October 26, 2011;
October 26, 2011 – Public Hearing

7. Clause 30.2 – Agenda preparation and role of the Town Manager
Clause 30.2 states that agenda items are to be received by the Town Manager no later than 1:00 p.m. at least five business days before the meeting. Council meetings are held Wednesday evenings; therefore, agenda items should be provided to the Town Manager by 1:00 p.m. of the preceding Thursday. The normal practice is that the Legislative Clerk requests all items by Friday noon. The Legislative Clerk prepares the agenda for the Town Manager to review. Due to the continual change of Town Managers, it was difficult to determine whether each Town Manager signed off on each agenda item.

8. Clause 30.7.1 – Addendums to the Agenda and ‘urgency’ application
‘Urgency’ is defined in the procedure bylaw (Clause 2.1.37) as follows:
‘If an item (Addendum) is to be added to a previously distributed Agenda, then the Addendum shall pass a test of ‘Urgency’. If the Addendum is time-sensitive or where failure to provide immediate action may cause financial or other distress to the Municipality, Council or a Committee, then the Chair may authorize the addition of the Addendum to the Agenda.’
Council normally adds items to the agenda at the beginning of each Council meeting. There is never discussion regarding ‘urgency’ and most of the items added do not meet the ‘urgency’ criteria. Council meets twice a month; therefore, there should be very few items that would be deemed ‘urgent’. Also, if this clause was followed, there may be fewer requests to add items to the agenda because staff and Councillors would ensure that these items were provided in sufficient time to be included on the distributed Agenda.

9. Clause 30.7.2 – Addendums to the Agenda during meeting
Another situation that regularly occurs is that Councillors will present their report and follow it with a motion coming from their report. These are normally oral reports and the action item is normally not on the agenda. Clause 30.7.2 states that items should only be added to the agenda during the meeting if they meet the criteria of ‘urgent. As mentioned in the comments regarding Clause 30.7.1, the ‘urgency’ discussion never occurs in these situations either. The practice of making motions from reports on topics from Councillor reports contravenes the Procedure Bylaw in two ways; first, that the request does not begin with a motion that it be added to the agenda, and,

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second, the question of ‘urgency’ is never debated. If the Chair determined that it was ‘urgent’, the Chair would add the item to the end of the agenda (Clause 30.7.2.1).

10. Clause 32.2 – Public delegations

Section 31 deals with ‘Delegations’ which are formally scheduled on the distributed agenda with a maximum of 15 minutes which can be extended by the Chair. Section 32 deals with ‘Public delegations’ which may not be scheduled as part of the agenda and are granted a maximum of 5 minutes. There have been presentations made to Council that contravened presentations by delegations. Two recent examples were presentations by Nicholls Applied Management (NAM) to Council noted as follows:

January 11, 2012

NAM made a presentation in the Public Delegations section of the agenda which was for about ½ hour. Two Council resolutions resulted from this presentation.

January 25, 2012

NAM was invited by the Mayor to provide an update for Council. This occurred during the ‘Other Staff Reports’ section of the agenda.

NAM is under contract with the Town to provide economic development services. The main presenter in both situations lives in Edmonton. It is unusual that a contractor would make presentations to Council with no written report available for Council, without even a scheduled appointment on the distributed agenda or an addendum to the agenda, and with an expectation for Council to make decisions. It is also unusual that the report would be included with ‘public delegations’. A contractor would also not be considered staff but should be expected to follow proper procedures. These situations contravened the Procedure Bylaw in a number of areas.

11. Section 60 – Bylaw Procedures

Clause 60.1 states that ‘the motion to move a bylaw for consideration shall be the first reading’. Clause 60.2.1 provides further information to this first step by stating that ‘a bylaw shall be introduced for first reading by a motion that it be read a first time specifying the number and short name of the bylaw’. The process followed by Council is to use two motions to get to first reading; first a motion that introduces the bylaw and then a motion to give the bylaw first reading. The introduction motion is not necessary and is not in accordance with the Procedure Bylaw.

12. Appendix A, Agenda Format, Section 5, Written Reports

Section 5 of Appendix A infers that written reports are to be provided by Council, committees and staff. The Procedure Bylaw does not specify the requirement for written reports other than this statement in Appendix A. Written reports are not normally provided by Councillors when they make their report. In the opinion of the inspector, this is not a contravention of the

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Procedure Bylaw in spite of the inference in Appendix A. A separate section of this report will address Councillor reports.

The Town has two policies that address topics included in the Procedure Bylaw; these policies are:

Public Delegation Policy (31-2005)

Council Agenda Package – Electronic Version (39-2008)

These policies do not contradict the Procedure Bylaw and can enhance the Procedure Bylaw. It may be beneficial to amend the Procedure Bylaw with the content of these policies and rescind the present policies.

4.3.2 Agendas

Section 30 of Procedure Bylaw 12-2009 provides procedures for preparing and distributing the agenda:

- Duty to collate the agenda can be delegated.
- Council or the Committee shall have final determination as to what will or will not be included on the agenda.
- All documents for the agenda and notices of delegations are to be received by Town Manager no later than 1:00 p.m. at least five business days before the meeting; 1:00 p.m. on the Thursday prior.
- A copy of the agenda with supporting materials is to be provided for each Councillor no later than 4:30 p.m. two days prior to the meeting; 4:30 p.m. on the Monday prior.
- The agenda format will be:
 - Call to order
 - Adoption of agenda
 - Scheduled delegations
 - Public delegations
 - Minutes
 - Business arising
 - Public hearings
 - Written reports: Council, Committee & Staff
 - Mayor
 - Councillor #1
 - Councillor #2
 - Councillor #3
 - Councillor #4
 - Councillor #5
 - Councillor #6
 - CAO
 - EDO
 - Other staff
 - New business
 - Finance
 - Administration

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Planning
Protective Services
Public Works
Community Services
Council information (including correspondence)
Notice of upcoming meetings
Confidential items
Adjournment

- The order of business can be altered by the Chair if there is no objection or a majority vote of members present.

The current practice is that the agenda preparation is delegated to the Legislative Clerk. Councillors indicated that they do not have any problem getting items on to the agenda. Agenda items are requested to be provided by Friday noon. The agenda packages are provided to Councillors in accordance with the required deadline and Councillors indicated they have sufficient time to review the information.

Comments regarding the agenda development are as follows:

1. Delegations

Some of the agendas and minutes identified three types of delegations; scheduled, public and unscheduled. 'Unscheduled' is not part of the Procedure Bylaw.

2. Agenda items

Clause 30.1 of the Procedure Bylaw states that it is Council's agenda and it is Council who will determine what will or will not be included on the agenda. There were several instances that were reported to the inspector when the CAO wanted to put something on the agenda and the Mayor would not allow it. Two examples are:

- Draft terms of reference for committees. This is a requirement of the Procedure Bylaw.
- A June 6, 2011 letter from AltaGas Utilities Inc. requesting a meeting with Council.

3. Agenda item background information and recommendations

The Procedure Bylaw does not establish what information should be provided for each agenda item. Agenda items that require a decision of Council should provide sufficient information to assist Council in making the decision. This information will be prepared by the CAO or Town staff and should include:

- A summary of the subject.
- Background information with related documents attached. This information should be provided in a manner that is easy to follow and in summary form.
- Budget implications

- Options for Council to consider
- Recommended option

This agenda information will be signed and dated by the CAO confirming CAO approval. In situations when the information is prepared by another staff member, the staff member will sign the information docket as well as the CAO indicating CAO approval.

The Town is currently not following this process. This process or a form of it was used by previous CAOs; some of which were very well done. The interim CAO during the inspection did not have a grasp of what was required of a CAO and not only did not prepare sufficient background information or provided poorly developed information but also was not aware of many of the agenda items until the agenda was distributed.

4.3.3 Minutes

The Procedure Bylaw does not include a section specific to the recording and distribution of minutes but there are references throughout the bylaw as to what should be recorded in the minutes for specific situations. There is no policy regarding minutes.

The Council meeting minutes are prepared by the Legislative Clerk and provided to the CAO for review and amendments. They are included with the agenda for the next Council meeting. Following Council approval, the minutes are posted on the Town website. Minutes for committee meetings will not be addressed in this report. The Council meeting minutes are prepared in a consistent format and provide a good record of the meeting proceedings. The minutes generally provide only the Council motion but sometimes a summary of the topic is also provided. Each Council motion is sequentially numbered. The Council and Public Hearing minutes were reviewed from January 1, 2010 to date and the findings of this review are noted as follows:

- Each meeting has a section for Councillor and administration reports. Most of these reports are provided orally with no written support. The meetings are not electronically recorded and it can be difficult for the recording secretary to accurately note all of the information presented. Some of the minutes indicate the topics of each report whereas other minutes do not. The minutes would be enhanced if each report was summarized but written reports are essential to prepare an accurate record.
- Information regarding bylaws being passed was not sufficient. For example, a borrowing bylaw was passed but the minutes did not indicate the amount of the borrowing. The minutes should identify the purpose and summary content of the bylaw.
- A bylaw amendment was passed but the minutes did not indicate the nature of the amendment.
- The Economic Development Pursuit Committee had a ‘working group’ committee. The minutes of the main Committee as well as this ‘working

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group' were approved by Council. The normal practice would be for the main Committee to approve the 'working group' minutes and Council approve only the main Committee meeting minutes.

- When a bylaw receives all three readings in the same meeting, a separate motion to move to 3rd reading is required after the 2nd reading motion has passed and before the motion to approve 3rd reading can be presented. This motion requires unanimous consent. A bylaw had the 1st and 2nd readings in a previous meeting and the 3rd reading was addressed at a subsequent meeting. Prior to the 3rd reading, Council passed a resolution 'the Council be given Unanimous Consent to Third Reading for Bylaw XXX'. The result of the motion was not unanimous. The motion for 3rd and final reading was then put forward to be voted on and the motion carried but not unanimously. There are two errors with the motion prior to 3rd reading:
 1. This motion was not required because the 1st and 2nd reading had taken place at a previous meeting.
 2. The wording of the motion was not correct. The correct wording is 'that Council give unanimous consent to proceed to 3rd reading of Bylaw XXX – Name of Bylaw'.
- When a motion to proceed to 3rd reading of a bylaw is passed unanimously, the minutes should record this motion as 'Carried Unanimously'. Section 26.9 of the Procedure Bylaw states that 'any vote of Council that is not unanimous shall be a recorded vote'. When a vote is not recorded, the vote is implied to be unanimous. Section 187(4), MGA, states that unanimous agreement is required to proceed to 3rd reading if 1st and 2nd readings have been given in the same meeting. Therefore, the minutes should record that the motion was unanimous even if the Procedure Bylaw implies that such record is not required.
- Some motions do not provide sufficient information by referring to the recommendation in an external report and do not repeat the recommendation. The specific information needs to be recorded so that the minutes can be used solely for future reference.
- A motion did not receive unanimous approval and the names of those in favour and opposed were recorded. All seven councillors were in attendance at the meeting but there were only six names recorded regarding this motion. This raises the question as to whether the minutes are in error or if the councillor did not vote. If the councillor did not vote, the councillor would be disqualified to continue to serve as a councillor because the minutes do not record permission to abstain (Section 174(1)(f), MGA).
- A motion to add funding to the current year budget and award a contract did not include the amount to be added to the budget or the amount of the contract that was awarded.
- The budget approval motions do not include the amount of the budget that is being approved.

- Some motions to go into or come out of an ‘in-camera’ session do not identify the time of the motion.
- A motion was missing to come out of an ‘in-camera’ session.
- A motion was duplicated in the same meeting.
- Each bylaw has a motion to introduce the bylaw followed with a motion to approve 1st reading of the bylaw. The motion to introduce the bylaw is not required.
- A motion to approve the Council minutes had the date of the current Council meeting not the previous Council meeting date.
- A motion was written as a recommending motion similar to the one coming from a committee of Council and, therefore, did not state specific Council approval.
- Committee minutes should be ‘received’ for information, not ‘adopted’ for information.

These observations should be considered to improve future meeting minutes.

4.3.4 Public Hearings

The Town conducts public hearings in accordance with Section 17 of the Procedure Bylaw and Section 230(2) of the MGA. The Public Hearing is normally held on the same evening but prior to a scheduled Council meeting. 1st reading is given to the bylaw at a Council meeting prior to the public hearing and the 2nd and 3rd readings are normally given in the Council meeting of the same evening following the Public Hearing.

There were 6 public hearings in 2010 and 2011; observations from the minutes of these hearings are noted as follows:

- The length of time from opening to closing the hearing ranged from 1 minute to 5 minutes. The 5 minute hearing included appointing a chairperson.
- The minutes indicate the reason for the hearing.
- The Chair asks 3 times if anyone wishes to speak in favour of the bylaw and 3 times if anyone is against the bylaw.
- No one spoke in favour or against the bylaw at any of the public hearings.

The Procedure Bylaw states in Clause 17.4 that the Chair may call upon the Town Manager to introduce the motion or bylaw and to briefly state the intended purpose. The short meeting times indicate that this option is not exercised. Also, it appears that no one from the Town presents a case for or against the bylaw.

Appendix E of the AAGI report proposes modifications to the Procedure Bylaw. The report recommends that when a Member of Council declares a pecuniary interest in the matter of the public hearing that Clause 17.6 be amended to include the requirement that the Councillor is not only to leave the table but also to leave the room until the matter at hand is concluded and the AAGI report references Section 172 of the MGA. This recommendation is not required because Section

172 (3) of the MGA states that a Councillor has a right as a taxpayer or owner to be heard by Council and, therefore, does not have to leave the room and may exercise the right to be heard in the same manner as a person who is not a councillor.

4.3.5 In-camera meetings

Councillors indicated that they did not meet ‘in-camera’ very often but the Council minutes indicate otherwise, especially in 2011. There were 6 in-camera sessions in 28 regular Council meetings in 2010 and in 2011 there were 18 in-camera sessions in 27 meetings; a significant increase which concerned the public. The number of ‘in-camera’ meetings may be appropriate as long as the reasons comply with what is allowed to be discussed without the public present. Decisions resulting from some of the in-camera sessions as well as the stated purpose indicate that some of the topics were not eligible for discussion behind closed doors; examples are:

- Fire hall expansion funding
- Fire hall expansion contract
- Nicholls Applied Management contract
- Letter of support for campground expansion project
- Seed Cleaning Plant tax forgiveness
- Budget deliberations Note: The budget meetings held in 2010 were open to the public whereas the budget meetings in 2011 were held in private.

4.3.6 December 14, 2011 Council Meeting

The inspector attended the Council meeting of December 14, 2011. An inspection normally includes attendance at a Council meeting. The inspector was also the Official Administrator of the Town during the time of the inspection and, therefore, attended additional Council meetings. Information may be included elsewhere in this report relative to other Council meetings but this section will provide observations of the December 14 meeting noted as follows:

- The meeting started on time with good Council decorum.
- There were approximately 10 – 15 people in the gallery
- An amended agenda was distributed with five additions:
 - Capital budget
 - Two development permits
 - Two requests for letters of support

Note: The capital budget is too significant to be added to the agenda and one of the letters requesting a letter of support was dated November 25 which raises the question as to why it was not on the distributed agenda.

- There was one ‘scheduled delegation’ – Concerned Citizens group. The major concern presented was that the 2012 budget deliberations by Council were not held in a public meeting whereas the 2011 budget discussions a year ago were held in public. The Mayor responded that the budget would be provided to the public at this meeting and comments could be brought to Council meetings in January, February and March.

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Apparently there is no other public process to discuss the budget and it was interesting that the Mayor made the decision and not Council. Council may have wanted to approach public dialogue in a different manner.

- Opportunity was provided for any other public delegations to speak to Council with the Mayor asking three times if there was a public delegation.
- The minutes of the previous Council meeting were approved with a minor edit and Protective Services Committee minutes from August 26, 2011 were received for information.
- There was no ‘business arising’ or ‘public hearings’.
- Each Councillor made an oral report on their recent activities and meetings. A separate ‘receive for information’ motion was made following each report. The agenda section for reports has the heading ‘Written Reports’ but the CAO report was the only written report.
- The interim CAO reviewed his written report.
- The delegations and reporting took about ½ hour and the new business took about ½ hour.
- There was no input from the interim CAO except some comments on the budget. The CAO should provide background information and speak to the recommendation for most agenda items.
- The interim operating budget and capital budget were included with the agenda and approved. The budgets were made available to the public but were very poor documents for the public to read, understand and determine what initiatives are in the budget. For example, all of the comments in the operating budget pertained to the 2011 budget variances and not the 2012 budget variances.
- There was no presentation made by the CAO on the development permits. Note: Preparation by the CAO prior to the meeting was not adequate and it was not the fault of the Town staff. The Development Clerk briefed the CAO and inspector prior to the meeting regarding the permit applications but the CAO, though present, did not take note of the information provided and thus was unable to present Council with pertinent information regarding the development permits. The inspector did not believe that Council understood the implications of the development permits they were approving.
- The bylaws were provided with the distributed agenda and were not read into the minutes. There was no presentation of the bylaw by the CAO. All three readings were given and the proper procedures were followed. There is a bylaw introduction motion that is not required and is addressed elsewhere in this report.
- The Mayor basically did all of the talking and ‘quarterbacking’ with very little opportunity for input but he did ask if there were any questions.

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- The Mayor made motions; 11 of the 34 motions. Apart from bylaw motions, there were 6 business decision motions of which he made 4.
- The meeting recessed for 5 minutes before going into an ‘in-camera’ session to address a land issue which was appropriate to be discussed without the public. This was an agenda item correctly identified as ‘Confidential – land/legal’.
- The meeting adjourned at 9:00 p.m.; total length of 1 ½ hours.

Concluding Comments:

The meeting was well run and very efficient but possibly too efficient. Additional information needed to be presented regarding business items and the CAO needs to be speaking to some of these agenda items for the benefit of Council and the minutes. The Legislative Clerk prepared the agenda with the recommendations; the CAO needs to be developing the recommendations for the non-information items. Apart from the Councillor reports, Councillors seemed to be going through the motions and not actively participating in the meeting. Several times during the meeting, the inspector wondered why Council was not asking questions to clarify and determine the implications of decisions regarding the 2012 interim operating budget, development permit applications, bylaws and bylaw amendments as very little or no information was provided.

4.3.7 Other Council Meeting Observations

The following provides some additional observations from reviewing Council minutes and attending additional Council meetings as the Official Administrator:

1. Receiving correspondence and reports for information

Council meeting and consequently the minutes are cluttered with motions to receive reports and correspondence ‘for information’. These motions are not necessary and the minutes can acknowledge that reports were provided and correspondence had been on the Council agenda.

‘What is the purpose to receive it after the fact? There may be no consequence if the motion to receive is adopted. But what if it is defeated? Would this mean that the report was not received? Can the Council or Board change history? Plus, what is the meaning of speaking or voting against the motion to receive?’

Is a Motion to Receive a Report Necessary? Eli Mina

If Council feels that there should be some sort of acknowledgement, a motion can be made at the beginning of the meeting that all agenda items, including reports and correspondence, be received. This motion could be incorporated into the motion to approve the agenda.

2. Business arising from minutes

The Council agenda has a section ‘Business Arising’ but there are no agenda items provided in this section. It appears that Councillors use this time in the

meeting to identify items that need to be addressed from previous meetings or to question the progress of outstanding items. Opinions vary as to the purpose of 'business arising' but it normally is used to address items that were not concluded in previous meetings; for example, Council requested administration to prepare a report or Council wished to defer a decision. This may have been the intent when the Procedure Bylaw was established because another agenda section is 'New Business' which infers that this section is for items that will be addressed by Council for the first time. 'Business Arising' is not required and items from previous meetings can be in the 'New Business' section which should then be termed 'Business'. Either way, the CAO is required to place these items on the agenda, not Council.

3. Motions made by the Mayor

The Mayor makes a significant number of motions. It is unusual for a chair to make motions other than declaring the meeting to be adjourned or motions of thanks, congratulations and condolence. The meeting chair can make motions but as literature states 'inexperienced or "power chairs" sometimes move all sorts of motions and in so doing demonstrate their lack of understanding of their role. The chair may suggest that it would be appropriate for a particular motion to be moved but encourage someone else to move it with suggested wording.'

4. Monitoring Council action items

The Legislative Clerk and other committee recording secretaries keep action item lists for Council and Committee meetings. The Legislative Clerk indicated that the Council meeting action item list is not monitored. This list should be continually monitored by the CAO to make sure that all action items are addressed in a timely manner.

4.3.8 Conferences, seminars and workshops

The Financial Control policy requires employees and members of Council to submit projected costs of attending seminars, courses or workshops to the respective Supervisor or Council for approval prior to attending. Conferences are not included in this clause but it may be the intent. Councillors submit requests with the projected costs to Council for approval to attend conferences, seminars and workshops. The Council Honoraria policy requires Councillors to report to Council on any conference or workshop attended advising Council of issues brought forward at such events.

Professional development is important for councillors to carry out their responsibilities in the best possible manner and councillors need to be aware and knowledgeable of the issues that Council is addressing. Previous reports have commented on the numerous events attended by Councillors and during the inspection there were several requests approved by Council. Financial analysis indicates that Council costs are above average when compared to towns of similar

size. There are two significant observations during the inspection regarding professional development of Councillors:

- Some of the conferences attended by Councillors did not appear to be relevant to the Town or a Councillor. The Town possibly could get better value for the professional development dollar if Council was more selective as to conferences for which permission to attend is granted. Two examples were the Alberta Water & Wastewater Operators Association seminar which is technical training for operators and the Assembly of First Nations Water Rights Conference which would probably not be a high priority conference if Council had to prioritize conferences.
- Councillor reports of these events were very sketchy and did not appear to benefit those who did not attend.

4.4 Annual Budget, Financial Records, Financial Reporting and Annual Audit

This section will identify the findings regarding the annual audit, annual budget and financial reporting. The scope of the annual audit by an independent auditor includes reviewing the financial records and obtaining reasonable assurance that the financial statements are free of material misstatement. The scope of this inspection did not duplicate the work of the auditor but reviewed the results of the audit including the management letter. Pertinent information included in the management letter and obtained in discussion with the auditor will be included in this report.

4.4.1 Town Auditor

Fletcher Mudryk & Co., Chartered Accountants, has been the auditor for more than 10 years. They were initially appointed through a 'request for proposal' process and their proposal was successful again in mid-2000. The Town normally appoints the auditor for a three year term but the audit appointments for 2010 and 2011 have been on an annual basis. Council is required to appoint the auditor (Section 280 (1) MGA). Regarding the appointment for the 2011 audit, the auditor received a phone call from the Treasurer stating that their firm had been appointed but did not receive a letter confirming the appointment. Council did not make a resolution appointing the auditor for 2011. The auditor would prefer a three to five year appointment. The High Prairie & District Regional Recreation Board and High Prairie Municipal Library are also audited by the Town auditor.

4.4.2 2010 Audit, Financial Statements and Management Letter

The audit report for the 2010 financial statements is dated June 22, 2011. The financial statements were presented by the auditor to Council on July 13, 2011 and received by AMA on July 8, 2011. Section 278, MGA, states that the financial statements, financial information return and related audit reports are to be submitted to the Minister by May 1 of the year following the year for which the financial information has been prepared. For one of the years between 2006 – 2010, AMA received the Town financial statements by May 1; the 2007 financial

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statements were received on May 1, 2008. The Town missed the May 1 deadline in the other four years; submissions were made in June, July and November. Municipalities may request extensions to the May 1 deadline which the Town requested.

Section 4.2.2 summarizes the 2010 financial statements. Summary comments from the auditor's letter to management are:

- Funds to support restricted surplus reserves should be placed in separate interest bearing accounts to ensure the reserves remain fully funded.
- The restricted surplus reserve accounts should be replenished as soon as possible to replace the funds required to fund the 2010 deficit.
- Recreation expenditures by the Town are in excess of 20% of the Town tax revenue base and should be carefully monitored to ensure that the level of recreation expenditures is in the spirit of the overall Town budget.
- Be cautious in providing tax concessions or developing specific tax rates.
- Consider funding the amortization expense and incorporating this approach into a long range capital replacement plan.
- It is imperative that the financial recommendations of the AAGI report be reviewed and undertaken in the near future to improve the existing controls in the financial framework of the Town.
- Recommend that a policy be developed requiring employees to take time off in lieu when sufficient banked time has been accrued and require employees to use vacation time within a reasonable period of time earned.
- Review the process to create journal entries to reduce duplicate entries.
- Improve internal controls regarding the tax roll, bank reconciliations, GST reports, utility accounts receivable and accounts payable to address accuracy and timeliness.
- Improve the process to apply for capital project grants and submit the final documents to receive final payments. Capital projects were started during the year without funding in place and, in some cases, funding from 2008 had not been applied for until early 2010. Note: Town administration had completed these submissions since December 31, 2010 and by the June 24, 2011 date of the management letter.

4.4.3 2011 Audit and Financial Statements

The Town will be requesting an extension to August 31, 2012 to complete the 2011 financial statements. The auditors made a site visit on November 2, 2011 and determined that:

- Bank accounts had not been reconciled since January, 2011.
- Accounts receivable and accounts payable had not been reconciled since January, 2011.
- Utilities receivable were reconciled to October 31, 2011.
- The 2010 general ledger had not been closed out.
- The status of grant applications could not be determined.

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The Treasurer position was vacant until February, 2012 when the position was contracted temporarily. Bank reconciliations have been completed to September 30, 2011 as at March 31, 2012 because they were contracted out (they were not done by the contracted Treasurer) but the status of the other items since the November 2 site visit had not changed substantially.

4.4.4 Annual Budget and Tax Rate Bylaws

1. 2010 Budget and Tax Rate Bylaw

Council approved the 2010 budget and passed the 2010 tax rate bylaw on May 14, 2010. The budget approval motions for the operating and capital budgets do not include the amount that was approved. When the 2010 financial statements were being prepared and audited, the auditor determined that there was an operating deficit of \$990,000. Note: Information from the Statement of Financial Activities and Statement of Change in Financial Position was used to determine this amount. Questions were raised as to how this could happen and the previous Treasurer was even brought back to analyse the records. A definitive answer was not provided.

The following information will assist in determining a conclusion:

Comparison of 2009 and 2010 property tax requirements

Taxes required per 2010 budget document	2009	2010	Property tax increase (decrease)
Municipal services	\$3,094,724	\$3,770,691	\$675,967
Education & Seniors			
Lodge requisitions	<u>\$759,673</u>	<u>\$754,662</u>	<u>(\$5,011)</u>
Total taxes required	<u>\$3,854,397</u>	<u>\$4,525,353</u>	<u>\$670,956</u>

Comparison of 2009 and 2010 property tax bylaws

	2009		2010	
	Tax Levy	Tax Rate	Tax Levy	Tax Rate
Municipal				
Residential	\$1,569,504	10.1529	\$1,546,550	10.1529
Non-residential	\$1,350,476	14.3623	\$1,228,496	14.3623
Regional Rec-plex	<u>\$241,374</u>	.9709	<u>\$241,374</u>	1.0190
Total Municipal	\$3,161,354		\$3,016,420	
Education & Sr. Lodge	<u>\$768,038</u>		<u>\$754,662</u>	
Total Levy	<u>\$3,929,392</u>		<u>\$3,771,082</u>	

- The 2010 budgeted net cost of municipal services to be funded by property taxes increased \$676,000 from 2009.
- The 2010 municipal property tax rates remained the same as 2009.

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- 2010 property tax revenues were approximately \$3 million for municipal services; \$150,000 less than 2009. This decrease was due to a \$15 million decrease in assessment.
- The total 2010 property tax levy (including education and seniors lodges) is approximately the same amount as the required property taxes for municipal services (excluding education and seniors lodge requisitions)

Conclusion:

- Council wanted to keep the municipal property tax rates the same in 2010 as those in 2009 but approved a budget that was \$676,000 greater than 2009.
- The 2010 tax rate bylaw used a tax levy total that agreed with the amount of net municipal property taxes required excluding the education and seniors lodge requisition amounts. Therefore, when the tax levy bylaw was prepared including the education and seniors lodge tax levy, the municipal tax levy was reduced by the amount required for the education and seniors lodge tax levy.
- The result was a municipal tax levy shortfall of \$754,000.

2. 2011 Budget

Council held the 2011 budget discussion in a public Council meeting on December 13, 2010 and approved the interim budget at their regular Council meeting on December 15, 2010. The tax rate bylaw was passed on May 25, 2011 but Council did not approve the final 2011 budget. The final budget document has revised amounts when compared to the interim budget document. The interim budget approval resolutions do not indicate an amount; therefore, it is difficult to determine what amounts were approved.

The budget document is a 'line item' budget presentation. It appears that budget development is based on what was approved in the previous year. The document provides explanations for changes from the previous year. There is very little narrative describing the services and programs provided and there is no budget transmittal letter. The document is basically a lot of numbers providing 3 years of actual history, the prior year budget and budget for approval.

3. 2012 Budget

Council held special meetings on November 28, 2011 and December 8, 2011 to discuss the 2012 budget. Both meetings were held in-camera. The November meeting concluded with Council resolutions regarding cost of living increases and utility rates. The interim operating and capital budgets were approved by Council on December 14, 2011.

Note: The 2011 budget was discussed in an open Council meeting but the 2010 budget discussions were held in-camera. There were two 2010 budget

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meetings; December 9, 2009 was in public for 2 hours and the December 17, 2009 meeting was in-camera for 3.5 hours.

The format of the 2012 interim budget was similar to the 2011 budget format. Unfortunately, the actual data comparisons still had the '2010 Actual to Nov 30' with no 2011 actual to date data and the reasons for the variances between the 2011 budget and the 2012 budget had not changed. The public process for the budget was not acceptable. The interim budget provided to the public was all numbers with very little narrative. A seasoned councillor would have difficulty reviewing it.

Opportunity was provided to the public for an hour prior to the March 14, 2012 Council meeting to ask questions of administration and Council regarding the 2012 budget. The final operating budget was approved by Council on March 28, 2012.

4. Concluding Comments

There is significant room for improvement in the budget process, budget document, budget deliberations and budget presentation. The budget process must be a transparent process and the Town Council has not addressed the budget deliberations appropriately. The budget document also needs to be vastly improved but it can be difficult to develop a meaningful document when there is continual turnover in the CAO and Treasurer positions. It takes time for senior administration to become knowledgeable of the Town services and programs. When a good budget document is developed it will provide good information for new Town management as well as an excellent orientation document for new councillors.

4.4.5 Financial Reporting

The Financial Control Policy (11-2011) states that the Treasurer is to prepare monthly financial statements for presentation to Council. The following financial reports were provided to Council throughout 2010 and 2011:

- Operating budget report
This report is a 2 page summary; a page for each revenue category and a page reporting expenses for each department. The report provides the current month actual, year to date actual, budget, budget variance in \$ and %. Monthly operating budget reports in 2010 were not provided to Council until October and the report included an individual report for each of the 10 months from January to October. This was the only time Council received monthly reports in 2010. Monthly reports for 2011 were provided to Council starting in May, 2011 when the new Treasurer was in place and Council received a report each month up to September, 2011 after which the Treasurer position was vacant.

- **Monthly bank statement and reconciliation**
This report provides the bank reconciliation for each bank account. Council received in October, 2010 the monthly bank reconciliation for each of the months starting in January and at subsequent meetings received the November and December bank reconciliation. No bank reconciliation reports were provided to Council in 2011.
- **Council expenditure report**
This report provides year to date actual financial expenses for each Councillor by type of expense category with the total budget for each expense category and budget remaining. Council received this report 3 times in 2010 (March 31, October 31, December 31) and none were provided in 2011.

The monthly operating budget reports were consistently provided to Council in 2011 when the Treasurer position was not vacant. Bank reconciliations are normally not a required report to Council. It would be a CAO responsibility to ensure that bank reconciliations are regularly prepared.

4.4.6 Other Financial Matters

1. Property Assessment Notice

AMA conducted an audit in 2010 of the 2009 assessment year. The audit determined that the regulated assessment standards had been met. A review of the 2010 Assessment Notice package was also conducted and a deficiency report dated November 24, 2010 was provided to the Town. The assessment notice was not compliant with Section 309(1)(c) MGA and the complaint form and information statements were not compliant with Section 27.7(a) and (b)(i) of the Matters Relating to Assessment and Taxation Regulation. A follow-up letter dated December 22, 2011 was sent from AMA stating that there had been 'little or no improvement' on the 2011 assessment notice. AMA indicated at that time that failure to implement the changes identified in the report attached with the December 22, 2011 letter could result in additional action by the Minister.

AMA is requiring the Town to submit a copy of the 2012 assessment notice package to the AMA, Assessment Services Branch prior to mailing to the taxpayers to ensure all of the recommendations have been implemented.

2. Tax Recovery Properties

Divisions 8, 8.1 and 9 of Part 10, Taxation, MGA require municipalities to follow specific procedures when property taxes are not paid. These procedures are to be followed to ensure that all property tax payers are treated equitably. If taxes are not paid for several years, legislated tax recovery procedures are to be followed by the Town. The Town has not kept current with these procedures on properties that have tax arrears. There are several reasons for this problem:

- The high turnover of the CAO and Treasurer positions.
- During these senior management position transitions, new office staff were hired and not sufficiently trained.
- The responsibilities for the property tax roll were distributed among several office staff. This decision may not have been appropriate especially in light of the lack of staff training in these procedures.

The interim Treasurer disputed the necessity of implementing these procedures, initially to the Official Administrator/Inspector, and subsequently to the staff at AMA who are very knowledgeable of these requirements and the related legislation.

Several years ago, the Town was involved in a tax sale of tax recovery property. There are allegations that a Councillor at that time participated in purchasing a tax sale property. Council must be aware that Section 429, MGA prohibits councillors, CAO, designated officers and employees of the Town to bid, buy or act as an agent regarding the sale unless the Town designates an employee to bid for or buy because the Town wishes to become the owner.

3. Financial System

The Town changed its financial software system in the fall of 2011 on a recommendation by the Treasurer to Council in August, 2011. The reasons provided were to change to a system with more current technology that was more user friendly and reduced operating costs. The recommendation was to make the change before the end of the calendar year with computer hardware upgrades at a later date. The report also stated that the conversion process would take several months to transfer data and train staff.

The decision to change may have been appropriate but difficulties were encountered due to changes in staff and the Treasurer resigning before the conversion was completed. Staff not only needed to be trained on the new system but most were learning the office duties as well. Some were so new in their positions that they learned the old system for just one month before changing to the new system. The new software provider has been required to spend more time than normal on site to assist with the conversion.

4. Financial Control Policy

A Financial Control policy was in place in 2000 and has been amended several times since then. The policy addresses:

- Key responsibilities
- Revenue collection and cash handling
- Expenditure authorization and approval limits
- Purchasing
- Grants

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- Inventory control
- Banking

The Town is to be commended for having this policy as long as it is followed. Some of the regulations have not been followed such as purchasing procedures, credit card limits and reporting. This policy should be reviewed:

- To separate procedures from policy; each section should have policy statements followed with the specific procedures.
- To reduce the detail
- To evaluate the dollar thresholds; some may be too low.

Recommendation G20 of the AAGI report states that the auditor should prepare the Financial Information Return for AMA and the requirement for the Treasurer to prepare this return be removed from the Financial Control policy. The Treasurer, if possible, should prepare this return; therefore, this requirement should remain in the Financial Control policy but it can be softened to include 'if possible with the option of the auditor preparing it'.

5. Council Discretionary Funds

Funding requests for which a budget has not been specifically identified are received by Council throughout the budget year. Council will address these requests and, if approved, indicate that the expense will be charged to the Council Discretionary budget. The Mayor also has a Discretionary Fund budget. The Mayor does not bring requests to Council for approval but rather proceeds on his own. There is no policy granting the Mayor such approval authority other than the budget line termed 'Promotion – Dumont'; the budget has been \$10,000 for 2011 and 2012. The December 13, 2010 budget meeting has a motion 'that Council approve the Mayor and the Council discretionary funds in the amount of \$40,000 and those funds to be split 50/50 between them'. This is a \$20,000 approval for the Mayor but the budget document indicates \$10,000. Examples of payments by the Mayor in 2011 are 5 nine hole 10-packs from the High Prairie Golf Club (\$780) and a \$500 donation to the University of Alberta Panda's hockey team. The Mayor approving payments from a budget designated for Mayor promotion without specific Council approval for each payment may be covered by Section 248(1) of the MGA but this may be a 'fine line' since there is no governing policy.

6. Tangible Capital Assets Policy

Municipalities were required to record and amortize their tangible capital assets by 2009 in accordance with standards established by the accounting profession. The Town has complied with this requirement and follows the Recording and Reporting of Tangible Capital Assets Policy (42-2009). This policy has most of the necessary regulations but it appears to be a 'generic' policy. The requirement for regular reviews of the tangible capital assets is not included in the policy. Also, the policy does not specify the responsibilities to record and maintain the tangible capital asset register.

4.5 Town Administration and Personnel

4.5.1 Chief Administrative Officer

Bylaw 12-2010 establishes the position of the Chief Administrative Officer referred to as the Town Manager. This bylaw states that ‘the Town Manager has all the powers, duties and functions given to the CAO under the *Municipal Government Act* and any other legislation’. The AAGI report recommended that this bylaw be approved to replace Bylaw 8/99. The revised bylaw contains the minimum requirements for a CAO bylaw requiring a separate CAO position description which was approved by Council on July 14, 2010; this position description is similar to the one recommended in the AAGI report.

The Town has experienced significant changes of personnel in the CAO position:

- August, 1999 – July, 2003
- July, 2003 – September, 2005
- September, 2005 – February, 2006 (Interim)
- February, 2006 – June, 2009
- July, 2009 – September, 2009
- October, 2009 – December, 2009 (Interim)
- January, 2010 – January, 2011
- January, 2011 – May, 2011 (Interim)
- May, 2011 – October, 2011
- November, 2011 - April, 2012 (Interim)

During this period of 13 years, there have been 6 permanent and 4 interim appointments. The permanent appointments left the Town for the following reasons: 3 resigned, 2 terminated, 1 deceased. One of the CAOs who was terminated was terminated within the probationary period without ‘just cause’. Frequent changes in the CAO position has resulted in significant issues for the Town. It takes time for a new CAO who has municipal experience to determine what has been done and what needs to be done. And, further, there may be changes required in the organization but normally time is required for other stakeholders (employees, Council, residents) to gain confidence in the CAO’s leadership before changes can be implemented successfully. The CAO normally makes sure that long range planning is being addressed by the Council. When there is high turnover resulting in many immediate issues to address, long term planning will be deferred. This appears to be the case because the Town does not have established long term plans.

There are numerous financial implications due to high turnover in senior management such as deadlines and opportunities missed during the transition period that may not be able to be quantified but a dollar amount can be attributed to some. Examples are higher costs for interim appointments with some tasks needing to be contracted. A significant opportunity that was lost was the Town not accessing funding available to the Town. A Council resolution on March 10, 2010 requested a letter be sent to the Public Works and Water Treatment Plant

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staff ‘acknowledging their competence in saving the Town approximately 2 million dollars in upgrades’. The fact of the matter is that Town staff did not have anything to do with the saving; the project was the 2009 street improvements project and the approved tender with a \$370,000 reduction in engineering fees came in \$1.8 million below the \$5 million project estimate. But there is more to this story. This project was under a grant program for which the federal government paid 2/3 of the cost. Due to this significant cost reduction, the Town was eligible to do additional blocks of infrastructure. The Town engineers confirmed with the Federal government that the Town would be eligible for more funding and sent to the Town the procedures to follow. Apparently, the Public Works Superintendent was not able to convince the Town to approve additional projects. Why? Was no one available to address this? Was there not sufficient planning in place to identify projects? The Town funding would have been in place because the initial project was approved to go to tender at the original estimate of \$5 million.

The relationship between the CAO terminated in 2011 and the Mayor appears to have been strained from the start and it deteriorated further. The Town and School Division share the office building and, therefore, share a meeting room and Council chambers. An example of this CAO/Mayor conflict was an incident on August 16, 2011 when the Mayor was using profanity directed at the CAO in the Council chambers. The School Division was interviewing a prospective School Division employee in the adjacent meeting room. It made the interview so uncomfortable that it had to be relocated.

The October 5, 2011 confidential report prepared by Archie Grover identified three reasons for the escalation of this dissension:

- The contract the Town had with Nicholls Applied Management (NAM).
- The sale of Town Municipal Reserve land several years ago.
- The Public Works department.

The inspection confirmed that this observation was correct plus several other reasons were identified. The CAO was concerned with the lack of detail on invoices received from NAM and whether contracted deliverables were provided. Also, the NAM consultant would only deal with the Mayor and not the CAO which the CAO questioned justifiably. Unfortunately, these issues resulted in the NAM consultant being directly involved in proceedings to get the CAO terminated. Normally elected officials encourage their administration to make sure that contracts are being fulfilled and the billings substantiated; it is somewhat baffling that the Mayor did not want the CAO to be asking questions regarding the NAM contracts and invoices. It is also unusual that the NAM consultant, whose focus was economic development, was used to inform the media and other parties that the CAO had been terminated.

The CAO also tried to improve the accountability of the Public Works department and encountered difficulties when the Mayor intervened on behalf of the Public

Works staff. The Grover report as well as interviews conducted during the inspection confirmed this to be the case. This report will not determine if the approach by the CAO was appropriate or timely; as mentioned previously, sometimes it is better for new management to defer some issues until confidence in leadership is established.

An interim CAO was appointed for six months effective November 1, 2011. This appointment was from the short list of candidates interviewed for the CAO position previously and the appointment was made without an interview.

4.5.2 Interim Chief Administrative Officer

The Town has filled the CAO position several times with a temporary appointment during the period of time that a CAO search is conducted. These temporary appointments have normally been a seasoned municipal and provincial administrator, Mr. Archie Grover, who knows the Town operations. An exception was the interim appointment made in November, 2011. Council authorized the Mayor to contact Mr. Grover to ask him to fill in as CAO on an interim basis and, if Mr. Grover was not available, to contact the current interim CAO with the same request. The extent of the contact between the Mayor and Mr. Grover was the Mayor left a voice message with Mr. Grover and Mr. Grover was not successful in contacting the Mayor. Mr. Grover received a phone call from a Town councillor one half hour prior to the Council meeting in which the decision was to be made and Mr. Grover indicated he was available by November 7, 2011. The current interim CAO was available on November 1, 2011 and, therefore, the current interim CAO was appointed.

The inspector was also appointed by AMA to be the Official Administrator of the Town during the inspection and observed the administration of this interim CAO appointment. The interim CAO had unsuccessfully applied previously for the Town Treasurer and CAO positions and was shortlisted in the 2011 CAO selection process. Council had chosen the interim CAO as the second choice but the consultant leading the process advised that the interim CAO was not knowledgeable of municipal governance. It may have seemed to be an obvious choice to Council to appoint the second choice to an interim contract but the following observations confirm that the consultant was correct:

- Administration and staff management
 - Continually was not aware of what was required, what he had done or not done and requested information that had been provided to him previously.
 - Immediately wanted to change office staff position descriptions but did not have any knowledge of the requirements of these positions or the magnitude of each task.
 - Was not knowledgeable of the property tax process and the legislated requirements.

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- Financial knowledge and priorities
 - Did not have the general knowledge of what was required to meet the requirements of a financial yearend.
 - Established priorities for the contract Treasurer position that did not address the immediate needs.
 - Was not able to identify the necessary parameters for contract work.
 - Did not recognize the importance of getting the Town good value for the contracted dollar. For example, one of the CAO reports stated that the contract Treasurer toured the Town facilities with the CAO and met with the Public Works staff. This was not time well spent because this was a contract position on an hourly rate and there were significant financial matters that were not being addressed.
 - Has not kept the Treasurer focused on the immediate needs such as year end work.
- Council responsibilities
 - Did not have any idea what was required of a CAO in preparing information for Council meetings and the need to be knowledgeable about this information.
 - Did not know a majority of the time what was on the Council agenda before the agenda was distributed.
 - Did not follow through with putting items on the agenda when requested to do so. An example is that he had reported to Council that he was going to request the Province for an extension to the May 1 deadline to submit audited financial statements. Following the meeting, the Official Administrator informed by e-mail that this extension request required a Council motion and the words of the motion were provided to him. He acknowledged the e-mail but the next Council distributed agenda did not include this time sensitive item; an item about which the auditor was also questioning the status. This item had to be added to the agenda at the meeting even though information to the CAO had been provided well in advance to include it on the distributed agenda.
 - Seldom spoke to or was prepared to speak to any items on the Council agenda other than the CAO report.
 - Information for Council was either not prepared or was prepared poorly.
 - Did not provide guidance to Council regarding necessary procedures that Council needed to follow. For example, Council made decisions during the in-camera budget meetings which were not followed up with resolutions in the public portion of the Council meeting.
 - Did not know how to respond when questioned by Council whether he had followed up on an action item. For example, when

asked about a specific item, he had a blank look and looked to the recording secretary who eventually had to answer. The truth of the matter is that the action item had been done and the Province had responded with a letter which was in his office and should have been brought to Council.

- Recommendations to Council
Provided recommendations to Council that were required to be deferred because the ramifications of such recommendations had not been determined. One recommendation was to amend a policy and it came directly from the interim CAO's written report to Council; this recommendation was not part of the distributed agenda and it was not an agenda item.
- Did not have a good understanding of the roles of the CAO, Mayor and Council.

The report by the interim CAO to Council at the March 28, 2012 Council meeting stated that he had solved all of the problems identified in the Grover report citing examples of success and attributing it to his extensive educational background and municipal, management and financial expertise. This report was very misleading and factually not accurate. In addition, the Grover report which was quoted in the CAO report had been dealt with by Council during an in-camera session and had not been made public; therefore, the CAO breached confidentiality of Council.

4.5.3 Treasurer

The Treasurer position is a designated officer position established by Bylaw 13-2010 (amending Bylaw 4/00). The main functions of this position are:

- Financial administration
- Assessment
- Taxation
- Assessment Review Boards

with specific responsibilities identified in the Treasurer position description. The Treasurer bylaw includes a clause stating that 'Council will by resolution appoint an individual to the Designated Officer position of Treasurer'.

The Treasurer position was filled with no changes from 1994 to 2006. Since that time there have been five different appointments to this position:

April, 2006 – September, 2007
October, 2007 – May, 2008
July, 2008 – October, 2009
December, 2009 – April, 2011
May, 2011 – November, 2011
January, 2012 – May, 2012 (Contract)

The Treasurer in 2006 retired and all of the other changes have been resignations. The October, 2009 and November, 2011 resignations have been attributed to the

attitude and interference of the Mayor. The September, 2009 Treasurer letter of resignation to the CAO at that time includes the following statements:

- Increased occurrences where administration has not been able to perform their duties without interference or criticism.
- Direction given on August 18, 2009 to all staff to have all outgoing letters provided to the Mayor for his review and approval prior to sending out.
- An e-mail that was sent to me on Friday from the Mayor with a warning of ‘all I can say to those particular staff is an old hockey saying keep your head up’ is the final straw. (The inspector obtained a copy of this e-mail dated September 11, 2009.)
- This ongoing questioning of the professional capabilities of management and staff and the air of conflict that surrounds the workplace has affected my ability to perform my duties and manage my team.

This is from a staff member who was asked if he was interested in the CAO position and declined (apparently for good reason).

4.5.4 CAO Selection and Termination Process

The Official Administrator was not allowed to speak to Council regarding the selection of a new CAO because the Mayor and Council were not receptive to this discussion. The Town has used consultants in the CAO selection process but Council was reluctant in using this process because they felt that it did not work and that it costs too much. Council decided at their March 14, 2012 meeting to select the next CAO without professional assistance.

The Town legal counsel was not used in developing the CAO employment contract and was not contacted regarding the process to terminate the previous CAO. Complications resulted in the termination of the last CAO which could have been alleviated if the Town legal counsel had been used.

4.5.5 Organization Chart and Employee Position Descriptions

The Town organization chart (Appendix 8.7) shows the CAO reporting to Council with the following positions reporting to the CAO:

- Treasurer
- Superintendent of Public Works
- Fire Chief
- Legislative clerk
- Peace officer
- Economic development

This organization chart was recommended in the AAGI report. The Treasurer and Economic Development positions are currently vacant with the Treasurer position filled temporarily by contract. The Economic Development position was contracted in 2011 and decisions for this position had not been finalized when this report was prepared.

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The management and office position descriptions were reviewed and most had a 2010 development date. The employees interviewed generally felt that their position descriptions were current and accurately described their responsibilities. The office staff had recently been reorganized, were in the midst of changing the financial software system and some of the staff had transferred into new positions. Therefore, some were not fully aware of their responsibilities to adequately respond to the current position description. Position description comments are:

- Some of the ‘Position Summaries’ were too wordy. These should be summary statements with the specific responsibilities in the ‘Responsibilities’ Section. Two examples are the Superintendent of Public Works and the Manager of Roads and Facilities – both Position Summaries were similar and too detailed.
- Both the Superintendent of Public Works and Manager of Roads and Facilities position description states that each is to direct the mechanic. The mechanic should have only one supervisor.
- Some position descriptions include a statement that information is to be provided to the Mayor, Council and the CAO as directed. Town employees are to provide information to the CAO who then provides information to Council. The statement should be revised to exclude the Mayor and to provide information to Council through the CAO.

The Town has a staff performance review system addressed in Section 2.07 of the Personnel Policy. This system was recently revised but some managers commented that it should be reviewed again. Performance reviews are to be conducted on each employee’s employment anniversary date. Some are conducted regularly whereas others were not and there was inconsistent application of the process. Reviews of senior managers which were to be conducted by the CAO had not been done recently due to the frequent turnover of the CAO position. It is difficult for a new CAO to conduct a review until there has been adequate opportunity to work together and for the CAO to fairly assess the manager’s performance.

The Town provides opportunities for staff to receive further training. There are clauses in the Personnel policy addressing ‘continuing education’ and ‘professional development’ but there is no formal program to promote staff development. Staff felt that they could avail themselves of development opportunities which was evident during the inspection.

Some of the office positions have expectations placed on them for which they have not been trained and are not included in their position descriptions. An example is the Development Clerk. Development Officer responsibilities are assigned to the CAO position. The interim CAO did not have sufficient municipal experience to assume these responsibilities and did not know what these responsibilities included. The Development Clerk was required to carry out Development Officer responsibilities but did not have sufficient training for this

position. The Development Clerk accessed expertise from other municipalities to assist in developing recommendations for Council.

Staffing is sufficient in the Public Works department and the Superintendent of Public Works mentioned a plan to reduce staff through attrition. A formal plan had not been developed. It was difficult to assess the staffing needs of the office because:

- Most of the positions had recent appointments.
- Due to the frequent changes in the Treasurer and CAO position, there was lack of consistent oversight and direction and the interim appointments to these positions were not able to provide the required technical assistance.
- The financial software system had been changed at the end of 2011. Changes to financial software are normally difficult with experienced staff; therefore, the transition was more difficult due to the inexperienced personnel.

The Town was establishing a new office position to assist with the financial records. This position may be warranted but it was difficult to determine due to the many transitional issues including a vacant Treasurer position.

4.5.6 General Administration

1. Advertising new or vacant positions

The Personnel Policy states that all permanent positions will be posted for a minimum of two weeks prior to closing date. The policy does not address seasonal positions. Seasonal positions were advertised for the last couple of years but there were complaints of favouritism and that some permanent positions did not get posted.

2. Employee management and policy adherence

Comments were made consistently to the inspector during internal and external interviews that the Public Works department staff do not always follow Town policies or bylaws. The contraventions specifically noted were:

- Personnel policy – working hours, working days, paid leave
- Safety policy – see Section 4.1.4
- Fire bylaw – open fires

3. Personal gain situations

The inspector was made aware of two situations where a Town employee was involved in activities using Town equipment or facilities for personal gain.

Both incidents involved the same employee who is in a management position.

- a. The first situation was a contract to pave the driveway of a Town resident. The Town is in the business of paving driveways for residents as time allows. The employee, who administers the Town contract paving work, used Town equipment on his own personal time and paid the Town for the use of the equipment at rates lower than what the Town would have received if the Town had done the contract. The CAO met with the employee to obtain the facts and, after consulting with the Town's legal

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counsel and AMA, reprimanded the employee with a written letter of warning placed in the employee's permanent file. The employee indicated that permission had been received from his supervisor, which the supervisor denied. The employee met with Council and, as a result, Council required the CAO to apologize to the employee in writing and remove the letter of reprimand from the employee's file.

- b. The second situation is a contract between a Town employee and the Recreation Board to sharpen skates in the arena. The Recreation Board awarded this one year contract on October 7, 2011. The contract specifies hours of the skate sharpening operation being weekdays from 5:30 p.m. until finished and weekend days as needed with compensation to the Board of \$100 plus GST per winter months. The inspector was reviewing the recreation facilities during the inspection and observed the employee sharpening skates during the noon hour which was presumably his own time. This employee has been alleged to have also been in the arena during normal work hours with skates on.

4. Office filing system

Town correspondence is filed in various areas throughout the Town office including the offices of the CAO and the Mayor. Most letters go out of the Town office under the Mayor's signature. There is no central filing system in the office and correspondence is difficult to retrieve.

5. Surplus equipment

Administration was reviewing the insurance for specific pieces of equipment and was not able to find a backhoe and non-licensed dump trailer which were assigned to the Public Works department. It was determined that this equipment was at the High Prairie Golf Club and had been there for over a year while being insured by the Town. This matter was brought to the September 14, 2011 Council meeting by administration seeking clarification. The Mayor informed Council that the backhoe had been on loan to the golf course and the trailer was used to pull behind quads on the golf course trails. The Mayor suggested putting the equipment up for sale as surplus. The Mayor regularly reports on the Golf Club activities to Council and the Manager of Roads and Facilities has been previously associated with the Golf Club executive. There was no previous authorization by the CAO or Council for this equipment to be used by the Golf Club. Council requested administration to provide to the Public Works Committee a list of all equipment with a recommendation on how equipment should be tracked and who is benefiting from its use. This request has not been followed up. Council also requested administration to develop a policy for loaning equipment. This policy has not been developed.

4.6 Other Findings

4.6.1 Economic Development

Economic development is the process that influences growth and restructuring of a local economy to enhance the economic well being of a community. It includes the initiatives of industrial development, retention and expansion of businesses, tourism marketing and promotion and community development. The Town decided in 2008 to address economic development in a more proactive manner and created an Economic Development Officer (EDO) position. This position was to assist the Economic Development Pursuit Committee, conduct market research and analyses and prepare business cases and proposals. Preferred qualifications for this position included economic development post-secondary education and experience with the requirement to be knowledgeable of the community and have excellent communication, research and analytical skills complemented with solid computer skills. The successful candidate did not meet all of these qualifications but was considered to be the best for the community. The CAO at that time lead the selection process and felt the best decision was made. The Mayor, CAO and EDO would meet regularly and the CAO and EDO had a good working relationship.

The EDO had been appointed for a 3 year term and chose to leave when the term concluded in the spring of 2011. Nicholls Applied Management (NAM) was contracted to provide economic development services from April 1 to December 31, 2011.

The CAO who hired the EDO in 2008 left the Town in 2009. The Mayor appeared to take over responsibility for economic development at that time. Two CAOs and an interim CAO all indicated that the EDO (employee or consultant) reported to the Mayor. One CAO indicated that the Mayor specifically told him that the EDO reported to the Mayor and not the CAO. This question of who had authority became a significant issue in 2011 between the Mayor, CAO and NAM.

NAM started providing specific economic development project work to the Town in 2010. A retail study was done but the major project was developing the Socio-Economic Plan (SEP) which was funded by Alberta Human Services in the amount of \$200,000. Phase I of SEP was done from February, 2010 to January, 2011 for a cost of \$75,000. Phase II was for the period of February, 2011 to January, 2012 in the amount of \$115,000, totalling \$190,000. The remaining \$10,000 was apparently spent but there were conflicting reports as to when and on what.

The Town was accountable to Alberta Human Services to make sure that the deliverables identified in the NAM proposal were adequately provided. NAM had not been reporting to Town administration. When the Town Treasurer, who had certification in Economic Development, started to prepare reports for the

Province he determined that the documents provided by NAM were not sufficient, that there was potential overlap in the deliverables between the project contracts and the EDO contract and there may be possible contraventions by NAM of the conditions stipulated in the Provincial contracts. The NAM consultants raised concerns when Town administration started to question NAM and request supporting documents. The Mayor and NAM sided against administration and individual Councillors got involved; some went as far as e-mailing the Province stating the Town was pleased with the services provided by NAM. This resulted in concerns expressed by the Provincial contact as to who the Province should be communicating with; the Town administration as originally determined or Town elected officials. The Councillor responded by stating that this would be discussed with the Mayor with Council providing a subsequent motion. Council made two motions on October 26, 2011 regarding this matter:

- That NAM deal directly with Administration and not Council and that any contractor for the Town is to only deal with Administration and that the Mayor and Council are not to directly contact any contractors.
- That the Treasurer set a deadline date with NAM to meet and provide all the information required by the Town to meet its grant requirements.

NAM continued to deal directly with the Mayor and Councillors. The final reports to meet grant requirements were reviewed by Council in April, 2012. Council directed administration to settle all outstanding invoices in accordance with the Community Development Trust Fund Agreement.

4.6.2 High Prairie Seed Cleaning Co-op

The Town participated in a land swap with the High Prairie Seed Cleaning Co-op (Co-op) as well as agreeing to a ten year tax relief agreement. The documentation was reviewed and the following is a summary of the conclusions of this review:

1. Land swap

This land swap complies with the MGA because it was with a co-operative and, therefore, does not need to be advertised. (Section 347(1)(b)) But was it in the best interests of the Town? The Town states in their February 13, 2008 letter that the land the seed cleaning plant has could be used for college expansion. A comment that is not documented is that a seed cleaning plant is not appropriate so close to the proposed hospital site. If the proposed location for the seed cleaning plant, which was in the MD, was not a good location due to the close proximity to the future hospital site, would it not be more appropriate that the MD not issue a development permit rather than the Town swapping land with a market value of \$125,000 for land valued at less than \$1,000? If college expansion was the key issue, then the Town, the MD and the Seed Cleaning Plant could possibly have been able to work out a solution.

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2. Tax relief
 - a. Tax relief bylaws have been passed annually (2009 and 2011) but the agreement does not state that the decision of Council is discretionary if a request for tax relief is requested by the Co-op.
 - b. The original letters of intent, the resulting agreement and the bylaws all contradict each other.
 - c. Tax relief is not appropriate because the Co-op already receives a 2/3 tax exemption.

Summary of Documentation:

1. January 11, 2006 Council Minutes
 - January 5, 2006 letter from Co-op to Town ‘inquiring as to whether the Town would consider selling a 6 acre parcel of land from Town owned land located at SE 27-71-17 W5.’
 - This land is not serviced and in the current annexation process.
 - Council motion 10/06 that the Town request the Co-op to resubmit a proposal to purchase land, for Council’s consideration, once their organization nears the completion of the planning details for their 5 – 8 year plan.
2. January 16, 2006
Letter sent from Town advising of January 11, 2006 Council decision.
3. February 13, 2008 Council Minutes
Motion 89/08 that Council provide the High Prairie Seed Cleaning Co-op with a formal letter of proposal for a land swap.
4. February 13, 2008 Letter from Town to Co-op
 - Town is developing Agri-Industrial Park on quarter section behind M.D. of Big Lakes Administration Office.
 - Initial development costs estimated to exceed \$3 million.
 - Co-op has acquired 5 acres north of proposed new hospital site. Town would like this property for future expansion of Northern Lakes College; this parcel is not in the Town boundaries.
 - Offer is for the Co-op to sell the 5 acres to the Town for \$1 and the Town to sell 7.64 acres (Lot #6) in the new development for \$1.
 - Features of proposed parcel are:
 - Situated on a corner with dual access with a new roadway to be developed in 2008,
 - Services to the property line,
 - Potential for future subdivision with excess land available for sale and revenues accruing to the Co-op,
 - Serviced from two sides providing for a loop drive-thru capability
 - Highway 2 intersection leading to this parcel scheduled for upgrade in 2008 to accommodate B-trains turning north from east and west.

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- Town is prepared to address property taxes levied to the Co-op by the Town to not exceed those levied by the M.D.
 - If Co-op is receptive to proposal, Town administration will draft a detailed land sale agreement.
5. February 27, 2008 Council minutes
Mayor Dumont ‘informed Council that a Letter of Understanding has been provided to the Co-op for a land swap. The Town will swap a portion of land from the Town’s quarter for a parcel of land by the new hospital site currently owned by the Co-op.’
6. October 22, 2008
Land exchange agreement signed per proposal.

7. June 15, 2009 Agreement between Town and Co-op

The summary of the agreement is:

- Purpose is to provide property tax relief to the Co-op previously agreed to as a condition of relocating within the Town boundaries.
- Properties included are Plan 082-6434, Block 1, Lot 6 (new property) and Plan 6389NY, Block N/A, Lot 3 (existing site)
- Term is until December 31, 2018
- Town will provide property tax relief grants to the Co-op after tax notices had been issued upon annual receipt of written request for such grants from the Co-op.
- The agreement does not state that the annual tax relief grants will be at the discretion of the Council dealing with the annual request.
- The property tax relief calculation is per Schedule A in the agreement.

Note: The schedule appears to be incorrect because the 2009 amounts identified as ‘Forgiveness on Municipal Portion’ has as follows:

School levy	\$2,197.41
Municipal	\$0
Rec-plex	\$553.32
Heart River	\$80.59
Total Levy	\$2,831.32

It is assumed that the intent is that amount forgiven should be the municipal portion and not the individual requisitions from other parties. The supporting bylaws support this assumed intent.

8. Tax Relief Bylaws Approved by Council

a. 2009 Tax Relief – Bylaw 13-2009

The total municipal portion was forgiven:

New property	\$6,116.19
Existing site	\$2,068.89
Total	\$8,185.08

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b. 2011 Tax Relief – Bylaw 06-2011	
New property	\$15,458.21
Existing site	\$0
Total	\$15,458.21

Note: There was no tax relief bylaw in 2010.

- c. The narrative in each bylaw has the following statement:
The Council of the Town of High Prairie, as part of discussions in February, 2008, regarding a land swap between the Town of High Prairie and the High Prairie Seed Cleaning Co-op, committed to reduce property taxes for the High Prairie Seed Cleaning Co-op to a level that would be comparable to those payable to the Municipal District of Big Lakes, had the Co-op built the new facility in the Municipal District of Big Lakes. The calculation does not follow this intent but instead provides total tax relief for the municipal portion.

4.6.3 Bio-Diesel Project

The Town is being considered for a bio-diesel plant and the Mayor commented at the December 1, 2010 Council meeting that other municipalities (Smoky Lake, Wainwright and Vegreville) were seriously considering offering incentives to have the plant in their communities. The Mayor made the following motion (#627/10) that was approved by Council:

That Council offer approximately 20 acres of raw land in the West End Industrial Subdivision (Lots 1 and 11) to All Peace Industries Inc. for a proposed biodiesel plant, in exchange with the Town of High Prairie for a form of equity.

The investors in this project changed from local to international and the December, 2010 Council resolution was brought back to the August 10, 2011 Council meeting requesting that the same land offer be proposed to the new owners. Council agreed to the same motion (#627/10) with the addition of ‘not being contrary to the TILMA agreement’ (#441/11).

The CAO requested Town legal counsel for an opinion regarding this land transfer with respect to the New West Partnership Trade Agreement (NWPTA), Trade Investment and Labour Mobility Agreement (TILMA) and the Municipal Government Act (MGA). The legal opinion was:

- The NWPTA is a successor trade agreement to the TILMA and this transfer of land would appear to offend Article 12 (1) (c) of the NWPTA.
- The transfer of land would be disposed of at less than market value and would contravene Section 70 of the MGA.
- Section 250 (2) of the MGA provides that a municipality can only invest in a private corporation if the Minister approves the investment and given

the conclusion regarding the impact of both NWPTA and TILMA, it may be unlikely that the Minister will provide approval.

The CAO provided this information to Council and it was discussed at length at the August 24, 2011 Council meeting. The Mayor challenged the legal opinion on the premise that the value of the land was less than \$100,000 based on the Town's purchase price of the land and, therefore, under the procurement regulations of TILMA. Nicholls Applied Management (NAM) was present and spoke against the Town legal opinion citing that NAM's law firm stated that the Town would be compliant with the trade agreements. NAM informed Council that the investors would be willing to purchase the land. No further decision was made by Council.

The Mayor sent a letter to The Power Alternative, biodiesel international investor, dated August 31, 2011 with the following statement:

In your pursuit of potential land to develop your project, we offer to you Lots 1 Block 1 of Registered Plan 0926960 and Lot 11 Block 1 Plan 0926960 containing approximately 20 acres of land near the rail spur. This offer is contingent upon satisfactory arrangements for a form of equity and investment to the satisfaction of both parties.

Conclusion:

1. The Mayor contravened the Council resolution by sending the letter because legal opinion was that the land transfer contravened the NWPTA and the condition remained that the land transfer was subject to meeting the NWPTA (TILMA).
2. Council contravened Section 70 MGA because the value of the land exceeded current value of equity because even if the Town received shares, it would be unlikely that the Town could sell these shares on the open market and recoup monies equal to the value of the land.
3. Council contravened Section 250 (2) MGA by investing in an ineligible investment.

This offer has not proceeded.

4.6.4 Road Infrastructure Projects

1. 2008 Street Improvements – 54th Avenue

The Town's engineering consultants determined that the work of Cox Contractors Ltd (Contractor) on 54th avenue was deficient and recommended the Town not to accept the work. Council overruled the recommendations of the consultants and administration and accepted the work.

The following summarizes the events leading to Council's decision and some subsequent actions:

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- a. May 15, 2009 letter from DCL Siemens Engineering Ltd (DCL) to the Town:
 - Quality of workmanship in the concrete and asphalt portion is unacceptable.
 - Recommend all concrete be removed and replaced; repair all asphalt failures; options to either mill asphalt surface or overlay entire roadway.
- b. June 26, 2009 letter from Town to Contractor:
 - Council directed administration not to accept curb and gutter work.
 - Referenced agreement to remedy asphalt deficiencies.
 - Concrete and asphalt deficiencies to be completed by August 15, 2009.
- c. July 2, 2009 letter from DCL to the Contractor identifying the requirements and timeline to complete the work.
- d. July, 2009 events include:
 - Review of specifications
 - Walk through of project by Councillors
 - Reports from DCL that only 1% of concrete work meets specifications; therefore, full replacement is required.
 - Contractor disputes measurements, uses his lawyer and willing to go to court.
 - Engineers and staff are not willing to accept the deficient work.
- e. Special Council meeting, July 15, 2009
Decision to grant an extension of one week from July 17, 2009 and directed administration to work out an agreement with the Contractor and bring the agreement back to Council.
- f. Council meeting, July 22, 2009
 - No agreement was reached.
 - Administration recommended tendering replacement of the curb and gutter.
 - Council decided to accept curb and gutter as it was.
- g. July 24, 2009 letter to Town from DCL
This letter advised the Town of the consequences of Council's decision:
 - Precedent has been set where standards have been waived. What are the future standards and to what type of work do they apply? Enforcing standards in the future may prove to be difficult.
 - Who determines the standards – is it Council? What is the use of engineering specifications?
 - Does this acceptance apply to all contractors or just some contractors or just this Contractor? An uneven playing field has been established.
 - It is one thing to accept deficient work but deficient work is not normally paid for. In this case, deficient work was accepted and also paid in full.

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- h. July 29, 2009 letter from Mayor to DCL
- The letter:
 - States that Council is very disappointed with the services provided by DCL and that DCL provided poor advice.
 - Questions the differences in measurements.
 - Notes that the gutters can be swept clean and fulfill their function.
 - Expressed uncertainty as to why substantial completion would be accepted if the work is deficient.
 - Concludes in stating the Town takes pride in their finished products and Council would appreciate professional engineering services.
 - The CAO requested the Mayor, in writing, to not send this letter because the CAO was concerned about future working relationships. The previous engineering consulting firm left because they could not work with the Town and there are numerous future projects which require engineering consultants and the Town may have difficulty finding quality consultants.

Conclusion:

Council made a serious error by rejecting the recommendations of the engineering consultants and staff. There appears to be close relationships between elected officials and local business owners that have negatively impacted the Town. The inspector determined from Town management that the letter from the Mayor was very much in error and supported DCL in their approach and recommendations. The Superintendent of Public Works refused to sign the acceptance certificate on this project.

2. 2009 Street Improvements – Tender Process

DCL decided to pre-qualify contractors prior to sending out the tenders for the 2009 Street Improvements projects due to the complexity of the projects. Cox Contractors Ltd. (Contractor) did not meet the pre-qualification requirements and therefore, was not provided with the project tender documents. The Mayor became involved and instructed that the Contractor be given tender documents as per the Mayor's instructions. The Town's lawyer was required to become involved to address the instructions of the Mayor. The Contractor did not submit a bid.

The events are summarized as follows:

- a. DCL issued a public tender to pre-qualify contractors.
- b. Twelve contractors submitted prequalification information, one of them being the Contractor.
- c. The local Contractor's submission was deficient because some of the sub-contractors provided could not be contacted, were not appropriate or stated that they would not work for the Contractor.

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- d. DCL contacted the Contractor who refused to provide sub-contractors for the underground and concrete work.
- e. DCL sent out tender documents to the contractors who qualified and the tender was also advertised.
- f. The Contractor contacted DCL demanding a tender package.
- g. DCL informed the Town administration of the Contractor's request and the Town administration denied the Contractor's request for a tender package.
- h. The Contractor and DCL corresponded regarding the denial of the tender package request and tender requirements. The Contractor was given another opportunity to provide underground and concrete subcontractors of which none were provided.
- i. The Contractor sent an e-mail dated September 4, 2009 stating 'please be advised that Cox Contractors have been instructed by the Mayor of High Prairie, Mr. Rick Dumont, to pick up the tender package for the above noted. If you have further questions please contact the Mayor...'
- j. The Contractor was provided a tender package on September 4, 2009.
- k. The Contractor was advised by DCL that their tender would not be opened at the tender opening and all tenders would be sent to the Town's lawyers.
- l. The Contractor did not submit a tender.

Conclusion:

The Mayor clearly contravened the MGA by becoming involved in administrative matters and also contravened the legal tender process and, therefore, could have placed the Town in a position of liability.

4.6.5 Land Use – Direct Control

The land zoned 'direct control' (DC) allows Council control over the use and development of lands with this land use designation. The AAGI report recommended that the Town's Land Use Bylaw (LUB) be revised 'by designating specific uses for specific commercial lands and remove the majority of these lands from the DC designation' (Recommendation G29). Council passed motion 381/10 on July 14, 2010 to defer action on this recommendation to later in July, 2010 with approval of the Municipal Sustainability Plan. No further action was taken at that time. Upon a recommendation from the Economic Development Pursuit Committee, Council passed motion 336/11 in June 8, 2011 to 'review the advantages and disadvantages of Direct Control Zoning Bylaws and that administration bring a recommendation to Council in the near future'. This motion has had no action. The majority of the downtown commercial area is zoned DC. For such a large area to be designated DC is a misuse of the intent of DC. At the very minimum, there should be a bylaw outlining uses and development standards. There need to be written rules. The current situation results in uncertainty for both new developers and neighbouring property owners. The Town does not have land use planning expertise either on staff or available by contracted consultant. Observations during the inspection concluded that the

Town was not receiving the necessary professional advice to make good decisions for developments in the DC district.

4.6.6 Property Tax Incentives and Forgiveness

The Town desires to provide incentives for residential and non-residential development in the Town and have approved policies and bylaws accordingly. Some are related to specific properties whereas others are in broad terms. Policies and bylaws the Town has approved are:

1. Subdivision and Development Tax Reduction Policy (44-2009)
Provides tax cancellation for a period not exceeding two years with extension options.
2. Non-residential Speculative Development Incentive Policy (30-2010)
Provides grants of reduced municipal property taxes during first two years of construction.
3. 2010 Residential Subdivision & Development Tax Reductions Bylaw (10-2010)
Property tax reduction for 2010 municipal property taxes on 26 properties totalling \$8,660. (Bylaw 11-2009 for 2009 – 26 properties - \$9,777; Bylaw 11-2008 for 2008 - 15 properties - \$27,129)
4. High Prairie Seed Cleaning Plant Co-op (see Section 4.6.2)

Note: It was difficult to determine what policies were still active or had been amended because for example:

- the 2010 bylaw referenced an old policy and
- the March 24, 2010 Council minutes approved ‘retro activating Policy 30-2008, Section 7, Sunrise/Sunset Clauses to be in effect retroactively from January 1, 2010 to December 31, 2010.’

In 2008, the Town approved Policy for Development Local Improvement Cost Agreements (34-2008) which provided for the Town to reimburse developers up to \$20,000 per developable parcel of land for development costs with payback to the Town over 20 years. This was a specific term policy that expired December 31, 2008.

Concerns have been expressed regarding the approval and denial of property tax incentives and the application of property tax incentives. Condominium owners were denied a request for a separate assessment class so that property tax rates could be established specifically for condominiums. The AAGI report and the 2010 management letter from the auditor both expressed concerns regarding consistent treatment for Town property owners and the financial impact of such policies. The AAGI report suggests that some of these policies took greater liberties than the authority given in Section 347(1), MGA, to adjust property taxes.

The Town should conduct a study of all tax incentives and assessment classes to determine acceptable and fair mechanisms to attract development and fairly tax current property owners and make the necessary changes to current policies.

4.6.7 Cox Land Transfer

The Town sold land to Kevin Cox/Cox Contractors Ltd. in 2007. These lands included lands with a 'Municipal Reserve' (MR) designation, which cannot be transferred to private parties without a public hearing before Council and Council's direction; these processes were not followed. Further details are set out in the Statement of Claim filed by the Town (Action 12090041 in Court of Queen's Bench Judicial Centre of Peace River); a copy of the Town's Statement of Claim is in Appendix 8.6.

The Town is clearly in contravention of the MGA including the fact that the Town did not follow the process to remove the MR land use designation (Section 674). This report will not elaborate any further on this issue given the pending litigation.

5 Observations

A high priority of Town Council is to improve the economic environment of the community. Economic development projects and initiatives were regularly discussed at Council meetings including the new hospital, a bio-diesel plant and the Seal Lake Road as well as internal initiatives such as a community coordinator and improved promotion of the Town and its facilities. Councillors individually indicated that they wanted the best for the Town and expressed the need to develop the future potential of their community.

Optimizing this future potential requires good governance and unfortunately observations during the inspection indicate that Council does not know what constitutes good governance. And to compound the problem, some Councillors think Council is doing fine and no changes are required. The good news is that some indicated the desire to learn ways to improve. A key change is for Council to move from the poor governance model of 'administrative micro management' to a 'governance by policy' model.

An atmosphere of 'finger pointing' and 'lack of trust' pervades the Town governance and administrative operations. The March 28, 2012 report to Council by the Interim CAO states that the issues identified in previous reports have all been remedied; this was basically a 'self promotion' report because the root causes of dishonesty, disrespect and disunity had not been addressed; root causes such as:

- Policies and procedures not being followed.
- Mayor circumventing procedures.

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- Concerns by elected officials when administration is doing its job of ‘protecting the Town purse’.
- Disregarding advice of professional experts.
- Perception that contracted work not satisfactorily completed is acceptable.
- ‘It is someone else’s fault!’

Council is losing and may have already lost the respect of some Town residents. There will always be residents who do not agree with Council decisions but that is the nature of democracy. Some Town residents have become more interested in the operations of the Town and are becoming increasingly frustrated with Council’s response to their heightened interest. Council’s credibility is significantly tarnished when they make statements, for example, that they could not remember if the Grover report called for an inspection when, in fact, that was the only recommendation of the Grover report. The interim CAO recently applauded Council for their transparency when referring to the 2012 budget open house. This comment was a ‘slap in the face’ of the residents because up to that point, all budget deliberations by Council had been held in private and the ‘budget open house’ was only at the demands of the residents. Unfortunately the increased public scrutiny leads to inappropriate actions by the public as well. Social media has proven to be a very successful communication tool but it has been abused by Town residents with derogatory and profane remarks regarding the Town Council. Also, increased liberties of Town residents disrespectfully attacking Council and indirectly individual Councillors have been inappropriate.

There is no continuity in the operations of the Town which would be attributed to the high turnover of senior management. It takes time for senior management to obtain an understanding of the operations, Council, staff and community and to gain their respect. Background to previous decisions and policies is required which does not happen instantaneously. A Town CAO often has many demands on his or her time and, therefore the ‘day to day’ catch-up and the transitional time requirements to obtain background, etc. will take priority. Consequently, policy development and long term planning initiatives don’t happen on the first day of the job. Also, management and staff performance appraisals cannot be effectively conducted until the CAO has been in place for a while. The Town needs a good quality CAO to implement some necessary changes and provide consistent leadership. What does the Town need to do to attract this person? The Town will only attract a good CAO if the Mayor discontinues his adversarial behaviour and treats with respect a CAO who asks the tough questions and addresses sensitive issues. But a positive track record by the Mayor may be required before quality CAO’s will consider the Town as a good employment opportunity.

6 Conclusions

The inspection has determined that the Town has been governed and managed in an irregular, improper and improvident manner. There are numerous contraventions of the MGA which must be addressed. Some of these contraventions have resulted in other inappropriate actions. One of the main purposes of a municipality is to provide good government (Section 3, MGA). The Town is not fulfilling this purpose.

Some of the key issues identified in the 'Findings of Facts' section of this report are:

- There is high turnover of senior management which is a result of interference by Council and the Mayor.
- There is strong evidence that the Mayor is in 'direct control' of Council and administration.
- Council disregards the advice received from professional experts.
- Council is involved in administration rather than governing by policy; in the words of a previous report 'micro management'.
- Council states that they are looking after the interests of the residents. Yet they spend significant funds of the Town residents to conduct studies but do not act on the recommendations or next steps.
- Property taxes and costs for services are the highest when compared to similar size municipalities.
- There is very little evidence of long range planning.
- There is interference with senior management when they are fulfilling their responsibilities of making sure that good value is received for dollars expended.
- Policies approved by Council are not followed by Council.

Town services and facilities are above average. There are recommendations addressing improved efficiency in delivering these services but the Town residents are 'fortunate' to have this level of services. Is 'fortunate' the proper term to use because these services come with a cost? And this cost would be even greater if the MD did not contribute to these costs. Rural residents use these services and the MD recognizes that the rural residents should be cost sharing. But the Town has become dependent on the MD. Without the MD, some of these services would suffer and possibly need to discontinue. Sustainability, flexibility and vulnerability are determined when the financial health of a municipality is assessed. The Town needs to take a good hard look at their short and long term financial health; this is more than just trying to attract more development.

There is a perplexing question that may not have an answer. What are the elected officials trying to hide? This is not the first inspection that the inspector has

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conducted but it is the first inspection that the following situations have been encountered:

- The Mayor has prevented previous CAOs (three different CAOs) from bringing items to Council that would improve the operations and governance of the Town.
- The CAO is criticized by the Mayor when the CAO is trying to ensure that Town staff are following Town policies; policies that had been approved by Council.
- Senior management has been criticized for evaluating the work of a consultant to determine compliance with contract parameters and determine if deliverables had been received.
- When a consultant was questioned by the inspector regarding contract scope and deliverables, the response was to discredit a previous CAO with very disparaging remarks rather than answer the question. The question had nothing to do with the previous CAO.
- A CAO is forced by Council to apologize to a management employee who was legitimately reprimanded for making decisions that were not in the best interests of the Town but rather for personal gain.

These questions introduce the need for a key recommendation in this report. A strong, knowledgeable candidate must be appointed to be the next Town CAO. The interim CAO appointed from November, 2011 to April, 2012 (extended to June, 2012) was unable to adequately perform the duties required of a CAO and, for the most part, was not receptive to advice given by the Official Administrator. He continually reminded Council (in writing) how good he was and what wonderful experience and training he had; and he needed to because he failed miserably as an administrator. The Council was looking for a permanent CAO at the time this report was prepared. The appointment must be able to carry out the directives of the Minister and to make changes that are compliant with the MGA. To be successful in this task, proven municipal experience and knowledge is required. This report also recommends that AMA continues to provide oversight to the Town to ensure that all of the directives are implemented as well as other report recommendations as AMA so determines. AMA may need to appoint an Official Administrator under Section 575 of the MGA. If an Official Administrator is appointed, it should be at the Town's cost (Section 576, MGA) and the Official Administrator should be able to exercise the necessary authority to ensure that the specified recommendations are adequately implemented.

7 Recommendations

The main focus of an inspection is compliance with the MGA but an inspection also includes reviewing the bylaws and policies that Council has approved and making sure that they are followed. Some but not all aspects of the operations are also reviewed. As a result, recommendations are made which Council and administration should seriously consider. Some of these recommendations are essential to meet legislative requirements. Other recommendations are not in legislation but are good municipal and business practices and their implementation will result in the Town becoming a better organization.

7.1 Governance

1. *Council must act by bylaw or resolution.*

Rationale:

A council may only act by resolution or bylaw (Section 180 (1) MGA). Councillors exercise their authority as a Council; councillors do not have any authority individually. Individually, councillors run the risk of generating personal and corporate liability if they act on their own (Section 249, MGA). The Mayor and Councillors are regularly contravening the MGA by directing staff and contractors and even making decisions on the standing committees because the standing committees do not have terms of reference approved by Council. In other words, Council has not delegated responsibilities to these committees. Some Councillors are also forgetting that they do not have any authority away from the Council table unless Council has granted it to them. There have been recent incidents where an individual Councillor was requesting a Town employee to do something that was outside of the scope of what the Town employee could legally do.

2. *The Mayor must only carry out actions on behalf of the Town that are authorized by Council resolution.*

Rationale:

A council may only act by resolution or bylaw (Section 180(1) MGA). Councillors exercise their authority as a Council; the Mayor or Councillors do not have any authority individually. Individually, the Mayor and Councillors run the risk of generating personal and corporate liability if they act on their own (Section 249, MGA). Section 4 of the report provides examples where actions have been taken without a Council resolution or not in accordance with a Council resolution; these are contraventions of the MGA.

- 3. *The contract of the interim CAO must not be renewed and the interim CAO must not be appointed to be the CAO of the Town. If the interim CAO has been appointed to be the CAO of the Town, he must be dismissed immediately in accordance with the terms of his contract.***

Rationale:

The interim CAO does not have the municipal experience, municipal knowledge or administrative abilities to provide administrative leadership to the Town in the position of CAO. He does not carry out the key responsibilities of a CAO to 'ensure that the policies and programs of the municipality are implemented' (he does not follow policy himself) and does not or cannot 'advise and inform the Council on the operation and affairs of the municipality' (Section 207 (a)(b) MGA) He also fosters continued Council involvement in administrative matters which is in contravention of the MGA. Specifics supporting this conclusion are noted in Section 4.5.2 of this report.

- 4. *The Town must schedule a workshop on roles and responsibilities exclusively for Town Council and administration to be held immediately and to be conducted either by Alberta Municipal Affairs or a consultant approved by Alberta Municipal Affairs and all must attend.***

Rationale:

The current Council has not had any orientation on the roles and responsibilities as a Council or as an individual Councillor. Some Councillors attended a session at an AUMA conference on roles and responsibilities. The Mayor and long term Councillors are abusing their role so how can new Councillors identify the appropriate role. Senior management either does not know the correct role relationships between administration and Council, are afraid to proceed with the correct role or suffer consequences when they do proceed in following their administrative role. A training session must be held for all of the Councillors and the CAO, Treasurer and Superintendent of Public Works to learn the correct and legislated governance model and it must be for Town elected officials and personnel only to allow for open discussion and dialogue. All of Council and the three identified administrators must attend.

- 5. *The focus of all Committees of the Town must be in accordance with Section 153 of the MGA.***

Rationale:

Councillors have the following duties:

- (a) to consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality;*

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- (b) to participate generally in developing and evaluating the policies and programs of the municipality;*
- (d) to obtain information about the operations or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer.*

Section 153, (a)(b)(d), MGA

Section 153 speaks directly to policies and programs and dealing directly with the CAO or a person designated by the CAO. Directing staff and operations are not included in Councillor responsibilities. Therefore, all committees must be structured accordingly.

6. *The Public Works Committee, Protective Services Committee and Finance & Personnel Committee must be discontinued immediately.*

Rationale:

There are no terms of reference approved for the Public Works Committee, Protective Services Committee and Finance & Personnel Committee. These committees address many items that are administrative in nature which results in Councillors directing staff and making administrative decisions that should be the role of the CAO and Town staff. The AAGI report states 'It was most evident in interviews that there has been a great deal of Council involvement in the past in addressing non-Council matters that are more appropriately the responsibility of the CAO. This has undermined the authority of the CAO and is likely the reason for the high turnover in this position.' Council did not accept the AAGI recommendation to reconfigure the structure of governance committees. This requirement will reduce and hopefully eliminate Council involvement in administrative items. Agenda items addressed by these Committees that require Council approval will now be addressed at regular Council meetings.

7. *The Town and the MD must dissolve the High Prairie and District Regional Recreation Board and transfer all of the responsibilities to the Town.*

Rationale:

The Recreation Board operates all of the recreation programs in Town facilities on behalf of the Town and the MD. The Board is currently not operating in accordance with the incorporation bylaw under the Societies Act. The Town and MD Councillors appointed to the Recreation Board get involved in day-to-day operations decisions and administrative matters that are not their role and as a result are in contravention of the MGA. There are no terms of reference for the Recreation Board. Recreation Board policies are inconsistent with Town policies as well as using different employee pay grids. Recreation costs per capita are very high and the Town carries \$2.5 million of debt on recreation facilities. There is public concern regarding the high cost of recreation services. The Town Council needs to take full responsibility for

recreation services by dissolving the Recreation Board in conjunction with the MD who shares 50% of the net operating costs excluding debt principal. This cost sharing agreement would continue after the dissolution of the Recreation Board. A Recreation Director, who may still be required, would be responsible to the CAO. An advisory committee may still be required to provide opportunity for the MD to review the financial position and review the annual budget; this committee would meet a maximum of two times per year.

- 8. *The governance committee structure of the Town must be reconfigured prior to the 2012 organizational meeting with approved Terms of Reference for each committee.***

Rationale:

Recommendation G2 of the AAGI report recommends a revised structure of the governance committees. There are statutory committees required by legislation but there are also other committees that are established at the discretion of Council. Options to consider are a 'Committee as a Whole' approach or establish a 'Priorities and Policies Committee'. This report does not propose a revised structure but recommends that a thorough review be conducted by a knowledgeable consultant. This review must be done prior to the 2012 organizational meeting. The Council meeting agenda for the two meetings per month may need to be revised accordingly.

- 9. *The CAO and the Economic Development Pursuit Committee must review and amend the terms of reference for the Economic Development Pursuit Committee and present the amended terms of reference to Council for approval.***

Rationale:

Council approved the terms of reference for the Economic Development Pursuit Committee on November 21, 2011. This Committee has been operating for more than 2 years. This document needs to be completely revised to remove ambiguity, to comply with the Town's Procedure Bylaw and to include Town administrative presence. This Committee has been established under the current Council mindset of administrative activities and not policy.

10. Terms of Reference must be developed for each committee/board/agency to which Council makes appointments of councillors or members at large and these terms of reference should be included with the Town policies and reviewed by each councillor prior to the annual organizational meeting.

Rationale:

The bylaws and agreements for each committee, board and agency with Council and member at large appointments could not be readily obtained for review during the inspection. This means that Councillors are not informed and are representing the Town at these organizations with minimal knowledge of the scope of their appointments. The Town must prepare information regarding these organizations for Councillors to review prior to their appointment.

11. The CAO or designate must be included on all committees of Council.

Rationale:

The CAO and Town staff are responsible to carry out the programs and policies of Council and to advise and inform Council on the operation and affairs of the municipality (Section 207 (b)(c) MGA). This includes committees of Council. Administration is required to be at committees of Council to advise the committees and receive direction from the committees.

12. Council must not interfere with any matters involving Town employees and Clause 7:01:05 must be removed from Personnel Policy 03-2011.

Rationale:

All Town employees are accountable to the CAO. The CAO is accountable to Council; the CAO is not accountable to the Mayor. The Mayor, Council or Councillors do not have authority over Town employees. Employees may need to be reprimanded or terminated in the course of Town business. The CAO has this authority. Grievance procedures are provided in Section VII of the Personnel Policy. The grievance process moves from the employee's supervisor, to the Office Coordinator, to the CAO and finally to the Priority and Policy Committee sitting 'in-camera' (Clause 7:01:05). There is no Priority and Policy Committee and, even if there was, this clause contravenes the MGA. The grievance procedure must stop at the CAO. Council contravened the MGA when they dealt with an employee who had been reprimanded by the CAO and required the CAO to apologize to the employee and to remove the written reprimand from the employee's file.

13. Contractors providing work for the Town are to report directly to the CAO or designate and the Mayor or Councillors must not be involved in any way regarding administering these contractors or the respective contracts.

Rationale:

The CAO is the administrative head of the municipality and ensures that the policies and programs of the municipality are implemented (Section 207 (a)(b) MGA). Council's authority is to approve the programs and the related budget. The CAO is responsible to ensure that the approved programs are carried out within the approved budget. The Mayor and Council have been directly involved with Town contractors and, by doing so, have contravened the MGA.

14. Position descriptions and bylaws must be revised to remove references that would require or imply direction from elected officials.

Rationale:

The position description for the Development Clerk includes the clause 'provides information to the Mayor, Council and CAO as directed'. This statement implies that the Mayor, for example, can come to the Development Clerk and request information and it raises the question as to who is providing the direction. The Mayor and Councillors can have interaction with Town staff but Town staff should not be placed in a position where they are asked to provide information that may be confidential or may require a significant amount of time to prepare. Therefore, requests for information should be directed through the CAO.

15. The Fire Protection Bylaw (Bylaw 2-2010) must be amended to remove all references of the Fire Chief to be appointed by Council.

Rationale:

Clause 4.1 of the Fire Protection Bylaw (Bylaw 2-2010) states that 'the Fire Chief shall be appointed by Council and shall be responsible to the Council through the Town Manager'. The Fire Chief reports to the CAO and not to Council and, therefore, is to be appointed by the CAO. All Town staff who report to the CAO must be appointed by the CAO so that the CAO is accountable for these appointment decisions.

16. The Treasurer Position Bylaw (Bylaw 13-2010) must be amended to delete Clause 1 which requires Council to appoint the Treasurer by resolution and, further, consider whether the Treasurer position should be a Designated Officer position.

Rationale:

The Treasurer bylaw states that the Treasurer will report to and be supervised by the Town Manager but Council is the authority to make the appointment to

this position by resolution. The CAO should have full authority for the appointment and be accountable for the appointment; therefore, the appointment clause should be removed. Designated officer positions are established by Council; Section 210 MGA. This decision should be reviewed to determine if the Treasurer should or needs to be a designated officer position.

17. The requirement for all correspondence to require the Mayor's signature must discontinue immediately and only correspondence that is related to Council initiatives will be signed by the Mayor.

Rationale:

Town staff are expected to carry out their responsibilities according to established procedures, policies and bylaws. Correspondence related to these responsibilities is an administrative function that is the responsibility of the CAO and Town staff. The Mayor is contravening the MGA with this requirement.

18. The Council must only approve motions that are compliant with provincial and federal legislation.

Rationale:

Council, the Mayor and individual Councillors must follow all provincial and federal legislation. The MGA applies to all municipalities but municipalities must also comply with many other acts, statutes and agreements. Council contravened the Election Finances and Contributions Disclosure Act by approving funds at the September 8, 2010 Council meeting (#479/10) to 'register a team in the Lesser Slave Lake Progressive Conservative Association – Pearls Family Fun Golf Classic to be held on September 11, 2010 at the cost of \$400 for a team using funds allocated from Council Promotions'. Note: This motion was passed with a 4-3 vote. Another example is that the Mayor contravened the MGA, a Council resolution, and the New West Partnership Trade Agreement by proceeding to send a letter offering land in return for equity in a prospective company.

19. The Mayor must abide by the Procedure Bylaw regarding committee chair appointments.

Rationale:

'The chief elected official is a member of all council committees and all bodies to which council has the right to appoint members under this Act, unless the council provides otherwise'. (Section 154 (2) MGA) The Town Procedure Bylaw states that each committee shall elect its own chair by vote of the members appointed by Council (Section 15.4). The MGA does not state that the Mayor is to be chair yet the November 8, 2011 Public Works

Committee minutes state the following: ‘Chairperson Dumont informed the Committee that as Mayor he has the right to Chair committees and he chooses to remain the Chairperson for the Public Works Committee meetings.’ This action contravened the MGA because the MGA does not state the Mayor is to be chair and this action also contravened the Procedure Bylaw of Council.

20. Council must develop and adopt a three-year business plan and update it annually.

Rationale:

The Town has had several long term plans developed in recent years such as the Municipal Sustainability Plan, Strategic Socio-Economic Plan and Municipal Development Plan. Council must begin spending their time in strategic planning and addressing the recommendations provided in these plans. ‘The development of a business plan will be an important step in the implementation of the Town’s Municipal Sustainability Plan. The business plan will provide a statement of the Town’s medium-term business goals, the reasons why they are achievable and the plan to reach them.’ (AAGI report) This recommendation will assist Council in meeting the requirements of the MGA to ‘consider the welfare and interests of the municipality as a whole’ (Section 153 (a), MGA).

21. Administration must develop, at a minimum, a 10 year capital plan that provides all the necessary information and Council must discuss and approve this capital plan in an open Council meeting.

Rationale:

The current 10 year capital plan has not been approved by Council and the document does not adequately meet the requirements of a capital plan. The capital plan should provide not only the costs but also a description of each project, funding sources and the funding plan to accomplish the projects. This recommendation will assist Council in meeting the requirements of the MGA to ‘consider the welfare and interests of the municipality as a whole’. (Section 153 (a), MGA) The MD would also benefit and appreciate receiving information on the long term capital plans of the Town as that would assist the MD in their long term planning.

22. A clause should be added to Section 3.2 of Procedure Bylaw 12-2009 to state that a plebiscite is required if a change in the composition of Council is proposed.

Rationale:

The AAGI report recommended to ‘maintain the current composition of Council, i.e., seven elected Councillors of which one is an elected Mayor’ (Recommendation G1). Council accepted this recommendation and approved

Resolution 371/10 on July 14, 2010 ‘that should a future Council deem it appropriate to amend this setup, that a plebiscite be held’. This decision should be included in the Procedure Bylaw for future reference.

23. The procedures to appoint Councillors to committees, agencies, boards, and commissions should be reviewed and revised to prevent appointments made in a dictatorial, autocratic manner.

Rationale:

The Town currently uses the process of the Mayor preparing a list of appointments in collaboration with each Councillor. Appointments required throughout the year are made by the Mayor. Municipalities either make the appointments using a nomination process at the annual organizational meeting or use a process similar to the Town. The major difference between the Town’s process and the towns with a similar process is that the other towns have an established rotation so that all councillors have opportunity to sit on each committee during the 3 year term.

24. The Town should request an engineering consultant to update the long range plan for all Town infrastructure.

Rationale:

The most recent infrastructure long range plan was prepared by UMA Engineering Ltd. in 2006. This plan has been referenced to develop capital project plans for current and future budgets. A professionally developed long range plan should be prepared for a minimum term of 10 years with an annual update and in-depth review every 3 years. This process should be incorporated into the Tangible Capital Asset policy to meet the requirements of PS 3150.

25. The Town Council should endeavour to improve communications with the High Prairie School Division Board.

Rationale:

The Town Council does not have a good working relationship with the High Prairie School Division Board. The Joint Facility Use and Town/School Division building agreements are working well but Town Council has not adequately responded to the invitations of the School Board to discuss education initiatives, programs and concerns.

26. The Municipal Development Plan should be reviewed and revised as necessary to comply with other Town long range plans.

Rationale:

This recommendation links with recommendation #30 in this report and is similar to Recommendation G31 of the AAGI report which has not been implemented by the Town; ‘Once the Town’s Municipal Sustainability/Strategic Plan (MSP) has been adopted, approve a revision of the Municipal Development Plan that addresses the needs identified in the MSP and ensure that the Business Plan is linked to the MSP as well.’

27. Council should approve a policy for the annual performance review of the CAO.

Rationale:

A council must provide the CAO with an annual written performance evaluation of the results the CAO has achieved with respect to fulfilling the CAO’s responsibilities under Section 207. (Section 205.1 MGA)

The Town does not have a policy regarding the CAO evaluation. A policy should be developed for Council approval regarding the annual performance review of the CAO. This will ensure that this Council and future Councils follow a consistent practice to meet the legislated requirement. The minutes should also state that the evaluation was conducted, for what time period and that a written performance evaluation approved by Council was provided to the CAO. The performance review is a confidential matter and any related discussion should be conducted in an ‘in-camera’ session. The written evaluation should be prepared for all of Council to review ‘in-camera’ and discussed with the CAO ‘in-camera’. The summary evaluation will not be part of the minutes but a resolution indicating that the written evaluation has been approved by Council and provided to the CAO will appear in the minutes.

28. Council should always use a consultant that specializes in executive searches to fill the position of CAO.

Rationale:

The most recent interim CAO appointment was poorly done resulting in a decision to hire an inferior candidate. The CAO selection process may be flawed. Council commented that it costs too much for outside assistance in selecting a CAO and their experience in using consulting assistance has not worked. The costs saved in not using consulting expertise may be paid in a different manner by not appointing a qualified CAO. For example, Councillors generally would not know what technical questions to ask during interviews and how to assess whether the answers were correct or appropriate.

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This interim CAO had already failed the grade in previous interviews when asked technical questions by a qualified municipal consultant. The senior administration for small municipalities is required to know more specific information (hands on) than a larger municipality. There are not sufficient resources to have administration approach their position with oversight only; they need to be dealing with specific duties. As a result, positions need to be filled with personnel who have the experience and training to do so. A consultant can provide valuable assistance in profiling the position, evaluating and assessing the candidates, arranging and conducting interviews, providing in-depth reference checks and follow-up.

Council decided to proceed on its own in the spring of 2012 to appoint a permanent CAO. The Official Administrator appointed by AMA requested twice to meet with Council to discuss the CAO appointment process; this request was denied both times basically by the Mayor. The Official Administrator advised Council at a regular Council meeting to use an independent consultant that specialized in municipal management searches to lead the process but this advice was not accepted.

29. Legal counsel should be used to prepare the CAO employment contract and to handle the termination of a CAO including preparing the press release.

Rationale:

The appointment and contract of a CAO is a very important decision of Council. Legal counsel should be used to prepare the CAO employment contract. Legal counsel should also be used to handle the details in terminating the CAO. If the CAO is terminated, Council needs to have solid expertise for advice and to prepare the necessary communications. The recent termination of the Town CAO in 2011 was poorly handled resulting in awkward and questionable decisions. The Town also used the economic development contractor to prepare the press release which is not acceptable.

30. The Town should consider developing an Inter-municipal Development Plan and establish a Regional Economic Development Committee with the MD.

Rationale:

An inter-municipal development plan provides future land use and development within the boundaries of two or more municipalities. The Mayor was appointed in July, 2010 to be a member of the MD of Big Lakes Economic Development Committee. The MD indicated that there was once a Regional Economic Development Board but it discontinued because there was no administrative direction provided. The Strategic Socio-Economic Plan provides recommendations regarding the importance of regional planning. The Town and the MD should consider establishing a regional committee to

address regional economic development planning that would include the mandate to consider developing an inter-municipal development plan.

31. The CAO should have a report prepared that will identify the advantages and disadvantages of Direct Control zoning.

Rationale:

Council requested administration to review the advantages and disadvantages of Direct Control Zoning Bylaws and bring a recommendation to Council in the near future. (#336/11, June 8, 2011). The 'Direct Control' land use was addressed in the AAGI report with the recommendation that the Land Use Bylaw be revised 'by designating specific uses for specific commercial lands and remove the majority of these lands from the direct control designation' (Recommendation G29) and stated four disadvantages regarding 'direct control'. This request of Council should be addressed immediately with the assistance of contracted land use planning expertise.

32. Council should consider approving a code of conduct policy or bylaw.

Rationale:

The Procedure Bylaw provides regulations on how Council meetings are to be conducted. A 'code of conduct' that provides parameters for Council, Councillors and the public on how they are to conduct themselves can be beneficial for all parties.

33. The Minister may need to appoint an Official Administrator, at the cost to the Town, to oversee and advise the Town during the implementation of the major recommendations of this report.

Rationale:

The recommendations in this report require significant changes that are not in the normal responsibilities of the CAO. There are major issues to be addressed immediately in the normal Town operations such as filling vacant positions and administering the day-to-day requirements. A CAO with proven municipal experience and knowledge will be required to implement these changes. Also, changes are required in the Council mindset and the ethos of the Town organization. Therefore, the responsibilities of the Official Administrator should include the necessary authority to ensure that the specified recommendations are adequately implemented as allowed under Section 575 of the MGA.

7.2 Meeting Procedures, Agendas and Minutes

34. Council must abide by the requirements of conducting Council and Committee meetings in public in accordance with Section 197(2) MGA and the CAO must be familiar with the application of Division 2 of Part 1 of the Freedom of Information and Protection of Privacy Act and advise Council accordingly.

Rationale:

Council may only close Council meetings and committee meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 1 of Part 1 of the Freedom of Information and Protection of Privacy Act (Section 197(2) MGA). In addition to budget discussions, Council has conducted business in private that contravenes the MGA (see 4.3.5 In-camera Meetings). The CAO must be familiar with the respective legislation and must be advising Council as to what is allowed and what is not allowed to be conducted ‘in-camera’.

35. Council must conduct all budget meetings in a meeting that is open to the public.

Rationale:

Council may only close Council meetings and committee meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 1 of Part 1 of the Freedom of Information and Protection of Privacy Act (Section 197(2) MGA). Budget discussions are not one of the exceptions. There may be an occasional situation when a department needs to reduce employees that the ‘personal privacy’ exception may be used but very rarely because Council needs to remember that the CAO makes employee decisions.

36. Town Council, staff and public must comply with the Procedure Bylaw 12-2009 and the CAO must ensure compliance.

Rationale:

Council, the CAO and staff are contravening sections of the Procedure Bylaw 12-2009. Some of these sections relate to the MGA and, therefore, the MGA is also being contravened. Section 4.3.1 Procedure Bylaw of this report identifies parts of this bylaw that are either being contravened or should be followed more closely.

37. The CAO must be aware of all items that are on Council meeting agendas and prepare background information with recommendations to Council for each agenda item placed on the agenda.

Rationale:

The CAO is the administrative head of the municipality and is to advise and inform Council on the operation and affairs of the municipality (Section 207 (a)(c) MGA). To fulfill this responsibility, the CAO must be aware of all items that are placed on the agenda so that Council is provided with good advice and the necessary information to make informed decisions. Section 4.3.2, Agenda, #3 'Agenda item background information and recommendations' in this report provides information that will assist the CAO in meeting this requirement.

38. Procedure Bylaw 12-2009 should be amended to include the recommended amendments in this report and the AAGI report.

Rationale:

Section 4.3.1 Procedure Bylaw in this report identifies 11 amendments to Procedure Bylaw 12-2009 that should be considered. The AAGI report also recommends that this bylaw be amended according to the proposed modifications in Appendix E of the AAGI report (Recommendation G6) which is in Appendix 8.4 of this report.

39. The Procedure Bylaw for Council and Committee Meetings (Bylaw 12-2009) should be amended with the contents of the Public Delegation Policy (13-2005) and the Council Agenda Package – Electronic Version Policy (39-2008) and the respective policies be rescinded.

Rationale:

These policies address matters included in the Procedure Bylaw and, therefore, should be consolidated with the bylaw.

40. The Council meeting agenda should be revised in the Procedure Bylaw, Appendix A and the meeting process revised to reduce the number of 'for information' motions.

Rationale:

Refer to Section 4.3.7 Other Council Meeting Observations to identify ways to improve the Council meeting process.

41. Bylaws that receive all three readings in the same Council meeting should indicate that unanimous consent was given by Council to proceed to 3rd reading.

Rationale:

Section 187(4), MGA, requires unanimous consent by all of the Councillors present to precede to 3rd reading in the same meeting that the 1st and 2nd readings were passed. The minutes state this resolution and the bylaw should also state that unanimous consent was given. The minutes should also indicate that this resolution was ‘carried unanimously’.

42. The public hearing process should include sufficient explanation of the bylaw for Councillors and the public to understand the purpose of the bylaw and the process should include a presentation from the Town regarding the bylaw.

Rationale:

The minutes do not indicate what information is presented at public hearings regarding the bylaw that is being presented. The start and end time of public hearings that is recorded in the minutes indicate that very little if any information is provided. Normally, a Town staff member will provide an overview of the bylaw prior to the opportunity for the public to speak to the bylaw.

43. Reporting by Councillors on events attended should address specific issues and be provided on the Council agenda in written form for future reference. Clause 3.3 of the Councillor Honorarium Policy should be amended to specify ‘written’ reports.

Rationale:

Professional development is important and the key word is ‘development’; development of the Councillor who attended the event to enhance the development of Council and the Town. The Procedure Bylaw does not require Councillors to provide written reports of their activities as a Councillor between Council meetings. If written reports are not provided, there should not be an expectation to have a record in the minutes. Attendance at events authorized by Council should have an added responsibility. Councillors should provide a summary of the topics and issues in written form with references for Councillors who did not attend to access at a later date.

44. The recommendations and observations regarding minutes in Section 4.3.3 of this report should be implemented.

Rationale:

Section 4.3.3 provides recommendations and observations from a review of the 2010 and 2011 Council minutes. This section should be thoroughly reviewed by the Legislative Clerk; implementation of these recommendations and observations will improve the Council meeting minutes.

7.3 Financial

45. The Council must appoint the auditor by resolution for the 2011 fiscal year.

Rationale:

Council is required to appoint the auditor (Section 280 (1) MGA). There is no Council resolution appointing the auditor for 2011 but the auditor has been advised that their firm had been appointed and has started the 2011 audit.

46. The CAO must ensure that financial reports are regularly provided to Council and that the necessary financial procedures are followed on a monthly basis to ensure the accuracy of these reports.

Rationale:

The Financial Control Policy requires monthly financial statements to Council. The CAO must ensure that the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by Council are reported to Council as often as Council directs. (Section 208 (1)(k) MGA). Apart from May – October, 2011, the Town has been contravening the MGA because the Council approved policy requires monthly reporting. The CAO must also ensure that regular financial procedures such as reconciling bank accounts and assets and liability accounts are followed to assure the accuracy of the financial reports.

47. A policy must be developed to govern the Council Discretionary Fund budget.

Rationale:

Section 4.4.6, #5 provides information regarding discretionary funds available to the Mayor and Council. These funds are used to address funding requests received by Council throughout the budget year for which a budget has not been specifically identified. There is a Mayor discretionary fund and a Council discretionary fund. Funds used from the Council fund are approved by Council resolution whereas disbursements from the Mayor's fund are not always brought to Council for approval. There is no policy governing these discretionary funds. The Mayor approving payments from a budget designated for Mayor promotion without specific Council approval for each

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payment may be covered by Section 248(1) of the MGA but this may be a 'fine line' since there is no governing policy. This may not be a contravention of the MGA but Council must develop appropriate procedures that are transparent and hold Council, the Mayor and Councillors accountable to the taxpayer. Procedures used by other municipalities have due process with supporting documentation prepared by administration. Also, Council should not be allowed to make motions to disburse discretionary funds regarding requests that are not on the distributed agenda.

48. The agreement between the Town and the High Prairie Seed Cleaning Co-op should be amended to clearly address the approach to tax relief during the term of the agreement.

Rationale:

Clause 3.1 of the June 15, 2009 agreement should be exercised by the Town to obtain mutual consent in revising the agreements and future municipal tax relief calculations to the difference between the Town and the M.D. municipal property tax rates and state that each annual tax relief grant is at the discretion of the Council in power at the time of the application.

49. The current auditor for the Town should be appointed by Council for the 2012 fiscal year and the Town should, for future years, make a multi-year appointment using a 'request for proposal' process.

Rationale:

The Treasurer position is in transition and a time extension to August 31, 2012 has been requested of AMA for the 2011 financial statements. Changing auditors for 2012 will require time to prepare a 'request for proposal' and evaluate the submissions. A new auditor also results in additional work for the new auditor to learn the Town financial systems as well as additional work for Town staff in orientating the new auditor. Therefore it may not be appropriate to change auditors for the 2012 fiscal year because of the changes in staff projected for 2012. The current auditor would prefer three to five year appointments and the Town should consider this but in doing so the Town should make the appointment using the 'request for proposal' approach.

50. The motions approving the annual operating and capital budgets should include the budget amounts being approved.

Rationale:

Council resolutions approving interim and final budgets do not include the amount of the budget approved. These resolutions should indicate the total expenses being approved and whether the budget is a balanced budget and, if

it is not a balanced budget, the amount of the surplus or deficit should also be included in the resolution..

51. The CAO should revise the budget document for presentation to Council and the public to reduce the detail line items, provide descriptions of services and programs and identify initiatives for the future budget year.

Rationale:

The budget documents presented to Council and the public are seriously deficient as noted in Section 4.4.4 of this report. The 2012 budget was very poorly done and poorly communicated to the public. A budget document should spend less effort focusing on the line items and focus on what services and programs will be provided and the cost of such services including statistical information of staffing and activity. All department heads should have the opportunity to present their budget and initiatives to Council after review by the CAO and Treasurer.

52. The CAO should review the Tangible Capital Asset policy.

Rationale:

The Tangible Capital Asset policy appears to be rather generic and it should be reviewed to make sure that it fits with the Town's operations. This policy should also identify who is responsible for providing tangible capital asset information and maintaining the tangible capital asset register. The accounting regulation, PS 3150, requires regular reviews of the tangible capital assets; therefore, the policy should indicate how often these reviews will be conducted and who will conduct the reviews. The Town should plan to use the tangible capital assets register data for long term capital planning.

53. The CAO should ensure that policies are developed for each of the restricted surplus reserve accounts.

Rationale:

According to the 2010 Town financial statements, the Town has 15 restricted surplus reserve accounts. There are no policies for these accounts. Each account should have a policy that states the purpose, conditions to transfer to and from these accounts, minimum and maximum levels, term, whether interest revenues will be added to the account and the approval process. Each account should be regularly reviewed to determine if it is meeting the intended purpose, is following policy and is still required.

54. The Town should conduct a study of all tax incentives and assessment classes to determine acceptable and fair mechanisms to attract development and fairly tax current property owners and make the necessary changes to current policies.

Rationale:

Section 4.6.6 addresses property tax incentives and property tax forgiveness. The Town has several tax incentive policies as well as specific situations where tax relief grants are provided. There have also been requests from the public to establish additional property assessment classes. The auditor management letter and the AAGI report both suggested that the Town should reconsider the tax incentives provided and ensure that all are compliant with the MGA.

55. The Financial Control Policy should be reviewed and amended and, specifically, this policy should be amended to include a statement that departments do not have the sole authority to approve financial transactions that will impact other departments unless such decisions have been approved in advance.

Rationale:

Section 4.4.6 provides comments regarding the Financial Control Policy. The Financial Control Policy should be reviewed and amended with these comments taken into consideration. Also, the following specific item should be addressed. Each department should be accountable for the approved department budget. The budget should identify the financial transactions that will be recorded to each department. There may be transactions that occur during the fiscal year that are not included in the budget. The Treasurer or designate should determine in consultation with the departments impacted as to where these transactions will be recorded because they may negatively impact departmental budgets and financial reports.

56. A policy should be developed that will identify the conferences annually attended by Council and how Councillors will be selected to attend additional conferences, workshops and seminars and the annual budget for conferences attended by Council will be established according to this policy.

Rationale:

Municipalities normally have a policy that identifies the major annual conferences for Council and whether all or some of Council will attend. There will also be additional funds budgeted for other special conferences, workshops or seminars which may not be known at the time the budget is approved. The policy will specify the process for selection and establish rotations for conference attendance such as the annual FCM conference.

7.4 Administration

57. The CAO must ensure that all Town employees consistently follow all Town policies and bylaws and fairly address contravention occurrences and, specifically, the Superintendent of Public Works must be accountable for all actions of Public Works staff and hold Public Works staff accountable.

Rationale:

Good employees don't mind following policies and having good work habits enforced. The Public Works department was rightfully singled out in the AAGI and Grover reports. The AAGI report includes the statement 'the Public Works Department appears to have operated independently of the policies and procedures housed in the Town office'. The Grover report includes the following candid statement; 'The other matter that concerns me is the way in which the Public Works Department seems to think they are a separate entity from the rest of the Town staff. The two Managers in that Department are of the impression that they are the chosen two, the Untouchable Golden Boys. It seems they do not think they have to adhere to the policies of the Town and bend the rules whenever it suits them. This unacceptable practice will continue as long as the CAO – who is their Manager – is overruled by Council or any individual member of Council.'

The Superintendent of Public Works was not able to adequately respond to several situations regarding his department. One of the reasons stated was that he was not in the community at the time of the incidents or was not aware of decisions. The Superintendent of Public Works should have researched the details and held his staff accountable.

The problems cited in the previous reports result from the Mayor and Council contravening the MGA by getting involved in administration. The Public Works department knows that they can get support from the Mayor and, unfortunately, this support does not emphasize accountability but rather protectionism. This must change.

58. The CAO must ensure that safety is given a higher priority by all Town employees and require all Town employees to follow the Health & Safety Policy and Safety Manual.

Rationale:

A municipality is 'to maintain safe and viable communities' (Section 3(c), MGA). The Town has a Health and Safety Policy and a Safety Manual but not all employees and/or departments follow proper safety procedures. Senior management must make sure that they are knowledgeable on all aspects of the safety requirements and procedures and hold the employees under their supervision accountable to follow them. The following should be done to meet the intent of this recommendation:

- The CAO must support the Peace Officers in carrying out their safety responsibilities.
- The Peace Officers who are responsible for safety should not be afraid to follow up incidents that they have heard via the ‘grapevine’.
- All incidents must be reported with the proper documentation.
- Current forms need to be used and filed consistently.
- A consistent report filing system must be implemented with the original incident reports in one location.
- The Health & Safety Policy heading should be revised from ‘guideline’ to ‘regulation’ and included in the Safety Manual.
- The Town employee position descriptions should include ‘adherence to Town safety policies and procedures’.
- A consistent process for filing and following up incidence reports should be developed.
- Supervisors and employees who do not follow safety procedures should be reprimanded.

59. Council must approve a policy that does not allow Town employees to be involved in any activities that use Town equipment or facilities for personal gain.

Rationale:

Section 4.5.6 addresses several situations where a Town employee used the Town equipment or facilities for personal gain. Town employees should be allowed to obtain Town services like any other Town resident and pay for these services. But using Town assets to generate a personal profit is a different matter. This situation was compounded because an employee in a management position abused his authority. Even if full approvals had been given and everything had been ‘above board and done by the book’, public perception must always be considered. Both activities, equipment use and contract work, were approved by Council or a representative of Council. These decisions were not in the ‘best interests of the municipality as a whole’ which is required of Council (Section 153 (a) MGA) and, therefore, a contravention of the MGA.

60. The CAO must ensure that all staff have adequate training to carry out responsibilities assigned to them.

Rationale:

Staff training covers several areas; examples are training for specific tasks, safety training, training to provide back-up services, time management, how to supervise, work environment. The Town provides time and funding for staff training and development but there is no formal staff training plan. Staff training is more than sending employees to conferences and workshops. The CAO is responsible to ‘ensure that the policies and programs of the

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municipality are implemented’ (Section 207 (b) MGA) and ‘accurate records and accounts are kept of the financial affairs of the municipality’ (Section 208 (1)(j) MGA). Situations were observed during the inspection where the CAO was not fulfilling these responsibilities. Most of them were related to task specific training with expectations placed on staff who had not been properly trained to carry out assigned responsibilities. Recommendations A3 and A4 of the AAGI report should also be reviewed when addressing this recommendation.

- 61. The CAO must ensure that the 2012 assessment notice package is compliant with the MGA and Matters Relating to Assessment and Taxation Regulation and provide a copy of the 2012 assessment notice package to AMA, Assessment Services Branch prior to mailing the 2012 assessment notices to Town taxpayers.***

Rationale:

The AMA, Assessment Services Branch, has required the Town to provide assessment notice and package information to them prior to sending them out to Town property owners for the 2012 year. This stipulation results from the Town not complying as requested in 2011.

- 62. All management and staff need to fully understand policies and procedures and take responsibility to follow them and accept responsibility when they are not followed. When issues are identified due to lack of procedures or poor procedures, the departments involved must work together in a collaborative manner to determine an acceptable, workable solution.***

Rationale:

The policy manual is available electronically and in hard copy to all departments yet there are contraventions of these policies. Some of these contraventions appear to be intentional or through carelessness whereas others result from not being aware. Administration is to be held accountable to follow policies; unfortunately, the current interim CAO did not seem to care about policy. Policies are important and are in place for a reason. There will be times when difficulties arise in spite of policies. Rather than ‘finger pointing’, Town administration and staff should foster an environment that is not accusatory but rather one that is collaborative to determine the best solutions for the future.

- 63. The Town should develop a communication policy that will provide information regarding Town decisions to the public on a regular basis.***

Rationale:

The Town does not formally communicate with the public. Proper communication is very important and the Town should develop a policy that

will identify how Town information and decisions will be communicated to its residents. Recommendations A 20 and A 21 of the AAGI report should be included when addressing this recommendation.

64. The organization chart should be amended to identify a Senior Community Peace Officer as recommended in the AAGI report and implemented per Resolution #402/10.

Rationale:

There are two community peace officers and Council approved one to be designated the head of the department as Senior Peace Officer. The organization chart should be amended to recognize this distinction.

65. The Employee Performance Review System should be reviewed and procedures should be developed and managers/supervisors trained to achieve consistent application.

Rationale:

Employee performance reviews are very important to the success of an organization but they need to be done properly. The Town Personnel Policy states the performance reviews are to be conducted on the employee anniversary dates and that salary adjustments are conditional to the review being conducted and the results of the review. There are old and new forms for performance reviews but no procedures to supplement these forms. The performance reviews have been conducted haphazardly. At the best of times, it is difficult to achieve consistent review assessments. In the absence of training and procedures, consistency is almost impossible to achieve. The Town should completely review the Performance Review System and develop procedures and training so that reviews are done correctly and consistently. A human resources consultant should assist with this process.

66. The CAO should ensure that a central filing system is developed so that all hard copy and electronic correspondence and files can be easily retrieved.

Rationale:

The Town does not have a standard filing system; for example, correspondence from the CAO and Mayor are filed in the respective offices. There needs to be a central filing system that is administered by the Legislative Clerk. Also, this filing system needs to address the electronic age; procedures need to be established to make sure that all necessary e-mails are obtained and filed for easy retrieval.

67. The Council should ensure that the CAO has available the necessary professional expertise to provide sufficient information for Council to make quality land use decisions.

Rationale:

The Town does not have sufficient expertise on staff to provide Council quality information to make land use decisions. This insufficiency is compounded by the large amount of the Town that is designated 'direct control'. Currently, the CAO is the Development Officer and there is a Development Clerk. The Development Clerk is to assist the Development Officer and coordinate advertising related to the planning and development department. This position is not responsible to make land use recommendations. The interim CAO was not knowledgeable in land use planning and placed this responsibility on the Development Clerk. Some land use assistance was provided by the Manager of Roads for the interim but this situation is not acceptable for the long term.

68. The CAO should review the recommendations in the AAGI report and give serious consideration to implementing those outstanding recommendations that are not addressed elsewhere in this report for which the CAO has authority and also bring recommendations to Council for those that require Council approval.

Rationale:

The AAGI report provided 53 recommendations. Some of these recommendations have already been addressed by the Town and others have been referenced in recommendations in this report. The AAGI recommendations that remain outstanding and have not been addressed in this report are noted with an asterisk (*) in Appendix 8.5.

69. The CAO should develop policies regarding computer use and harassment.

Rationale:

The Personnel Policy does not address computer use or harassment. These are important policies that should be developed and approved. They can be included in the Personnel Policy as specific sections but the harassment policy may have a different grievance procedure. This policy should be developed with assistance of the Town's legal counsel.

8 Appendices

8.1 Scope of Inspection and Inspection Process

8.1.1 Scope of Inspection

The consultant will provide an inspection in accordance with Section 571 of the *Municipal Government Act* including but not limited to:

- Organizing, arranging, and facilitating interviews with council, staff and residents as required,
- Reviewing minutes, bylaws, policies, and financial information,
- Attending and observing a council meeting,
- Reviewing compliance with legislated municipal responsibilities,
- Prepare a written draft report to the Minister of Alberta Municipal Affairs, and,
- Present the final report to Town council at a public meeting.

8.1.2 Inspection Process

The site inspection and interviews were conducted in the months of December, 2011 to March, 2012. The inspection process is summarized as follows:

Interviews:

Mayor
Councillors (individually)
Chief Administrative Officer (interim (2), previous (3))
Staff (9)
Reeve and CAO of the M.D. of Big Lakes
Town auditor, lawyers, engineering consultant, economic development consultant, contract assessor
Local newspaper reporter
Residents (8)

Council Meetings:

The inspector attended the December 14, 2011 Council meeting as part of the inspection but also attended most Council meetings since that date as the Official Administrator.

Site visit included a tour of the Town and area with the Superintendent of Public Works.

Information reviewed:

2010 – 2012 Council minutes
Bylaws index and selected bylaws
Policy manual and selected policies
2010, 2011 and 2012 operating budgets
2011 capital budget

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2009 & 2010 financial statements for the Town and Recreation Board
2008, 2009 and 2010 management letters for the Town
2009 and 2010 management letters for the Recreation Board
2010 Municipal financial indicators
Position descriptions for management and staff
Various strategic and business plans
Various files and documentation pertaining to specific issues

8.2 Councillor Appointments - October, 2011

1. Disaster Services Committee – All Council
2. Inter-municipal Negotiating Committee
Mayor Dumont, Councillors Forrester, Willier
3. Northern Mayors & Reeves – Mayor Dumont
4. Protective Services Committee – Councillors Forrester, Sharkawi, Smith
5. Public Works Committee – Mayor Dumont, Councillors Sekulich, Willier
6. Finance & Personnel Committee – Councillors Forrester, Sekulich, Sharkawi
7. Federation of Alberta Gas Co-ops/Gas Alta. Inc. – Councillor Forrester
8. Solid Waste Management Authority – Councillor Waikle
9. Regional Recreation Board – Mayor Dumont, Councillor Sekulich
10. Municipal Library Board – Councillor Waikle
11. Peace Regional Library System – Councillor Waikle
12. Museum & Historical Society – Councillor Smith
13. Golf Club Board – Mayor Dumont
14. Lesser Slave Lake Community Futures – Councillor Willier
15. Lesser Slave River Economic Alliance – Councillor Smith
16. Lesser Slave Lake Watershed Committee/Alberta Water Council
Councillor Willier
17. Buchanan/Tolko Forest Resource Advisory Committee – Councillor Waikle
18. FCS Association of Alberta & Liaison to Big Lakes FCS - Councillor Smith
19. Heart River Housing Foundation - Councillor Waikle
20. High Prairie Partnership Council – Councillor Sekulich
21. Food Bank – Councillor Smith
22. Physician Retention – Councillor Sekulich
23. Community Health Foundation – Councillor Willier
24. Municipal Planning Commission – Councillors Sharkawi, Smith
25. Subdivision & Development Appeal Board - Councillors Forrester, Waikle
26. Assessment Review Board – Councillors Sharkawi, Waikle
27. Firehall Ad Hoc Committee – Councillor Forrester
28. Economic Development Pursuit Committee
Councillors Sharkawi, Smith, Willier
29. High Prairie Beautification – Councillor Sekulich
30. Procedural Bylaw Committee – All Council
31. Municipal Sustainability Committee – Councillors Sekulich, Sharkawi, Smith
32. Joint Economic Development – Councillors Sekulich, Sharkawi, Smith
33. Children Resource Council (Daycare) – Councillor Sharkawi

8.3 Financial Indicators Summary

Note: The financial indicators are for a six-year period; the 2010 statistic is stated first with the 2006 – 2010 range in brackets.

1. Net municipal equalized tax rate

Town 12.8 (11.2 – 12.8)

Median 8.2 (7.5 – 11.2)

Group - 2010 4.9 – 12.8

The Town municipal tax rate is above the median for all six years and is the highest rate in 2010; 56% higher than the median.

2. Residential equalized tax rate

Town 15.1 (13.5 – 24.6)

Median 10.2 (8.8 – 14.7)

Group - 2010 6.6 – 15.1

The Town is taxing its residents more than average of the towns in the comparison. The Town's 2010 equalized residential rate was the highest rate in the group; 48% higher than the median.

Note: 2009 tax rate information was not reported correctly by the Town resulting in tax rate data distortion for 2009.

3. Non-residential equalized tax rate

Town 17.3 (1.1 – 20.1)

Median 14.3 (13.1 – 20.7)

Group - 2010 3.0 – 19.9

The Town's non-residential tax base is about 36% of the total tax base. The Town's non-residential tax rate is above the median in all six years. The 2010 non-residential equalized rate is 21% higher than the median. The Town is consistently taxing the residential and non-residential properties higher than most of the other towns in this comparison.

Note: 2009 tax rate information was not reported correctly by the Town resulting in tax rate data distortion for 2009.

4. Equalized assessment per capita (in thousands)

Town 86 (55 – 88)

Median 98 (48 – 104)

Group - 2010 71 – 155

The tax base available per capita is about 12% below the median. The Town's assessment per capita has been below the median for the last 3 years and close to the median in the years prior.

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5. Non-residential equalized assessment as % of total

Town 36 (36 – 42)

Median 21 (19 – 24)

Group - 2010 4 – 36

The Town's non-residential assessment as a % of the total tax base is significantly higher than the median. It was the highest in the group in 2010; 71% higher than the median. This is a good tax base ratio.

6. Tax collection rate

Town 91.5 (91.5 – 97.7)

Median 95.7 (95.7 – 97.6)

Group - 2010 91.1 – 98.4

The tax collection rate was above the median for the first 5 years but in 2010 it decreased significantly to 91.5% to almost the worst in the group. The median was 95.7%

7. Percent of debt limit used

Town 39 (25 – 42)

Median 33 (20 – 35)

Group - 2010 0 – 67

The Town is using a similar amount of the debt limit as the other towns. The debt limit is based on 1.5 times revenue; therefore, this indicator can skew somewhat in years of extraordinary revenue. Also, if the Town has higher than average taxes and user fees, which is the case, the debt limit will also increase. Therefore, indicator #9 is a debt indicator that needs to be considered along with this indicator.

8. Percent of debt service limit used

Town 24 (14 – 25)

Median 26 (20 – 26)

Group - 2010 0 – 49

The debt servicing limit for the Town is average.

9. Long term debt per capita

Town 1,939 (1,250 – 2,045)

Median 900 (461 – 987)

Group - 2010 9 – 1,939

The Town's debt per capita is significantly higher than median in all 6 years. It was the highest in the group in 2010; \$1,939 per capita which is 115% higher than the median.

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10. Net municipal property taxes per capita

Town 1,108 (610 – 1,122)
 Median 785 (536 – 785)
 Group - 2010 540 – 1,108

In 2005, the Town was 14% above the median and the spread has steadily increased. Net municipal property taxes per capita were the highest in the group in 2010; 41% above the median.

11. Sales and user charges per capita

Town 1,425 (1,425 – 1,822)
 Median 541 (469 – 579)
 Group - 2010 340 – 1,425

The Town has very high sales and user chargers per capita compared to the other towns. In 2010, the amount per capita was 163% higher than the median. One reason is very few towns operate a gas utility; there is one other town in the comparator group. Another unique item is that most towns operate recreations services and the full amount of revenues and expenses are recorded in the financials. 50% of the revenues and expense for recreation are recorded in the Town financials because the Recreation Board is a separate entity which is equally cost shared with the MD. If the gas utility was removed and 50% of the recreation was added, the 2010 user fee per capita would be \$835; 54% above the median.

12. Provincial and Federal operating grants per capita

Town 1,056 (442 – 1,056)
 Median 953 (341 – 953)
 Group - 2010 214 – 2,669

This indicator can fluctuate from year to year depending on what projects the Town and the comparative towns are conducting. The Town was above the median for all of the years except in 2009. In 2010, grants per capita were 11% above the median.

13. Major revenue source as a % of total revenue – 2010

	Town	Median	Group Maximum
Net property tax	27	26	44
Sale & user charges	34	20	34
Grants	26	31	54

Property taxes are 27% of total revenue in 2010 which is close to the median whereas user charges are 34% of total revenue compared to the median of 20%. Gas service revenues and 50% recreation revenues should be considered as noted in indicator #11. If these are factored into the calculation, property taxes will be 31% of the total revenues and user fees will be 24%.

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14. Broad function expenses per capita – 2010

	General Gov't	Protective Services	Transport	Environment	Recreation & Culture	Total
Town	302	165	668	834	733	3,718
Median	295	101	360	462	434	1,963
Group maximum	419	367	668	834	733	3,718

General government – Council and administration

Protective services – fire

Transport – roads and airport

Environment – water, wastewater, waste management

Recreation & culture – recreation boards, parks, libraries

The Town has the highest expenses per capita of the group for transport (85% higher than median), environment (80% higher than the median), recreation (69% higher than median) and total (89% higher than the median).

As noted in indicator #11, gas services and 50% recreation has some bearing on these numbers. If 'gas services' was removed from the total (gas is not included in any of the other categories) and the full amount of recreation was factored in, recreation would be \$1,036 (139% higher than the median) and the total would be \$3,369 (72% higher than the median).

15. Per capita operating expenditures – salaries, wages & benefits

Town 924 (634 – 1,032)

Median 637 (442 – 637)

Group - 2010 422 – 924

The Town is significantly above the median in all 6 years. In 2010, it was the highest in the group; 45% above the median.

16. Per capita operating expenditures – contracted and general services

Town 967 (482 – 967)

Median 402 (310 – 432)

Group - 2010 170 – 967

The Town is significantly above the median in all 6 years. In 2010, it was the highest in the group; 140% above the median.

17. Per capita operating expenditures – materials, good, supplies & utilities

Town 866 (832 – 1,267)

Median 329 (201 – 329)

Group - 2010 132 – 866

The Town is significantly above the median in all 6 years. In 2010, it was the highest in the group; 163% above the median. If gas utilities expenses were removed; the amount per capita would be \$443; 35% higher than the median.

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18. Per capita operating expenditures – bank charges and interest

Town	104 (73 – 104)
Median	46 (32 – 49)
Group - 2010	1 – 104

The Town is significantly above the median in all 6 years. In 2010, it was the highest in the group; 126% above the median.

19. Per capita amortization expense

	2009	2010
Town	634	658
Median	271	311
Group maximum	634	658

The Town has the highest amortization expense per capita; more than double the median. This probably means that the Town has more infrastructure.

20. Net book value as % of total capital property cost

	2009	2010
Town	58	57
Median	65	65
Group maximum	100	100

The Town has less useful life in its assets than the median; the median is 65% and the Town is at 57% in 2010.

21. Accumulated surplus as % of total end of year – 2010

	Unrestricted Surplus	Restricted Surplus	Equity in TCA
Town	2	3	95
Median	2	6	91
Group maximum	18	26	99

The Town's unrestricted surplus is at the median being 2% whereas the restricted surplus is 3% and the median is 6%. One reason the Town is lower is because funds were transferred from the restricted surplus to cover the 2010 deficit.

22. Accumulated surplus categories per capita end of year – 2010

	Unrestricted Surplus	Restricted Surplus	Equity in TCA	Total
Town	252	401	12,420	13,072
Median	214	526	7,334	9,608
Group maximum	1,459	3,117	14,786	14,911

The accumulated surplus accounts that represent financial assets are in the range of the median whereas the equity in TCA is significantly higher than the median again indicating that the Town has more infrastructure than average.

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23. Ratio of current assets to current liabilities

Town	1.8 (1.3 – 1.8)
Median	1.8
Group – 2010	0.7 – 7.9

The current ratio calculation measures the ability to meet short-term obligations with existing liquid assets. The Town is at the median for the group.

24. Comparison group – total population

Town	2,836
Median	2,836
Group (19)	2,278 – 3,712

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8.4 AAGI Commentary on Council’s Procedural Bylaw (Appendix E)

Section	Modifications	Comments
2.1.12	Delete the following sentence: “A meeting of the Committee of the Whole may be held in camera (in private) or in public session depending on the issue being discussed.”	Since the <i>Municipal Government Act</i> (MGA) directs that ALL meetings be held in public, the sentence is redundant. The exception is a meeting where the topic is covered by the <i>Freedom of Information and Protection of Privacy Act</i> .
2.1.18	This section is not required and should be deleted.	The concern relates to the words “specific persons” and the identity of those that have the ability to invite them to in-camera sessions.
2.1.37	There is a minor grammatical error here: “the” at the beginning of the second line should read “be”.	
15.3	Revise to reflect the MGA wherein the Chief Elected Official is not a member of those committees established under Part 17 of the Act unless he is expressly named to them.	See Section 154(3) of the MGA.
15.10.5 to 15.10.8	Redraft these sections to present them in a positive phraseology rather than in a negative format.	
16.3	Delete this section.	As written, Council can only have a permissible discussion without the CAO present once a year during the CAO annual performance review.
17.6	A Member should declare his pecuniary interest, be excused from the table, and leave the room until the matter at hand is concluded.	See Section 172 of the MGA.
21.5	Revise this section to permit that a majority of Members be present to reduce the 30-minute time period if a quorum is lost.	
22.2	Council should consider deleting this section.	The section unintentionally changes Council from a policy-and law-making body to one that wanders into a general discussion. Residents do not elect persons in the gallery. The latter should not be permitted to participate in Council meetings unless they have sought permission through the delegation provisions.
24.	Incorporate a time-limit for speaking into this section.	As written, there are no time-limits governing debate. Although it would be rare for a Member in High Prairie to engage in a filibuster, Council would not be in a position to compel a Member to conclude his debate in the absence of a rule.

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24.5	Add a sentence to authorize the Chair to call a police officer to remove a member if he fails to leave after being requested to do so.	It is important to note that a Councillor is not a member of the public as per section 198 of the MGA (he is an elected official) and therefore Council does not have the ability to compel the removal of a Councillor from a meeting.
26.8	To require a 2/3 majority vote to uphold a ruling of the Chair is onerous. A simple majority suffices.	Voting in the MGA is based on the principle of simple majority.
26.9	Council should reconsider mandating that all votes except those adopted unanimously be recorded votes.	Section 185 of the MGA permits recorded votes, but it rests with a Councillor to ask that the vote be recorded prior to a vote being called.
27	Delete all of the subsections contained in this section. There are conflicting concepts in the various subsections and the current language is cumbersome.	Revise the section to read: "27.0 The regular meeting of Council shall adjourn by 11:00 PM. If at 10:30 PM, it is anticipated that Council will still be in session at 11:00 PM, adjournment can be extended by a unanimous vote of the members present. Such a motion may extend the time of adjournment to not later than 11:30 PM."
28.3	Delete this section.	See comments in Section 22.2.
50.4	Council should have a direct role in authorizing the extent of legal assistance referred to in this section.	Although Members should be granted access to casual legal assistance provided through the AUMA, the open-ended language in 50.4 has the potential to expose the Town to significant legal charges. A predetermined limit for legal assistance to a Member should be established and Council should authorize an extension to the limit if it so desires.
60 to 70	Note that the bylaw numbering moves from 50 to 90.	This appears to be a formatting error.

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8.5 2010 Corporate Review Implementation Status

	Recommendations		Action
G1	Maintain the current composition of Council	July 14, 2010; 371/10	Accepted
G2	Reconfigure the structure of governance committees	July 14, 2010; 379/10 defer to future	Deferred
G3	Be more specific in Council Committee appointments	July 14, 2010; 379/10 defer to future	Deferred
G4	Adopt Terms of Reference for all Committees	July 14, 2010; 379/10 defer to future	Deferred
G5*	Start a process to review all bylaws		None
G6	Revise the Council Procedure Bylaw (12/2009)		None
G7	Replace Chief Administrative Officer Bylaw (8/99) with version proposed	Bylaw 12-2010, July 14, 2010; 376/10	Done
G8*	Adopt a fee bylaw		None
G9*	Review the fee bylaw during annual budget		None
G10*	Consolidate and revise Land Use Bylaw (06/2006)		In process
G11*	Start a process to review all policies		None
G12*	CAO report quarterly on bylaw and policy enforcement		None
G13	Align credit card practices and Banking Policy	Policy 11-2011, June 22, 2011; 358/11	Done
G14	Approve revised Personnel Policy	Policy 03-2011, April 13, 2011; 205/11	Done
G15*	Annually review and approve financial policies		None
G16	Provide Town policy manual electronically/hard copy	Was already done	Done
G17	Discontinue Council reviewing bank reconciliations & cheque listings		Done
G18	Review monthly financial reports		Not consistent
G19*	Complete financial statements and associated working papers prior to commencement of annual audit		None
G20	Modify Financial Control Policy regarding responsibilities for Financial Information Return		None
G21*	Conduct detailed review of Reserves		None
G22*	Determine if Reserve balances are appropriate and adjust accordingly		None
G23*	Consider feasibility of increasing size of Town's Operating Fund to provide for more working capital		None
G24*	Develop policy to guide management regarding cross-subsidization of utility services		None
G25	Review Recreation Board's governance, administration and program operations	Aug 11/10; 430/10 to MD/Town councils	Not accepted
G26*	Review and amend expenditure authorization and approval limits in Financial Control policy		None

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G27	Offer tax concessions only in rare and extenuating circumstances		None
G28	Adopt 3-year business plan for 2011 – 2014 by December 31, 2010 and update annually		None
G29	Revise Land Use Bylaw by designated specific uses for specific commercial lands and remove majority of these lands from direct control designation	July 14/10; 381/10 approve in July with MSP June 8/11; 336/11; review direct control	None No progress
G30	Develop Area Structure Plan for remaining available land on SE1/4 27-74-17 W5 (West end subdivision)	July 14/10; 380/10 in progress ISL report Bylaw 12-2011, Feb 9, 2011; 83/11	Done
G31	Following adoption of the Municipal Sustainability Plan (MSP), revise the Municipal Development Plan and link the Business Plan and MSP.		None
A1	Adopt proposed organization chart	No council resolution	Done
A2	Advertize all competitions for Town positions in public media		Done
A3	Develop a cross training program to fill critical gaps		None
A4	Approve a staff development policy		None
A5	Involve each Department Manager in budget development		Done
A6	Provide regular financial reports to each Department Manager with each Manager accountable for their budget.		Not consistent
A7	Prepare separate operating and capital budgets		Done
A8	Prepare a rolling 5 year capital budget		None
A9*	Provide budgets to Council in sufficient time to achieve approval no later than November 30		None
A10*	Review all cost sharing agreements		None
A11	Assign responsibility for key security to an office staff member		Done
A12	Conduct full key security review		Done
A13	Re-key locks without delay where there is risk of keys missing or copied		Done
A14	Move all Town maps and plans to the vault without delay	July 28, 2010; 403/10	In process
A15*	Review and update the Disaster Services Plan		In process
A16*	Review insurance of each Town building		None
A17*	Request annual updates to building appraisals to determine adequacy of insurance		None
A18*	Become familiar with Assessment Review Board regulations immediately and develop relevant policies and procedures		None

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A19	Ensure that all employees have access to policies and procedures		Done
A20	Ensure that every new hire provides evidence of reading the Town's policy manual within 30 days of starting a new position		None
A21	Require employees to read departmental and personnel policies annually		None
A22	Review the <i>Use of Personal Vehicle</i> policy and procedures to determine cost-effectiveness and equitableness.		In Process

Note: The above recommendations have been edited for summary purposes while retaining the intent.

Note: Recommendations noted with an asterisk (*) have not been specifically addressed in this report.

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8.6 Town Statement of Claim regarding Cox Land Transfer

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COURT COURT OF QUEEN'S BENCH OF ALBERTA

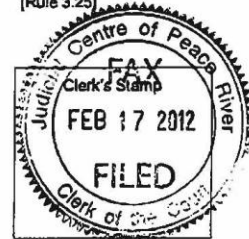
JUDICIAL CENTRE PEACE RIVER

PLAINTIFF TOWN OF HIGH PRAIRIE

DEFENDANTS KEVIN COX and COX CONTRACTORS LTD.

DOCUMENT STATEMENT OF CLAIM

Form 10
(Rule 3.25)



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Daniel R. Peskett
Brownlee LLP
#2200 Commerce Place
10155-102 Street
Edmonton, Alberta T5J 4G8
Telephone: (780) 497-4800
Facsimile: (780) 424-3254
File #: 71171-0047/DRP

NOTICE TO DEFENDANTS:

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

1. The Plaintiff, the Town of High Prairie (the "Plaintiff") is a municipality located in the Province of Alberta.
2. The Defendant, Cox Contractors Ltd., is a body corporate registered in the Province of Alberta.
3. The Defendant, Kevin Cox, is an individual who, to the best belief of the Plaintiff, resides in or around the Town of High Prairie, in the Province of Alberta, and is the sole shareholder and sole director of the Defendant, Cox Contractors Ltd.
4. The Defendants, Kevin Cox and Cox Contractors Ltd., are hereafter collectively referred to as the "Defendants".

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5. In or about 2007, the Plaintiff and the Defendant, Cox Contracting Ltd., or alternatively both of the Defendants, entered into an agreement, or agreements, (the "Agreement") regarding the sale of certain lands within the Town of High Prairie.
6. The Agreement included the contemplated transfer to the Defendant, Cox Contractors Ltd., of one entire parcel of land, legally described as:

ALL THAT PORTION OF THE SOUTH WEST QUARTER OF
 SECTION TWENTY FIVE (25)
 TOWNSHIP SEVENTY FOUR (74)
 RANGE SEVENTEEN (17)
 WEST OF THE FIFTH MERIDIAN
 LYING EAST OF SUBDIVISION PLANS 2127HW, 620MC, 4315MC, 5720MC, 5591NY AND
 2550RS CONTAINING 36.8 HECTARES (90.86 ACRES) MORE OR LESS
 EXCEPTING THEREOUT:

	HECTARES (ACRES) MORE OR LESS	
A) PLAN 8261ET – PARCEL	1.89	4.68
B) ALL THAT PORTION DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 2, PLAN 8261ET, THENCE NORTHERLY ALONG THE WEST BOUNDARY OF SAID PARCEL 88 FEET MORE OR LESS TO THE NORTHWEST CORNER THEREOF, THENCE WESTERLY AND PARALLEL TO THE SOUTH BOUNDARY OF THE SAID QUARTER SECTION 166 FEET, THENCE SOUTHERLY AND PARALLEL TO THE WEST BOUNDARY OF THE SAID PARCEL TO A POINT ON THE SAID SOUTH BOUNDARY, THENCE EASTERLY ALONG THE SAID SOUTH BOUNDARY TO THE POINT OF COMMENCEMENT. CONTAINING	0.138	0.34
C) PLAN 7920713 – SUBDIVISION	0.324	0.80
D) PLAN 7920714 – SUBDIVISION	23.6	58.25
E) PLAN 9520524 – SUBDIVISION	5.44	13.44
EXCEPTING THEREOUT ALL MINES AND MINERALS		

(hereinafter referred to as the "SW Lands").

7. In addition to the SW Lands, the Agreement included the contemplated transfer to the Defendant, Cox Contractors Ltd., of a portion (the "Partial MR Lands"), but not the whole, of an additional parcel of land that was designated, and still is designated, as municipal reserve and legally described as:

PLAN 7920714
 BLOCK 7
 LOT 2MR (MUNICIPAL RESERVE)
 EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter referred to as the "Whole MR Lands").

8. At all material times, it was a term of the Agreement, and it was intended by the Plaintiff that, prior to the transfer of the Partial MR Lands, the Whole MR Lands would be subdivided and the municipal reserve designation would be removed from just the Partial MR Lands, in compliance with all processes set out in the *Municipal Government Act*, R.S.A. 2000, c. M-26 (the "MGA").
9. Further, it was a term of the Agreement, and a fundamental component of the consideration to be received by the Plaintiff pursuant to the Agreement, that the Defendants, or either of them, were to enter

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into a development agreement, or alternatively, development agreements, with the Plaintiff, and complete various obligations in connection with the SW Lands and the Whole MR Lands, which obligations of the Defendants, or either of them, included, *inter alia*:

- a. Various engineering work to be completed by the Defendants;
- b. Promptly applying for and obtaining all permits, licenses, and approvals relating to the SW Lands and the Partial MR Lands, when required by any law, by-law, regulation or code affecting the SW Lands or the Partial MR Lands;
- c. The construction and development of a storm water overflow pond and the completion of various landscaping work on the portion of the Whole MR Lands that was not included in the Partial MR Lands and was, at all times, intended to remain under the Plaintiff's ownership as municipal reserve lands;
- d. The subdivision and development of the SW Lands and the Partial MR Lands into various residential lots;
- e. The construction of a playground in compliance with designs and plans that were to be approved by the Plaintiff and in compliance with a development agreement that was to be entered into with the Plaintiff; and
- f. Such further and other obligations as shall be proven.

10. The Defendants, or either of them, personally or through their agents, presented transfer documents to the Plaintiff in relation to the Agreement. The Defendants, or either of them, personally or through their agents, negligently, by misrepresentation or otherwise, falsely, and unlawfully obtained transfers of land for the Whole MR Lands along with the SW Lands.

11. The transfer documents presented to the Plaintiff did not reflect the terms of the Agreement entered into by the Plaintiff and the Defendant, Cox Contractors Ltd., or alternatively both Defendants. Instead of transferring only the Partial MR Lands to the Defendant, Cox Contractors Ltd., the transfer documents purported to transfer legal ownership of the entirety of the Whole MR Lands to the Defendant, Kevin Cox. The transfer documents also purported to transfer the SW Lands to the Defendant, Cox Contractors Ltd.

12. The Whole MR Lands contain key elements of municipal infrastructure, including a water reservoir. At no time did the Plaintiff agree or intend to transfer, or alternatively permanently transfer, the entirety of the Whole MR Lands to the Defendants, or either of them, and in any event, such a transfer is unlawful, contrary to the MGA, and therefore void.

13. The Plaintiff specifically states that the purported transfer of the Whole MR Lands to the Defendant, Kevin Cox, was *ultra vires*, as such a disposal of the Whole MR Lands did not comply with

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sections 674 and 675 of the *MGA*. Section 674 of the *MGA* requires that, prior to the disposal of municipal reserve lands by a municipality, a public hearing must first be held in accordance with section 230 of the *MGA* and advertised in accordance with section 606 of the *MGA*. Once section 674 has been satisfied, section 675 of the *MGA* permits sale of municipal reserve lands only after the municipal reserve designation has been removed from title in accordance with that section. No public hearing was held or advertised in relation to the purported disposal of the Whole MR Lands and the municipal designation was not removed from the Whole MR Lands prior to the transfer of title into the name of the Defendant, Kevin Cox. Accordingly, the purported transfer of the Whole MR Lands was and is *ultra vires* and void *ab initio*.

14. Further, or in the alternative, the purported transfer of the SW Lands to the Defendant, Cox Contractors Ltd., and the purported transfer of the Whole MR Lands to the Defendant, Kevin Cox, were *ultra vires*, as the transfer of each parcel did not comply with section 70 of the *MGA*. Section 70 of the *MGA* requires that, if a municipality proposes to transfer or grant an estate or interest in land for less than its market value, or to transfer an estate or interest in a public park or recreation or exhibition grounds, the proposal must be advertised. The amounts paid by the Defendants, or either of them, for the SW Lands and the Whole MR Lands were significantly less than their market value. Further, or in the alternative, the Whole MR Lands constituted a public park or recreation grounds. There was no advertisement of the proposal to transfer the SW Lands or the Whole MR Lands. Accordingly, the purported transfers of the SW Lands and the Whole MR Lands were *ultra vires* and void *ab initio*.

15. Further, or in the alternative, the Defendants, or either of them, have breached the terms of the Agreement, which breaches include:

- a. Failing to enter into the contemplated development agreement or development agreements with the Plaintiff;
- b. Failing to complete the engineering work required to be completed under the Agreement;
- c. Failing to promptly apply for and obtain all relevant and required permits, licenses, and approvals;
- d. Failing to complete the construction and development of a storm water overflow pond and required landscaping work on the Whole MR Lands;
- e. Failing to subdivide and develop the SW Lands or the Partial MR Lands into various residential lots;
- f. Failing to construct a playground in compliance with designs and plans that were to be approved by the Plaintiff and in compliance with a development agreement that was to be entered into with the Plaintiff;

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- g. In the alternative, for not returning to the Plaintiff legal title to the Whole MR Lands, or the portion of the Whole MR Lands in excess of the Partial MR Lands; and
- h. Such further and other breaches as shall be proven.

16. In the alternative, the Plaintiff states that the purchase prices for the SW Lands and the Partial MR Lands contemplated in the Agreement were considerably less than market value and that the additional obligations of the Defendants under the Agreement constituted the majority of the consideration to be provided to the Plaintiff in exchange for the SW Lands and the Partial MR Lands under the Agreement. As a result of the Defendants' breaches of the Agreement, there has been a fundamental failure, and what is in substance a complete failure, of consideration for the transfer of the SW Lands and the Whole MR Lands, or the contemplated portion thereof. Accordingly, the Agreement should be rescinded and legal title to the SW Lands and the Whole MR Lands should be transferred back to the Plaintiff forthwith.

17. In the alternative, the Plaintiff states that there was an error *in substantialibus* in respect of the transfer of the Whole MR Lands, in that there was a complete difference in substance between what was bargained for and contemplated by the Plaintiff, being the transfer of the Partial MR Lands to the Defendant, Cox Contractors Ltd., and what was actually obtained by the Defendants, or either of them, being the purported transfer of the Whole MR Lands to the Defendant, Kevin Cox, and the Plaintiff states that legal title to the Whole MR Lands should be transferred back to it forthwith.

18. In any event, at all material times, it was never agreed, nor intended, by the Plaintiff, that the Defendants, or either of them, were to retain ownership of the Whole MR Lands. Accordingly, the Defendant, Kevin Cox, as a result of having been transferred title to the Whole MR Lands and being in breach of the Agreement, is and was unjustly enriched to the detriment of the Plaintiff and the Defendant, Kevin Cox, holds the Whole MR Lands, or alternatively, the portion of the Whole MR Lands in excess of the Partial MR Lands, pursuant to a constructive or resulting trust, and the Plaintiff is the beneficial owner of the Whole MR Lands, or alternatively the portion of the Whole MR Lands in excess of the Partial MR Lands, and the Plaintiff is entitled to have legal title to the Whole MR Lands, or alternatively the portion of the Whole MR Lands in excess of the Partial MR Lands, transferred back to it forthwith.

19. Despite the Plaintiff's demands, the Defendants have refused to transfer legal title to the SW Lands or the Whole MR Lands back to the Plaintiff, or alternatively, refused to transfer legal title to the Plaintiff of the Whole MR Lands in excess of the Partial MR Lands.

20. On or about June 28, 2011, the Plaintiff caused a caveat to be registered against the Whole MR Lands claiming an interest as beneficial owner of the Whole MR Lands. The caveat was registered in the Land Titles Office for the North Alberta Land Registration District as instrument number 112 193 866.

21. On or about June 28, 2011, the Plaintiff caused a caveat to be registered against the Whole MR Lands claiming an interest in the Whole MR Lands in the form of a vendor's lien as against the Whole MR

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Lands. The caveat was registered in the Land Titles Office for the North Alberta Land Registration District as instrument number 112 193 868.

22. On or about June 28, 2011, the Plaintiff caused a caveat to be registered against the SW Lands claiming an interest in the SW Lands in the form of a vendor's lien as against the SW Lands. The caveat was registered in the Land Titles Office for the North Alberta Land Registration District as instrument number 112 193 867.

23. The Plaintiff specifically pleads and relies on the provisions of the *MGA*, including sections 70, 230, 606, 674, and 675 thereof, and the *Land Titles Act*, R.S.A. 2000, c. L-4, including section 190 thereof.

Remedy sought:

24. Wherefore the Plaintiff claims the following:

- a. A declaration that any purported transfer of ownership in the SW Lands and the Whole MR Lands, or either of them, was *ultra vires* and void *ab initio*;
- b. A declaration that the Agreement, or any other agreement, between the Plaintiff and the Defendants, or either of them, in relation to the transfer of the SW Lands, Partial MR Lands, Whole MR Lands, or any of them, is *ultra vires* and void *ab initio*, or alternatively, terminated;
- c. Alternatively, rescission of the Agreement;
- d. A declaration that the Plaintiff is the legal and beneficial owner of the Whole MR Lands and is entitled to be restored forthwith as the registered owner of the Whole MR Lands in the land titles registry;
- e. A declaration that the Plaintiff is the legal and beneficial owner of the SW Lands and is entitled to be restored forthwith as the registered owner of the SW Lands in the land titles registry;
- f. A decree or order, pursuant to section 190 of the *Land Titles Act*, R.S.A. 2000, c. L-4, or otherwise, that the Registrar cancel, correct, substitute, or issue any certificate of title, and otherwise do every act necessary to restore the Plaintiff as the registered owner of the SW Lands and the Whole MR Lands in the land titles registry;
- g. A declaration that the Plaintiff is entitled to immediate possession of the SW Lands and the Whole MR Lands and an Order that the Defendants are to deliver vacant possession of the SW Lands and the Whole MR Lands to the Plaintiff forthwith;

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- h. Further, or in the alternative, a declaration that the Plaintiff is entitled to valid and subsisting vendor's liens as against the SW Lands and the Whole MR Lands;
- i. Further, or in the alternative, damages in the amount of \$250,000.00, or such further and other amount as determined to be appropriate by this Honourable Court;
- j. Interest pursuant to the *Judgment Interest Act of Alberta*;
- k. Costs on a solicitor and his own client basis or on such other basis as deemed appropriate by this Honourable Court; and
- l. Such further and other relief as this Honourable Court deems appropriate and just, including equitable relief.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

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8.7 Town Organization Chart

