

## City of Chestermere Inspection

### Reasons for Decision

of the  
Minister of Municipal Affairs  
Honourable Rebecca Schulz

March 14, 2023

1. For the reasons below, I have issued directives to the City of Chestermere in Ministerial Order MSD:002/23.
2. On May 9, 2022, Minister Ric McIver, previous Minister of Municipal Affairs, signed Ministerial Order MSD:040/22, ordering an inspection of the management, administration, and operations of the City of Chestermere, and appointed Mr. George B. Cuff as Inspector.
3. The Inspector conducted the inspection over the period of May 11, 2022, through September 1, 2022, and the Inspector's report was accepted by former Minister McIver on October 6, 2022.
4. On November 2, 2022, the Inspector and the Assistant Deputy Minister of Municipal Services, presented the inspection report's findings to the City of Chestermere Mayor, council, chief administrative officers (CAOs), and strategic advisor. At that meeting, city officials were informed that they may provide a response to the findings of the inspection report, and those responses would be considered by the Minister in deciding the Minister's response to the inspection. Officials were also informed of their right to legal counsel, and that the inspection report may be provided to legal counsel to help with their response, at their discretion. Immediately following the meeting, city officials were provided a copy of the inspection report and information regarding potential actions of the Minister that were being considered, and were given an opportunity to provide feedback on these potential actions. City of Chestermere officials were given until December 9, 2022, to submit any responses to the inspection report and potential ministerial actions.
5. I received written responses to the draft inspection report from members of council and senior administrative personnel, as well as one response from council as a whole.
6. On February 8, 2023, I met with the City of Chestermere Mayor, members of council, and two CAOs to hear their perspectives on the inspection in person.
7. I have considered the information contained in the inspection report, the written responses I received, and the information shared at the February 8, 2023, in-person meeting.
8. I acknowledge the inspection report, the written responses, and the perspectives I heard at the in-person meeting disclose a number of instances in which the parties interviewed and referred to by the Inspector, as well as those who provided written and in-person responses, have differing views of matters referred to in the inspection report. I

acknowledge that some members of council and administration have expressed concern that the inspection report does not reflect all of the information that was provided to the Inspector, but also note the Inspector's approach to gathering and reviewing information in the conduct of the inspection, as disclosed in the inspection report. I am confident that the Inspector included all the information that he believed was relevant to the inspection within his report.

9. I have considered comments raised in some of the written responses and during the in-person meeting criticizing the fairness of the inspection process and the integrity of those involved. I believe these allegations to be unfounded. I consider that an appropriate, professional, and procedurally fair process was followed by the Inspector for this inspection under Section 571 of the *Municipal Government Act (MGA)*.
10. I have also considered comments raised in some of the written responses and during the in-person meeting referring to the *Public Inquiries Act*. The municipal inspection, ordered under Section 571 of the *MGA*, is not an inquiry under the *Public Inquiries Act*, nor is it an inquiry under Section 57.
11. Based on the inspection report, and having considered the written and in-person responses, I consider that the City of Chestermere is managed in an irregular, improper and improvident manner.
12. I have considered the findings of the inspection report related to the three-CAO model, and that it promotes an operational environment where no one person is ultimately accountable for the city administration. This presents unnecessary risk to the city to understand the complete holistic impact of council decisions, and the potential for issues to be left unaddressed (or addressed inappropriately) without consideration to the entire municipal organization. I am concerned that the model silos and promotes division between administrative departments, weakens council's ability to respond to issues, and may result in extensive corrective action after decisions have been made. Some responses noted that the *MGA* allows for more than one CAO to be appointed, and that adoption of this model is the decision of council. Ultimately, I am concerned with the effectiveness of this model for the City of Chestermere for the reasons stated in the inspection report.
13. I have considered the findings of the inspection report related to the Strategic Advisory Group, and in particular, the findings about confusing lines of accountability between staff, council and electors, the potential of council not being provided with a comprehensive examination of issues when making decisions, and the potential of the Strategic Advisory Group becoming a "closet administration." I also have concerns that the members may be dismissed unilaterally by the Mayor without council consideration. Some responses noted that the *MGA* allows for the creation of designated officers who may be under the supervision of and accountable to the council. I am nevertheless concerned about the potentially confusing roles and lines of accountability as a result of the Strategic Advisory Group for the reasons set out in the inspection report.
14. I have considered the comments and recommendations of the inspection report related to procedural matters, and I am concerned about the development of council meeting agendas, equal and concurrent access to information, the position of deputy mayor, the

lack of use of “Request for Decision” documents, and the publication of council meeting minutes. As noted in the inspection report, ensuring all members of council have equal access to information, equal opportunity for participation in council initiatives, and clearly understand the implications of council resolutions, are foundational to how council functions and essential to the health of council’s governance.

15. I am concerned that the structure of the Code of Conduct bylaw, and in particular the process used to determine the validity of complaints, vests all responsibility for determining the merit of any complaint with the Mayor or council. I am further concerned that this process may be perceived as inadequate and tilted in one direction in the case of a split council. Some responses noted that the *MGA* does not require an “integrity commissioner” or other third party to review or investigate potential infractions of the code of conduct. I am nevertheless concerned that the continuation of the current process to address current and future code of conduct complaints has a negative impact on the ability of council to govern the city effectively. I am of the view that an independent third party should be appointed to handle code of conduct complaints.
16. I have concerns based on the information in the inspection report that members of council may have taken actions prior to the formal approval of council by resolution, and/or may not fully understand or appreciate the distinction between the roles and responsibilities of council, and those of administration. A failure to complete required processes, especially related to council’s ability to only act by bylaw or resolution, as contained in the *MGA*, reduces transparency and accountability to the public and exposes the municipality to liability and legal challenges of municipal action, which may come at a great financial expense to the municipality.
17. I am concerned based on the inspection report that council has not complied with its legislative requirement to ensure annual audited financial statements have been prepared, accepted, and submitted to the ministry by May 1 of each calendar year, and in particular, that the City of Chestermere has yet to complete and file the audited financial statements for the 2021 calendar year. Further, I understand that the city’s audit firm has resigned its services from the city. As the governing body of a municipality and stewards of the municipality’s financial resources, the provision of accurate and timely financial information to the public, and to form the basis of council’s financial decisions, is of critical importance to the successful management of any municipality.
18. I am concerned, based on the inspection report, that the process by which municipal lands have been sold may not have complied with the *MGA*, such that further review of sales is appropriate. The legislated requirements, including council approvals, advertising, and public participation rights, ensure council’s transparency and accountability to the public in its fiduciary duty when lands are proposed to be sold, including when lands are sold for less than market value.
19. For the reasons noted above, I consider in these circumstances that formal directives issued by Ministerial Order are appropriate and will be beneficial to support the City of Chestermere in effective decision making, respecting and working collaboratively with colleagues, providing open and transparent information to residents, and ensuring procedural matters are handled in accordance with legislative requirements.