


RECRUITMENT • EMPLOYMENT • PERFORMANCE

Chief Administrative Officer



Employment
Guidelines

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Guidelines**

About this publication

The Ontario Municipal Administrators' Association (OMAA) and Ontario Municipal Human Resources Association (OMHRA) believe that an orderly process for CAO recruitment and selection, mutual agreement on roles and responsibilities, clear terms of employment, and a solid process for performance review and development can support a healthy relationship between Council and the CAO. This enhances the ability of both Councils and their CAO to work together to deliver good governance for Ontario municipalities.

Based on Bill 68, *Modernizing Ontario's Municipal Legislation Act, 2017*, literature reviews regarding good governance in municipalities, available municipal CAO employment contract templates/policies, alternatives for performance review, and the concepts of clarity, fairness, equity, transparency and fiscal responsibility, we have prepared these guidelines to provide Municipal Councils, Human Resource (HR) Directors and Chief Administrative Officers (CAOs) with a practical how-to guide regarding the recruitment, employment and performance review process for the CAO or City/Region/Town/County Manager.

In this publication you will find:

- guidance in the recruitment process for the position of CAO
- assistance in developing a clear understanding of roles and responsibilities
- suggestions, forms and alternatives when considering contractual terms
- options and best practices for CAO performance evaluations
- best practices, with suggested modifications and scalable alternatives to accommodate all sizes of municipalities
- descriptions for HR managers, executive search firms, labour lawyers (offering external legal advice) and suggestions for when Councils and CAOs should consider retaining external assistance in the CAO placement process

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Introduction

Most municipalities in Ontario operate within a Council/Manager form of government where the Council sets policy and direction, and ensures mechanisms are in place for the effective operation of municipal services. Council also provides leadership and vision for the community.

Municipal administration is responsible for implementing Council's objectives, delivering high-quality municipal services to residents and businesses, and being accountable for performance. The CAO or City/Region/Town/County Manager is the typical head of this administration. Good governance at the municipal level depends on a strong relationship between Councils and their CAOs and should:

- be grounded by a thoughtful recruitment process
- thrive on a mutual respect and clear understanding of each other's roles and responsibilities
- deliver efficient and effective services for the taxpayer

Council, CAO and the community all interact and partner to create an effective system for local government. The community, as seen in Figure 1, elects local Councils and provides taxes in exchange for those high-quality municipal services.

In the vast majority of cases, the CAO is the only staff that Council is directly responsible for hiring and managing performance.

Most Mayors and Councillors will have little or no experience with CAO recruitment processes. For a new CAO, the initial stage of employment is a critical time to develop an understanding with Council as to expectations and commitments.



Fig.1. City Council, the community and city administration all play a role in creating effective local government.

Setting the stage for a successful recruitment

The CAO recruitment process should be based on the ultimate goal of good governance for the municipality.

Municipal Councils have a role to ensure peace, order and good governance of their respective municipality. This can cover a wide range of functions, including strategic planning, advocacy, policy development, representation at different levels of government and law-making.

Good governance includes:

- participation
- rule of law in line with municipal powers
- transparency
- responsiveness
- consensus orientation
- equity
- effectiveness and efficiency
- accountability

While a Council's main responsibilities are to set the overall strategic directions and goals for the municipality and to require systems that will monitor success, the CAO plays a different role. As the head of administration, a CAO focuses on Council-directed policy implementation and operational matters. When both parties are working together, these are complementary objectives.

The hiring of a CAO—the only administrative position for which a Council is directly responsible—is one of the key responsibilities of Council and a key component of good governance.

Developing a job description and an interview process based on the concept of good governance helps Council narrow the field of CAO candidates who will be the best fit for their municipality.

Understanding the CAO's role

The *Ontario Municipal Act, Section 229* provides for the establishment of a Chief Administrative Officer (CAO) position as the head of local government administration with duties as listed in Bill 68, *Modernizing Ontario's Municipal Legislation Act, 2017*. These can also include any amendments outlined in the municipality's CAO bylaw.

Essentially, a CAO is responsible to Council to administer the business affairs of the community in accordance with the policies and plans established and approved by Council.

The CAO has a critical responsibility to provide the highest-quality professional advice on behalf of the administration to Council, to enable informed decision making, to mitigate risk and to ensure successful implementation of Council's direction. *Appendix 1* contains a suggested job description of the CAO's duties.

The CAO is accountable to the Mayor and Council. While direct reporting may vary from municipality to municipality, it is important that Councillors agree on how communication should be managed between elected officials and the CAO.

Once a CAO is chosen, a municipality generally passes a bylaw, a sample of which is found in *Appendix 3*.

A CAO is responsible to Council to administer the business affairs of the community

Recruitment of a CAO

Criteria for the recruitment, selection and offer of employment; the terms and conditions of employment and compensation; and the termination of employment are at the discretion of Council.

When the CAO position becomes vacant, Council may consider the following:

- What critical projects are under way and what be the impact of the CAO vacancy on these?
- Who will be involved in the recruitment process?
- Should all Councillors contribute to a CAO core competency listing?
- Should an interim or acting CAO be appointed?
- Should the search for candidates be regional, provincial or national?
- If there is a succession management plan in place, how will internal candidates for the position be managed?
- Is the preference for a change agent CAO to be hired versus a status quo CAO?
- What are the desired qualifications and attributes of the next CAO?

Council may also consider whether the CAO vacancy should be limited to internal, previously identified high-profile candidates. This approach works best in situations where a municipality has demonstrated a robust succession management program that has identified high-potential regional candidates. In this case, candidate skills and competencies are measured against those required for the CAO position and candidates maintained development plans including regular reviews and assessments.

Recruitment options

One of Council's first priorities in a CAO recruitment process is to decide what role Councillors will play in the recruitment and selection of a new CAO.

There are three common options:

- selection committee of Council
- Council as a whole
- Council delegation to the Mayor

Selection committee of Council

A Council may wish to delegate the selection and recruitment process to a smaller committee of Council, usually consisting of the Mayor and chairs of standing committees, or by nominating members of Council to the selection committee.

Councils with more than five members may prefer this option rather than requiring all members be involved in the recruitment process. In this option, the selection committee usually conducts the first and second interviews, and brings a recommendation back to the full Council for approval and ratification.

This option has variations, including having the selection committee conduct interviews and inviting finalist candidates for a final interview prior to a Council vote to hire a new CAO.

Council as a whole

Council may determine that the full Council needs to be included in the recruitment and selection process. This option may work well for Councils with five or fewer members.

Council delegation to the Mayor

Council may choose to delegate the sole authorization for the hiring process and selection to the Mayor. However, this option is not as inclusive as one involving Councillors and may be seen as contrary to the intent of the *Municipal Act*, which states clearly that Council may appoint a CAO.

Council resources for the recruitment and selection of a CAO

Recruiting a CAO can be an in-depth exercise where Councils will want to seek expert guidance, including the services of an:

- executive search firm
- independent HR consultant or CAO recruitment specialist
- internal HR consultant

Executive search firm

Where Council wishes to seek candidates who may not necessarily be actively looking at position advertisements, it may choose to use the services of an executive search firm.

Search firms are usually contracted through an RFP or expression-of-interest process, which is used to identify qualified firms that meet the municipality's stated needs. Requirements for a search firm may include experience recruiting CAO positions, experience in senior-level recruitment in the municipal sector and/or knowledge of the municipality.

An executive search firm works with Council to confirm the CAO profile, position competencies and search strategy. The firm screens prospective candidates and develops a short list of candidates to be interviewed by the appropriate Council members.

A search firm will generally manage all logistics associated with recruitment

Generally, the search firm will manage all logistics associated with the recruitment, including setting up and participating in interviews, conducting reference and background checks, and possibly providing further testing and evaluations as required.

Search firms have the benefit of a large network of contacts, may have a large database of potential candidates from other searches and often have staff resources to assist in process logistics. Councils can expect to pay between 25% and 30% of an annual CAO salary for a successful search. A contract with an executive search firm should include terms to cover instances where the search is unsuccessful.

Independent HR consultant

An independent HR consultant or CAO recruitment specialist can help Council undertake the recruitment and selection of a new CAO. Similar to an executive search firm, the consultant would generally complete similar search strategies and assessments of candidate competencies.

Independent consultants should have experience in this type of recruitment, a proven record of success and follow standard procurement procedures.

Internal HR department

Municipalities may choose to use their internal HR department to conduct the recruitment process for a new CAO. This would typically be done by the HR Director or the person in charge of staffing and recruitment.

Using internal expertise saves municipalities the expense involved in hiring an executive search firm or an independent HR consultant. However, municipalities using internal staff may not benefit from a wide applicant pool, with applicants coming from a wider geographical area (if that is a desired goal). Internal resources may not be able to provide the same number of direct contacts that search firms or independent HR consultants would have.

Where internal HR positions do not exist within the municipality, it is not uncommon to approach neighbouring towns or cities with larger organizations to seek HR support for the recruitment process.

Managing during the CAO vacancy period

When a CAO position becomes vacant or where the CAO has left the employment of the municipality prior to a new CAO being hired, Council may choose one of the following options to fill the position on a temporary basis until such time as a permanent CAO is hired:

- Council may request that a member of the senior management team fulfill the duties of the CAO on acting basis. This person would be a sole contact for the Mayor and Council during the CAO recruitment period.
- Council may request members of the senior management team to rotate into the acting CAO chair for an agreed-upon time.
- Council may enter into a contract to appoint an external interim CAO to perform the duties of the CAO on a full-time, temporary basis until a permanent CAO is hired.

Appointing either an acting or interim CAO allows Council to take the necessary time to determine a more specific mandate for the next CAO and to develop the recruitment and selection process to be used.

Appointing an acting CAO

Appointing an internal candidate to the role of acting CAO may allow an opportunity to test skills and performance that may not ordinarily be obvious. Internal candidates have the local knowledge and, in most instances, assist with maintaining momentum on key projects. On the other hand, Council needs to be aware that appointing an internal acting CAO can create the expectation that the acting CAO is a preferred candidate. If this person is not offered the permanent position, the appointment may create morale issues and tension between the former acting CAO and the newly hired permanent CAO. Council may also choose to have senior management of the municipality rotate through the acting CAO role.

Appointing an interim CAO

When Council feels that a new direction is required, or significant organizational change would benefit the municipality, an appropriate strategy might involve engaging an interim CAO on a temporary contract basis.

Interim CAOs can bring a fresh perspective and offer advice and recommendations for Council consideration. In some instances, difficult decisions can be made by the interim CAO that will

set the stage for a “clean start” by the next CAO. As well, an interim CAO can bring an unbiased perspective to the recruitment process.

CAO position profile and core competencies

CAO candidates must possess a progressive track record of success in a leadership role within a multistakeholder organization. The ideal candidate will have significant and varied leadership and executive experience.

A position profile should be developed and referenced for transparency to Council and the community regarding the attributes desired when recruiting a new CAO. This helps ensure the success of the recruited candidate. *Appendix 1* can be used or modified to meet the unique requirements of any Ontario municipality.

Developing a CAO profile is a consultative process, and should include feedback from all members of Council and, potentially, senior municipal management. The CAO profile forms the basis on which to assess potential candidates at each stage of the recruitment and selection process. Selection committees may also refer to *Appendix 2*.

At this point, the opportunity exists to review the current CAO job description to ensure it is up to date and reflects the work described. *Appendix 3* offers an example.

Lastly, a job posting to attract suitable candidates for the position can be prepared including key points of current municipal strategies and Council objectives, as well as highlights of the CAO profile and competencies.

CAO offer of employment

Employment contracts

Employment contracts are valuable for both parties and can be a basis for developing clear expectations. Serious consideration should be given to establishing upfront terms and conditions of employment, which are documented and acknowledged.

Among other things, an employment contract outlines the rights and responsibilities of both employee and employer, and sets clear expectations for performance.

An employment contract provides a number of important benefits:

- clarity and transparency on the expectations and responsibilities of both parties
- clear parameters on the terms and conditions of employment between the municipality and the CAO
- demonstration that the municipal government is competent and transparent in its only human resource management responsibility — managing the CAO
- fairness and equity by formally documenting the interests of both the municipality and the CAO
- specifics regarding employment details
- referral mechanism if a dispute arises over an aspect of employment
- fostering a positive relationship between the employer and the employee

Employers usually feel that an employment agreement creates an enhanced degree of organization and structure in the work relationship. For employees, an employment agreement can provide a sense of stability and security, especially if the agreement lists the time frame for the period of employment.

Appendix 4 includes a sample contract for reference. This should only be used after seeking the appropriate human resources and legal advice.

Many items in the employment contract are negotiable and subject to unique conditions in each municipality including past practices, precedents, affordability, non-union compensation policy (where it exists or where applicable), and the willingness of Council to attract a candidate.

Notable examples within the employment contract that may vary or represent a menu of options for Councils to consider are:

- **Duration of contract.** Though not a requirement for employment contracts, often CAO contracts are between three and five years, although some contracts may be subject to annual renewal. Councils should consider that restrictive contracts may impact the ability to attract a suitable candidate.

- **Salary.** Typically, the salary range for a CAO is determined using market comparisons. An exception to this may be where the position sits within the municipality's non-union salary structure. A successful candidate's starting salary is subject to negotiation between the CAO candidate and the municipality.

Salary considerations

Factors to consider when determining a CAO salary could include:

- size of municipality
- organization structure and scope of services (tier)
- average family income for residents within the municipality
- number of employees working for the municipality
- operating budget size
- geographic location, employment market, labour pool or market competition within a defined number of kilometres of the municipality

Options for CAO salary may include:

- fixed salary for the duration of the contract
- starting salary with increases determined by the municipality's non-union compensation policies or as negotiated in the employment contract
- eligibility for any Council-approved increases provided across the board for non-union employees
- in cases where a CAO candidate is in receipt of an OMERS pension, negotiation terms to increase the salary equal to the employer's portion of the OMERS contribution; or
- cash in lieu of benefits where the CAO already has a benefit program.

Sample employment contract terms

Employment contract terms may include:

- effective date
- term of agreement
- duties
- adherence to municipal policies
- remuneration inclusive of salary, car allowance, parking
- applicable moving allowance
- professional memberships
- expectation of confidentiality
- vacation/overtime allotments
- termination
- voluntary resignation
- return of property
- severability and financial entitlement
- release and acknowledgement
- assignment of rights
- notices
- applicable law
- recommendation to seek independent legal advice

Non-salary contract options

Notable examples within the employment contract that may vary or represent a menu of options for Councils to consider are:

- A vehicle lease on behalf of the CAO may be an option to a monthly automotive allowance. This is a matter subject to negotiation and preferences of the CAO and the municipality.
- To entice the CAO to move to the municipality, a moving allowance may be provided. This matter would be subject to negotiation between the parties.
- Typically vacation and overtime allotment is negotiated between the parties. Often the municipality will refer to its current policies for vacation and overtime that are provided to non-union employees and/or senior management.

Attachments and schedules to the CAO employment contract

A number of attachments or schedules may be sent with an employment contract, including:

- CAO position description and/or profile
- applicable municipal policies, where applicable, such as non-union compensation, taxable benefit information, benefits policies and pay-for-performance.

Termination options

When hiring, Councils should be sure to consider what would happen in the event a CAO does not work out. While the duration of the employment contract may be sufficient, outlining termination options is also wise.

In cases of termination without cause, it is imperative that these terms of the contract be explicit and detailed so that both the Council and CAO are fully aware of payments that will follow said termination. These requirements call for payments to follow employment standards notice and severance provisions, as well as common law requirements.

Many factors, however, have influenced precedence in recent years such that the above would likely not be sufficient or defensible in terms of a severance payment, unless agreed to by the municipality and the CAO. It is unlikely that a CAO would agree to such a formula.

Severance options have many components and Councils and potential CAOs should seek legal advice before agreeing to a contract. Typical severance provisions in existence in recent years for municipal CAOs include:

- 12 months' notice (typical minimum)
- 12 months' notice plus one month for each completed year of service to a maximum (usually 18 to 20 months for municipalities)

If termination without cause occurs in the first year of the contract, the balance of the contract would be paid out as severance. If termination follows the first year of the contract, a sliding scale would be used to represent severance payments.

For example, in a four-year contract, if termination occurs in the second year, severance could be 18 months; if in the third year, 15 months and the balance paid out; if in the last year, 12 months. In this situation, specific terms would be subject to negotiation and agreement by both parties.

Independent legal advice

CAO employment contracts must provide an opportunity for the CAO to obtain independent legal advice when reviewing and deciding to sign the employment contract.

An employment contract is a legal document that effectively binds the municipality and the CAO to the terms and conditions of employment for the duration of the contract. Both the legal rights of the municipality and the CAO are protected when an employment contract is reviewed by the CAO's independent legal services counsel.

Municipalities may also want to consider using independent legal counsel to negotiate the terms and conditions of the contract with the CAO. A municipality could also use the person in charge of HR, as that person should have sufficient knowledge of employment law requirements to represent the municipality.

CAO performance review

Council's active involvement in evaluating the performance of their CAO is critical. In many ways, this is the highest form of communication between the two parties. Effective performance management can produce:

- a rare opportunity for frank exchanges between the CAO and Council
- an enhanced understanding of the support that both parties need to meet the requirements of their roles and responsibilities
- improved business results
- an empowered and engaged CAO (municipalities can strengthen the engagement of their CAO and their municipal employees by creating a culture of shared accountability for career growth and development and success of the organization)
- Council understanding of the effectiveness and abilities of their CAO (with insight into a CAO's skills and abilities, municipalities can ensure the CAO is getting the direction, feedback and development they need to succeed)
- an opportunity for celebration on reaching mutual goals
- course corrections (if both parties have a different understanding regarding meeting job expectations and objectives, this is the opportunity to discuss and reach mutual agreement for moving forward)

It is a best practice that the head of a municipality to review the performance of the CAO at least annually. This review is often performed by a designated committee of Councillors, who

It's best practice for the head of a municipality to annually review a CAO's performance

sit on a CAO performance review committee that is chaired by the Mayor. Municipal Councils may also elect to conduct the performance review of the CAO in a committee-of-the-whole setting.

Ideally, the performance evaluation should be conducted in a manner generally consistent with the performance evaluation process employed for all senior managers of the municipality. The completed written performance evaluation should be confidential and include goals and expectations for the following year.

Either the senior internal head of HR or an external HR consultant should assist the Council team in managing the review process or gathering confidential feedback from members of Council. More expansive processes can include staff and stakeholders. This is not typical, but can be beneficial for those Council members who do not spend time directly with the CAO.

The responsibilities of a CAO performance review committee often includes:

- establishing the process for the annual review of the performance of the CAO
- orienting members of Council on the CAO performance review process
- recommending changes to the CAO performance review process
- establishing the annual CAO objectives
- establishing an annual professional development plan in cooperation with the CAO
- recommending to Council any changes to CAO compensation, depending on the terms and conditions of the CAO employment contract, following the performance appraisal process

Appendix 5 is included for reference and Councils can also consult the comprehensive *CAO Performance Evaluation Toolkit* recently developed by the Canadian Association of Municipal Administrators (CAMA). Found at camacam.ca, this comprehensive document offers tips and techniques for performance evaluation in a manner that can be scaled to suit any size of municipality.

APPENDICES

Appendix 1

CAO position profile

- A strategic communicator; able to adapt and tailor the conversation/presentation to a variety of audiences and contexts; understands the importance of both formal and informal communications.
- Ability to break down organizational silos and exhibits a strong horizontal style of leadership; leads initiatives across the organization, rather than using the more traditional up-and-down approach.
- Talented broker and strategic negotiator in both an “at the table” sense as well as behind the scenes.
- An entrepreneurial, transformational leader who has the ability to vision and explore innovative service delivery models.
- A bold decision-maker who is not afraid to make a mistake and have the ability to learn from it: track record as a decision-maker; results-oriented and performance-driven; links short-term actions and long-term goals.
- Believes in and drives for results and accountability at all levels; pragmatic, believes in delegating responsibility and holding individuals accountable for results/performance; encourages the establishment of high standards and stresses the importance of continuous improvement; is prepared to ask tough questions and address substandard performance quickly and effectively; assumes responsibility for decisions/results.
- Excellent interpersonal skills, capable of relating effectively to a diverse range of people, personalities and styles (both internal and external); demonstrated ability to work collaboratively with stakeholders across the municipality and in establishing and building relationships with all stakeholder groups; an objective sounding board and voice, able to listen to vested interest groups and make objective recommendations that are best for the municipality; ability to speak the ‘partners’ language and establish an immediate rapport; exhibits integrity and develops trust easily; willingly accepts the trust delegated by Council.
- Exhibits a “boardroom” presence — credible and articulate, able to present and sell concepts and plans to Council, the executive /senior management team and other external stakeholders.
- Track record of building strong teams; demonstrates the ability to energize, motivate and lead an organization to achieve objectives; demonstrates the ability to build a sense of confidence and consensus, and create a positive and constructive work environment; sensitive to team needs, shows honesty and genuine interest in their concerns, avoids arrogance and defensiveness, develops sound solutions or approaches; requests, listens and responds to feedback.

- A solid strategic visionary and implementer of plans; experienced in the development of strategic plans, including operational priorities and associated resource allocation requirements; ability to translate strategic vision into plans for implementation and execution.
- Enhanced analytical problem-solving skills; ability to think critically; a realist who exhibits a common-sense approach to resolving problems.
- High energy level and a self-starter who exhibits high adaptability and flexibility to changing systems, conditions or priorities; responds quickly to requests and meets deadlines and budgets.
- Utilizes a variety of management styles, depending on the situation, with a capacity to facilitate groups through issues; leads by example; action-oriented; generates original and innovative ideas and solutions; has a common improvement perspective; high tolerance for change.
- Has a solid personal awareness and capacity to build an executive /senior management team to capitalize on strengths and minimize limitations.
- Enjoys their role in the community.

Appendix 2

CAO core competencies

Strategic orientation

Links long-range vision and concepts to daily work. Strategic orientation moves from understanding business fundamentals and strategies to a sophisticated awareness of the impact of the external environment on strategies and how external factors affect choices.

Shaping the organization

Works effectively within structures, stakeholders and relationships within the municipality. Identifies the decision-makers and the individuals who can influence them and work with them to achieve objectives. Predicts how new events or situations will affect individuals and groups both within and external to the municipality and utilizes that knowledge to achieve the organization's objectives.

Leadership

Creates and communicates a vision and engages others in its achievement. Demonstrates behaviours that model and support the organization's aspirations and values and ensure its success.

Leading change

Initiates, facilitates or implements change. Helps staff and stakeholders understand what the change means to them, builds a shared vision and provides ongoing guidance and support, which will generate and maintain enthusiasm and commitment to the change process.

Political acuity

Deals with the culture of the municipality. Navigates formal and informal channels and networks with Council, the executive/senior management team, management groups, the media and the private sector.

Innovation

Enhances performance by being creative, promoting new ideas and introducing new solutions or processes.

Communication

Exercises a high degree of interpersonal skill, tact and diplomacy. Has ongoing contact and dialogue with members of Council and various stakeholders at all levels. Engages in external contact with community stakeholders and partners, the provincial and federal governments, the media and related organizations to provide and exchange information and solve problems. Adapts and tailors the conversation/presentation to a variety of audiences and contexts.

Relationship-building

Establishes, builds and maintains strong and reciprocal relationships and a network of contacts to keep a pulse on the municipality's political and internal issues and to make informed decisions. Identifies who to involve and when, and how to involve them, in order to accomplish objectives and minimize obstacles.

Partnering

Creates an organizational environment that is open to alliances and attracting partnerships. Able to strategically identify and then approach potential partners, based on an understanding of "what's in it" for the other partner. Negotiates and manages the strategic nature of alliances and determines when adjustments, fine-tuning or termination of partnerships is required.

Customer-first orientation

Identifies and meets/exceeds the requirements of both internal AND external customers/clients. Places a clear emphasis on service to customer groups:

- recognizes the variety of "customers" within the municipality and at all levels of the organization and accommodates their diverse needs; and
- recognizes the variety of external customers including residents, community groups and other stakeholders.

Results orientation

Shows a desire or drive to achieve or surpass identified goals. Establishes performance objectives and measures to continuously improve performance and the standard of excellence across the municipality. Includes innovative or entrepreneurial behaviour.

Holding people accountable

Ensures others meet objectives and expectations in an appropriate and effective manner. Ensures the performance management process is conducted throughout the year. Provides clear direction, appropriate tools, resources and authority to support success.

Fiscal accountability

Effectively s and optimizes human, financial and physical resources; undertakes qualitative and quantitative measurement assessments; plans and controls resources to maximize results.

Teamwork

Is part of a team and works co-operatively with others. “Team” is broadly defined as any task- or process-oriented group or individuals working toward a common goal.

Appendix 3

A sample CAO bylaw schedule

Schedule “A”

to Bylaw Number [xxxxxx]

General Duties, Roles and Responsibilities

Introduction

The Chief Administrative Officer (CAO) shall carry out the general duties, roles and responsibilities set out herein in accordance with any and all relevant and applicable by-laws, resolutions, policies and guidelines that may be enacted or directed from time to time by Council.

Nothing contained in this document shall be deemed to empower the CAO to perform, do or direct any act which shall in any manner or extent whatsoever encroach upon the legislative powers of Council.

1. General Duties and Responsibilities

Subject to the provisions of the Municipal Act, and as herein provided, the duties and responsibilities of the CAO shall be as follows:

- a. To report to, be accountable to, and receive authority from the Council of the Corporation of the (insert municipality) and to perform his/her duties in conformity with Council decisions;
- b. To coordinate, lead and direct the Executive Team/Senior Management Team in the administration of the business affairs of the Corporation;
- c. To delegate appropriate duties and responsibilities to the Executive Team/Senior Management Team within the organizational structure for the purpose of establishing an efficient and effective administrative structure;
- d. To be responsible for motivating and developing the skills of the Executive Team/Senior Management Team members and fostering productivity, professionalism, adherence to the corporate values and open communications;

- e. To provide hands-on direction and assistance in planning and implementing difficult and complex tasks which may cover a number of departmental disciplines and which require the co-ordination and co-operation of the various departments;
- f. To provide information and advice, in co-operation with the Executive Team/Senior Management Team, as required or as might be useful to Council for purposes of decision making and by-law approvals;
- g. To attend meetings of City Council, Planning Council and Committees of Council as required or as delegated, with the right to speak, but not to vote. The CAOs right to attend exclude matters specific to CAO Contract and Councils deliberation of the results of the CAO Performance Appraisal Process;
- h. To present to Council, in co-operation with the Executive Team/Senior Management Team, reports and information regarding progress and accomplishments of programs and projects, the status of revenue and expenditures and the general administrative management of the Corporation;
- i. To direct the co-ordination of all policy decisions of Council and deal with matters arising from Councils decisions in accordance with such established policies without further reference to Council except to regularly report to Council upon the actions taken through the established reporting systems of Council and Committee or as specifically directed by Council;
- j. To guide the strategic process as established by Council for the Corporation which includes the development of corporate implementation plans;
- k. To attend to the interests of the Corporation on federal, provincial, regional or local municipal intergovernmental issues and with boards, agencies and commissions at the administrative level;
- l. To perform any additional responsibilities and to exercise the powers incidental thereto which may, from time to time, be assigned to the CAO by Council.

2. Human Resource Management and Administration

- a. To advise Council as to the appointment, promotion, demotion, suspension or dismissal of an Executive Team/Senior Management Team member reporting directly to the CAO;
- b. To have authority and responsibility to appoint, promote, demote, suspend or dismiss any employees of the Corporation below the Executive Team/Senior Management Team in accordance with the lines of authority defined in the organizational structure;
- c. To have authority to appoint, promote, demote, dismiss any other employees of the Corporation in accordance with procedures contained in all collective agreement and in accordance with the lines of authority that are defined in the organizational structure;

- d. To oversee the collective bargaining process with all unionized Corporation employees and to recommend to Council collective agreements concerning wages, benefits, and terms of service and upon approval of Council, to direct the administration of such collective agreements;
- e. To administer all salaries and performance review of employees who are subject to the supervision of the CAO, within the limitation of any salary plan or salary contract agreement, in consultation with Council, as required; and
- f. To carry out an annual performance evaluation of all Executive Team/Senior Management Team members recognizing achievements, correcting deficiencies and improving overall individual or departmental performance in consultation with Council, as required.

3. Financial Management

- a. To direct, in co-operation with the Chief Financial Officer/Treasurer and the Executive Team/Senior Management Team, the preparation and presentation of operating and capital budgets on an annual basis;
- b. To exercise financial control over all Corporate operations in conjunction with the Chief Financial Officer/Treasurer, to ensure compliance with the annual estimates of revenue and expenditure approved by Council;
 - i. to adjust staffing levels to maintain the level of Council approved programs and services provided that no new costs are incurred in the current or subsequent budget years;
 - ii. where, as a result of emerging priorities (e.g. provincial initiatives, changing community priorities, Council direction) that result in the need to introduce new programs or increased service levels, or to increase staffing levels that add cost to the current or subsequent budget years, to secure Council approval;
 - iii. where service level or program reductions are contemplated, to secure Council approval;
- c. To direct the review of fiscal policy and its management;
- d. To approve all purchasing with authority to enter into contracts;
- e. To approve all tenders and quotation awards where funds are provided in the budget and established purchasing policies have been observed; and
- f. To approve all tenders and quotation awards when Council is unavailable, where funds are provided in the budget and established purchasing policies have been observed.

4. Administrative Organization and Management

- a. To create and re-organize, in consultation with the Executive Team/Senior Management Team, such departments of the City as may be considered necessary and property to fulfil obligations for the Corporation, and will report to Council on the changes;
- b. To annually meet with Council to review and assess performance during the past year and review and discuss the salary and benefit provisions as well as priorities to be pursued during the following year; and
- c. To hold office at the pleasure of Council for the agreed upon term. Council may, in its sole discretion, suspend or dismiss the CAO subject to compliance with any statutory requirements or contractual agreements, and subject to the right of the CAO to a hearing before Council or such Committee therefore as Council may by by-law authorize in respect of such suspension or dismissal, if so requested by the CAO.

Appendix 4

Sample employment contract

EMPLOYMENT AGREEMENT

BETWEEN:

NAME:

(Hereinafter called the “Employee”)

And

THE CORPORATION of Region/City/Town/County

(Hereinafter called “the Employer”)

WHEREAS the *Municipal Act*, S.O. 2001, as amended, authorizes a municipal council to appoint a Chief Administrative Officer (“CAO”);

AND WHEREAS the Employer wishes to employ the Employee and the Employee wishes to accept this employment with the Employer as its Chief Administrative Officer (CAO);

NOW THEREFORE, in consideration of mutual covenants set out in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

1. Effective date and term of agreement

1.01 Subject to the provisions for earlier termination as hereinafter provided, the term of this Agreement shall begin on **[Insert Date]** and shall terminate at midnight on **[Insert Date]** (to represent length of contract such in years).

1.02 The Employer and the Employee shall give consideration to the renewal of this Agreement during its final year. Each party shall advise the other not later than the last day of **[Insert Date]** (date that is 60 days in advance of the last day of contract) whether or not they wish to extend or renew this Agreement. The Parties shall thereafter meet to determine the terms, if any, under which they might be willing to extend or renew this Agreement, but neither party shall be obligated to agree to any such renewal or extension and may terminate any renewal discussions at any time in their absolute discretion.

1.03 The term of this Agreement cannot be extended or renewed without a further Agreement in writing under which this Agreement is extended or renewed.

1.04 In the event that the Employer does not wish to exercise its option to renew this Agreement or the Parties cannot agree upon the terms and conditions for the renewal, the Agreement shall terminate at the expiration of the existing term and the Employee will be entitled to receive notice in accordance with Clause 7.02.

2. Duties

2.01 The duties of the Employee shall be those duties set forth in the *Municipal Act* and any amendments thereto, and those duties set forth in [Region/City/Town/County] By-law Number [xxxx], and such other duties as Council may, from time to time, assign. The Employee shall report to the Mayor and City Council.

2.02 The Employee undertakes to fully and faithfully discharge the duties and responsibilities of the Chief Administrative Officer to a high standard of professional competence.

2.03 The Employee will devote the whole of his/her time, effort and attention to the business and well-being of the Corporation of the [Region/City/Town/County]. Without limiting the generality of the foregoing, the Employee:

- i. will not engage in or accept any office or position or business that might interfere with the business and well-being of the Employer, except with the prior written consent of Council; and
- ii. will not engage in or accept any office or position or business for gain, except with the prior written consent of Council.

2.04 At the initiative of the [Mayor/Regional Chair/Warden] of the [City/Region/Town/County], the performance of the Chief Administrative Officer shall be reviewed annually, at a minimum, by a designated committee of Councillors, inclusive of the Mayor as Chair of said committee. The performance evaluation shall be conducted in a manner generally consistent with the performance evaluation process employed for all senior management of the Employer. The completed written performance evaluation shall be confidential and it shall include goals and expectations for the following year.

3. City policies

3.01 Except as specifically provided for in this Agreement, the terms and conditions of the Chief Administrative Officer's employment shall be governed by the Employer's human resource policies and practices.

4. Remuneration

Salary

4.01 Effective [insert date], the Employer will pay the Employee an annual salary of [insert amount] (subject to any deductions required under the Employer's policies, OMERS and relevant bylaw). The Employee's salary will be reviewed annually to ensure that the range remains competitive at a Council-approved committee (i.e., if a Council should approve a competitive position at all). Future increases where required to maintain the Council-approved competitive position will be reviewed and approved by Council.

The Parties further agree that if the municipality implements a pay-for-performance program, then the Employee would be eligible to participate in this program.

The Employee will move through the salary range annually on the anniversary date of the appointment to the CAO position, subject to satisfactory performance (as indicated earlier, a CAO and Council could agree to a fixed annual salary for the duration of the contract, in which case the above would not apply).

Benefits

4.02 The Employee will be entitled to participate in all health, disability, insurance and any other employee benefit plans and programs of the Employer in effect for senior staff in accordance with the terms of those plans and policies and which may be subject to change by the Employer from time to time.

Automotive allowance

4.03 The Employee will receive an automotive allowance of [Insert Data] per month as compensation for the use of his/her personal vehicle for business purposes. This allowance will be reviewed and updated on a yearly basis in accordance with the Employer's automotive expense reimbursement policy.

Parking

4.04 The Employee will be provided with a reserved parking space for one vehicle.

Moving allowance

4.05 The Employee shall be provided with a one-time moving allowance to recompense the Employee for costs related to his/her relocation to the [Region/City/Town/County].

These costs may include but are not limited to the sale and purchase of homes, temporary relocation and moving costs. The payment of this one-time moving allowance will be made in accordance with the following schedule:

- A maximum [Insert Data] if the Employee's residency in [Region/City/Town/County] commences within the first [Insert Data] months of this Agreement, OR
- A maximum of [Insert Data] if the Employee's residency in [Region/City/Town/County] commences after the first [Insert Data] months and before the first [Insert Data] months of this Agreement.

The Employee shall provide receipts proving any such expenses to the satisfaction of the Treasurer. In the event that the employment of the Employee is terminated for cause or as a result of his/her resignation, during the first two (2) years following the payment of such allowance, the said moving allowance shall be fully refunded by the Employee.

Professional memberships

4.06 The Employer agrees to maintain at no cost to the Employee, his/her membership in the following professional organizations:

[Insert Data]

5. Confidentiality and contract details

5.01 It is understood that the salary range of this position and policies governing benefits for management employees of the Employer are a matter of public record. The Employee acknowledges that this contract may be subject to an access request under the *Municipal Freedom of Information and Protection of Privacy Act*, and that those provisions of the agreement that are not deemed to be personal information will be released by the Employer. Prior to releasing any details of this contract that are not deemed to be personal information, the Employer shall first inform the Employee of its intention to do so.

6. Vacation and overtime

6.01 The Employee will be entitled to [Insert Data] weeks of paid vacation per year of employment.

6.02 The Employee will not be compensated for any overtime save and except the Employee will be entitled to one (1) week in lieu of all overtime worked in a year, in accordance with the [Region/City/Town/County] compensation policy for senior management.

7. Termination

(A) With cause

7.01 The Employer may terminate the Employee's position, without notice, at any time, for "just cause." The Employee's employment and rights under this Agreement shall terminate on the day that notice of termination is delivered. Upon termination for just cause, the Employee shall be paid all unpaid salary owing to the date of termination. No further payments will be made by the Employer and all of the Employer's obligations under this Agreement shall cease.

(B) Without cause

7.02 At any time during the term of this Agreement, the Employer may, at its sole discretion, terminate the Employee for any reason, without cause. If the Employee's employment is terminated in accordance with this provision, the Parties agree as follows:

- i. the Employer will continue to pay the Employee's base salary for a period of [Insert Data] months, plus one (1) month for each year completed during the term of this Agreement up to a maximum of [Insert Data] months. This payment will be made from the date of termination, payable in biweekly instalments on the normal payroll day;
- ii. with the exception of short-term and long-term disability benefits, and the automotive allowance, the Employer will continue the Employee's employment benefits, including pension contributions, throughout the notice period in which the Employer continues to pay the Employee's salary. The Employer will continue the Employee's short-term and long-term disability benefits as per the minimum requirements set out in the *Employment Standards Act, 2000*. The automotive allowance will cease on the effective date of termination;
- iii. all payments provided under this paragraph will be subject to all deductions required under Employer's policies and by law; and
- iv. any future entitlement to salary continuation terminates immediately upon the death of the Employee.

(C) Voluntary resignation

7.03 The Employee may voluntarily resign from his/her position as Chief Administrative Officer by providing the Employer with at least eight (8) weeks' written notice. Upon being provided with said notice of resignation, the Employer may, by Resolution, waive or reduce this period and may require the Employee to cease work at any point within the eight (8) week period. Upon receiving the Employee's notice of resignation, the Employer will pay the Employee all unpaid salary to the proposed date of resignation.

8. Return of property

8.01 All equipment, material, written correspondence, memoranda, communication, reports or other documents pertaining to the business of the Employer used or produced by the Employee in connection with his/her employment, or in the Employee's possession or control, shall at all times remain the property of the Employer. The Employee shall return all property of the Employer in his/her possession or control in good condition within one (1) week of a request by the Employer, or within one (1) week of the termination or resignation of the Employee.

9. Entire agreement

9.01 This Agreement constitutes the entire Agreement between the Employee and the Employer. This Agreement may not be modified or amended except in writing by Resolution of the Employer with the agreement of the Employee.

10. Severability

10.01 If any provision of this Agreement is held to be illegal, invalid or unenforceable by any competent authority, such illegality, invalidity or unenforceability shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this Agreement.

11. Release and acknowledgement

11.01 The Employee acknowledges and agrees that the consideration contained in this Agreement is inclusive of any and all compensation, payments, notice, pay in lieu of notice or severance payments to which he/she may be entitled under the *Employment Standards Act, 2000* and any other applicable legislation, common law or otherwise. The Employee further acknowledges and agrees that the consideration herein is fair and reasonable. The Employee agrees that upon any termination of his/her employment by the Employer, the Employee shall have no cause of action, claim or demand against the Employer, including its successors, predecessors and all affiliated entities, and the Mayor, Councillors, Officers, Directors, Employees and agents thereof, as the case may be, for any matter related to the Employee's employment or the termination of or resignation from said employment. Furthermore, the Employee hereby releases and discharges the Employer, including its successors, predecessors and all affiliated entities, and the Mayor, Councillors, Officers, Executive Directors, Employees and agents thereof, as the case may be, from any and all liability related to his/her employment on the termination of or resignation from said employment other than for his/her entitlements as set out herein, including wrongful dismissal.

12. Assignment of rights

12.01 The rights and obligations of the Employer under this Agreement shall pass and be binding upon its successors. The Employee's rights under this Agreement are not assignable or transferable in any manner without the consent of the Employer.

13. Notices

13.01 Any notice required or permitted to be given to the Employee shall be sufficiently given if delivered to the Employee personally, delivered by facsimile transmission (with confirmation of receipt) or if mailed by ordinary or registered mail to the Employee's address last known to the Employer. Service shall be effective on the fifth day after mailing.

13.02 Any notice required or permitted to be given to the Employer shall be sufficiently given if delivered or mailed to the Mayor or Clerk by ordinary or registered mail to the [Region/City/Town/County] and shall be effective on the fifth day after mailing.

14. Applicable law

14.01 This Agreement shall be governed by and construed in accordance with the laws applicable in the Province of Ontario by a court of competent jurisdiction.

15. Independent legal advice

15.01 the Employee acknowledges that he/she has had the opportunity to obtain independent legal advice before executing this Agreement and acknowledges that he/she fully understands the nature of the Agreement, which the Employee voluntarily enters into. The Employer agrees to compensate the Employee, up to a maximum of five hundred (\$500.00) dollars, for the cost of legal advice obtained by him/her in this regard.

DATED at _____ this *[Insert Data]* day of *[Insert Data]*, *[Insert Data]*.

SIGNED, SEALED AND DELIVERED

The Employee

Witness

Mayor

City Clerk

Appendix 5

Sample performance evaluation formats

CAO performance review—sample 1

Review to be completed by the CAO and distributed to members of Council for advance review.

Review to be followed by a meeting to be set with the CAO and Council for full discussion.

A—Achieved **PA**—Partially Achieved **NA**—Not Achieved

Performance Targets/ Measurement Criteria	A/PA	NA	Comments
CORPORATE DIRECTIONS/PRIORITIES			
1. Financial a. b. c.			
2. Employee Development a. b. c.			
3. Economic Development a. b. c.			

Performance Targets/ Measurement Criteria	A/PA	NA	Comments
4. Development/Growth a. b. c.			
5. Corporate Effectiveness/Pro- ductivity a. b. c.			
6. Asset Management a. b. c.			
7. Intergovernmental Initiatives a. b. c.			
8. Municipal Governance a. b. c.			
9. Other Priorities a. b. c.			

DEPARTMENT/DIVISION OBJECTIVES			
Performance Targets/ Measurement Criteria	A/PA	NA	Comments
10. Department NAME a. b. c.			
11. Department NAME a. b. c.			
12. Department NAME a. b. c.			
13. Department NAME a. b. c.			

CAO performance review—sample 2

Completed by individual members of Council and results compiled into one summary for full discussion with the CAO and Council.

COMPETENCY RATING	↓ Please indicate your evaluation	
1. Communication with Council, including effective, written and oral presentation and openness to Mayor and Council feedback and/or direction	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
2. Implementation of Council policy and assists Council in the development of annual and long-range goals of the Corporate Strategic Plan	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
3. Staff support for Council; anticipates and provides reports and recommendations as required by Council	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
4. Council-Staff relations/political acuity; putting information and skills together to better guide choices in order to accomplish goals and objectives	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
5. Staff relations; demonstrates leadership and promotes professional staff performance	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
6. Financial planning and administration; prepares and administers annual budget, which maintains a multi-year vision	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
7. Personal professional development; strives to maintain current knowledge and skill levels.	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0
8. Effective delivery of municipal services and community relations	Exceeds Expectations	3
	Meets Expectations	2
	Fails to Meet Expectations	1
	Unable to Rate	0

ACCOMPLISHMENTS/OBJECTIVES
9. Has the CAO accomplished or worked toward accomplishing the goals established by Council? Why or why not?
10. Based upon your overall evaluation of the CAO, what areas would you list as to their strengths?
11. Based upon your evaluation what areas would you suggest the CAO work on to improve skills and to be more effective in specific areas or situations?
12. What are the major objectives you believe the CAO needs to focus on for the coming year?
13. Final comments

Evaluator Name: _____

Date: _____

Solid advice for recruiting and working with your CAO

Build a successful Council/CAO relationship

Intended for elected officials, Human Resource Directors, and CAOs, this handbook is a practical how-to guide for the recruitment, employment and performance review process for the CAO or City/Region/Town/County Manager.

Based on the concepts of clarity, fairness, equity, transparency and fiscal responsibility, you'll be supported through every step from recruiting through termination.

You will find the guidance you need

- Proven recruitment process for the CAO
- Develop a clear understanding of roles and responsibilities
- Suggestions, forms and alternatives you'll need to set contractual terms
- Options and best practices for CAO performance evaluations

