

**DATE:** April 14, 2021

**TO:** Councillor Carella, Chair of the Effective Governance and Oversight Task Force (EGOTF)

**FROM:** Christine Gianino, Chief Human Resources Officer

**RE:** **Research on City Manager Recruitment Practices**

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## **Background**

In April 2021, the Office of the Chief Human Resources Officer was requested by Councillor Carella, Chair of the Effective Governance and Oversight Task Force (EGOTF), to conduct research and gather data on best practices from local municipalities relating to the recruitment of the City Manager position and to report back to the EGOTF. Specifically, Councillor Carella has asked questions with respect to best practices on recruitment processes for CAOs and Council's level of involvement, as well as other determinant factors in arriving at the employment contract.

## **City of Vaughan's Current Recruitment Practices**

The City of Vaughan's recruitment practices are guided by the [Recruitment Policy \(HR-021\)](#) and [Recruitment and Selection Guidelines](#), which ensures that the candidate selection process is consistent throughout the organization, and satisfies legal requirements and conditions set out by the Corporation's collective agreements and applicable legislation. In addition, recruitment practices for the City Manager and other senior level positions are often augmented by using an executive search firm. Executive search firms enable the City to utilize a specialized skillset, and have industry-specific knowledge and expertise, and vast networks across many sectors, which enables the City to broaden their reach to ensure that the best qualified candidate is sourced and selected.

Generally, once a candidate is selected by Council, the Office of the Chief Human Resources Officer would negotiate and prepare the employment contract, based on the City's Management Bylaw 100-2002, and the City Manager Bylaw 403-2003, as amended. In the course of the negotiations, the Chief Human Resources Officer may seek direction from Council on the terms of the contract, and Council is free to approve contractual terms that may be different from the Management Bylaw as Council sees fit (e.g. probationary period). Once Council has approved the terms and conditions, the contract is reviewed and signed-off by the Mayor, and executed by the Chief Human Resources Officer. The Office of the Chief Human Resources Officer then begins the onboarding process, such as coordinating the required paperwork and ensuring the City Manager is provided with the City's policies, procedures and all other relevant information.

The search for the City of Vaughan's current City Manager commenced in March 2020. The Corporation retained the services of WMC, a recruitment search firm that was responsible for identifying and attracting executive talent. Four (4) Council members sat on the first selection panel, with the shortlisted candidates interviewed and selected by all members of council. In July 2020, Jim Harnum was appointed by Council as the City Manager.

## **OMAA and OMHRA Best Practices**

The Ontario Municipal Administrators Association (OMAA) and the Ontario Municipal Human Resources Association (OMHRA) have prepared [CAO Employment Guidelines](#), to ensure that a consistent and orderly process is in place, and to enhance the ability of Council and their CAO to work together to deliver good governance for Ontario Municipalities and its residents. This guide seeks to provide guidance on recruitment and selection, mutual agreement on roles and responsibilities, clear terms of employment, and, performance review and development process. The scope of the research conducted focuses on the following areas:

### *Recruitment and Selection*

In many municipalities, the CAO or City Manager (CM) is the only position that Council is directly responsible for recruitment and performance management. The CAO is then accountable for all other positions within the City. The CAO/CM is hired to ensure that strategic priorities which are determined and developed by Council, are implemented through the administration and is ultimately accountable to the Mayor and Council in ensuring the strategic priorities are delivered.

### *Determining Council's Role in the Recruitment Process*

#### **1. Selection committee of Council:**

- Creation of a smaller committee of Council and delegation of recruitment and selection processes.
- Typically consists of the Mayor and chairs of standing committees, or through nominating members of Council.
- Works best for Councils with more than five members.
- Selection committee will conduct the interviews and bring recommendations back to Council for approval.

#### **2. Council as a whole:**

- All Council members participate in the recruitment and selection process.
- Works best for Councils with less than 5 members.

**3. Council delegation to the Mayor:**

- Council may delegate sole authorization to the Mayor.
- Not as inclusive as the other options and works in opposition of the *Municipal Act*, which indicates that Council may appoint a CAO.

*Council Resources for Recruitment*

The following options provides Council with expert guidance on the recruitment of a CAO:

**1. Executive Search Firms**

- Seeks out candidates through passive recruiting, i.e., candidates not actively searching for a job
- Contracted through an RFP process and must meet set requirements.
- Firms handle the logistics side of recruitment, and help screen prospective candidates, develop short lists to be interviewed by appropriate Council members, coordinate and participate in interviews, conduct reference and background checks and provide further evaluation as required.
- Firms are utilized as they boast vast networks of contacts, and may already have a database of potential candidates

**2. Independent HR Consultant or CAO Recruitment Specialist**

- Utilizes similar recruitment and assessment strategies as an Executive Search Firm
- Consultant should have proven experience and success within this area of recruitment

**3. Internal HR Consultant**

- Utilize in-house HR department, with recruitment done by the Chief Human Resources Officer.
- Typically used when the municipality is trying to save on expenses.
- Downside to this method is that reaching a wider pool of candidates is not as easy as the latter methods.
- If internal positions do not exist, organizations can reach out to comparator municipalities to seek HR support.

*Offer of Employment*

Employment contracts provide a basis for determining performance expectations, outlines roles and responsibilities of each party, and provides for a degree of structure, clarity and transparency, and fairness and equity. Aspects of the employment contract are subject to vary due to the negotiable nature of the agreement and considers the

organizations current and past practices and policies, affordability, and the willingness of Council to attract a quality candidate. The following items are typically up for consideration:

**1. Duration of contract**

- Typically, between three to five years, with some subject to annual renewal.
- The more restrictive a contract, the less likely the organization is to attract a quality candidate.

**2. Salary**

- Typically determined through market comparisons.
- Starting salary is subject to negotiation between CAO and municipality.
- Options for consideration:
  - i. Fixed salary for duration of contract.
  - ii. Starting salary with increases following non-union salary schedule.
  - iii. Eligibility for any Council-approved increases.
  - iv. Increase salary equal to employers' portion of OMERS contribution.
  - v. Cash in lieu of benefits where the CAO already has a benefit program.

**3. Non-salary contract options**

- Vehicle lease may be an option to monthly automotive allowance.
- Moving allowance to entice CAO to move to municipality.
- Vacation and overtime determined based on current policies for vacation and overtime.

**4. Termination**

- Termination without cause must be explicit and detailed so that both parties are aware of payments that will follow; follows ESA standards, severance provisions and common law requirements.
- 12 months' notice is the typical minimum.
- 12 months' notice plus one month for each completed year of service to a maximum (typically 18 – 20 months).
- If termination without cause occurs within the first year, balance would be paid out as severance. If termination follows the first year, sliding scale used to represent severance payments.

**5. Independent legal advice**

- Contract is a legal binding document and CAO must be provided with opportunity to seek out independent legal advice.
- Consideration for using independent legal counsel to negotiate terms and conditions, or CHRO as both have sufficient knowledge of employment law.

## Local Level Municipal Practices

The Office of the Chief Human Resources Officer conducted a market review contacting 33 local municipalities to understand current practices and procedures when recruiting for a City Manager/CAO. Information gathered was dependent upon survey participation and 7 responses were received. Individual municipal practices and procedures for the 7 respondents is attached as Appendix A.

Recruitment practices, policies, and procedures vary by municipality; however, Council's involvement and approval of selection process for a City Manager/CAO is consistent. Based on the information gathered, Mayor and Members of Council are involved at various stages of the hiring process for a City Manager regardless if the recruitment is conducted in-house or through the use of an executive search firm.

The areas that remain unclear and inconsistent among the responses is the application and duration of a probationary period, as well as applicable policies to ensure good governance as it relates to political interference. Although this information remains unclear from the locals identified, the Ontario Municipal Administrators Association (OMAA) and the Ontario Municipal Human Resources Association (OMHRA) has identified best practice where the performance of a City Manager should be reviewed at minimum on an annual basis. Further, where an Ethical Code of Conduct for Members of Council is silent Council's involvement and conduct during a recruitment process, *The Municipal Act, 2001* remains the primary source of regulation for municipalities and provides the basis for good governance.

## Conclusion

This report summarizes and compares the City of Vaughan's current policies, procedures, and practices to that of other local municipalities, and outlines what the OMAA and OMHRA best practices are with respect to CAO Employment Guidelines. Based upon the analysis, the City of Vaughan appears to be in alignment with best practices, as the organization utilizes a variety of resources outlined in the guidelines, however, processes can always be improved upon further to evolve with the changing landscape and needs of the organization.

## Appendix A: Local Municipalities Survey Responses

Municipality	Practice
Mississauga	<ul style="list-style-type: none"><li>Recruitment process does not include City Manager Recruitment</li><li>Management By-Law outlines recruitment process:<ul style="list-style-type: none"><li>Appointed by Council</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>• Council meets with City Manager at least once a year to review performance and salary/benefit provisions</li> </ul>
Caledon	<ul style="list-style-type: none"> <li>• Implemented a standing committee: <i>'CAO Recruitment and Performance Evaluation Committee'</i> <ul style="list-style-type: none"> <li>• Comprised of the Mayor (Chair), at least one member of Council from each of the Town's Wards</li> <li>• Human Resources and Town Clerk's Office provides support when required</li> </ul> </li> <li>• Mandate of the Committee:           <ul style="list-style-type: none"> <li>• Ensure appropriate measures to recruit and recommend select of CAOS to Council</li> <li>• Confirm position profile and job description as the basis for recruitment</li> <li>• Directs the Manager, Human Resources to:               <ul style="list-style-type: none"> <li>• target, source and screen candidates, receive and assess candidate resumes/applications; prepare and review short listed candidate profiles with the Committee; recommend candidates to Committee for interview; draft interview questions for the Committee's consideration; conduct personal assessments and referencing.</li> </ul> </li> <li>• As a standing committee, this Committee reports and makes recommendations to Council and would have no decision-making authority; recommendations may include a final interview by Town Council</li> </ul> </li> <li>• May retain services of outside consulting, legal counsel and HR professionals</li> <li>• The Mayor negotiates the employment contract for the CAO and Council appoints the CAO</li> </ul>
St.Catherine's	<p>Implements a <i>'CAO Recruitment &amp; Selection Special Task Force'</i></p> <ul style="list-style-type: none"> <li>• Comprised of the Mayor (Chair), and a minimum 2 to maximum 4 members of Council, appointed by Council</li> <li>• Task force final report announcing appointment of CAO has been received by Council, unless otherwise decided by motion and passed by majority vote, be disbanded</li> <li>• Human Resources and City Clerks provides assistance and administrative support to Task force</li> <li>• Task force is expected to actively participate in a transparent and comprehensive recruitment and selection process</li> <li>• Steps and decisions to be made to ensure successful recruitment:           <ul style="list-style-type: none"> <li>• <i>Position Profile</i>: task force and staff support will develop position profile and JD for transparency. Forms basis of which candidates are assessed</li> <li>• <i>Establish Competition Parameters</i></li> </ul> </li> </ul>

- The task force will decide if: A) limited internal competition: internal previously identified candidates; report created outlining performance and position profile; presented to Council for ratification B) Open internal competition: limited to internal candidates only OR and applications accepted from external candidates concurrently; report created outlining performance and position profile; presented to Council for ratification C) Open internal and external competition: open to both internal and external applicants simultaneously
- *Establish Recruitment and Selection Support Requirements:* A) executive search firms B) internal HR department
- *Selection Process*
  - Which applicants will be asked to compete for the vacancy as well as the selection mechanism that will be used to assess them.
  - Members of the Task Force will retain any documentation they create related to the
  - selection process and provide it to Human Resources when process is complete. The
  - documentation will be retained as per the City's Records Retention By-law.
- *Employment Agreement/Offer*
  - The Task Force will decide / negotiate:
  - All variable elements to be included in the employment agreement; base salary, incentive / discretionary performance pay, duration of contract, termination options and any associated payments, vacation allotment, relocation allowances, legal support allowances
  - Human Resources with the support of legal council will develop the formal employment agreement that will be extended to the successful candidate.
- *Integration Plan and Final Report to Council*
  - With the acceptance of the formal employment agreement, the Task Force will submit a final report to Council announcing the appointment of the successful candidate.
  - Human Resources, in consultation with the Mayor, will develop a plan to support the successful candidate's transition to the CAO role, and if the incumbent is



	an external applicant, an onboarding plan to orient them to the Corporation
Kitchener	<ul style="list-style-type: none"> <li>• Does not have specific policy regarding recruitment of CAO</li> <li>• Uses agencies on an as needed basis – no prescribed process based on position level.</li> <li>• If conducted in-house, use the same prescribed process for all levels (handled by designated HR partner)</li> <li>• If an external consultant is used, organization is involved in consulting on the posting copy and then participating in the shortlisting of the preliminary list and interviews.</li> <li>• Contract is determined by Council and is for a defined period</li> <li>• HR may assist with logistics and administrative work on the CAO recruitment however it is more likely the search agency will coordinate thee as the CAO reports to Council</li> </ul>
Greater Sudbury	<p>Separate recruitment policy and procedure for hiring CAO.</p> <ul style="list-style-type: none"> <li>• Director, Human Resources provides a report to Council for authorization to hire a CAO and appoint members to participate in the hiring process</li> <li>• The Hiring Panel is comprised of the Director, Human Resources, Mayor, and two Members of Council where the Committee will appoint a Chair</li> <li>• Director, Human Resources assists the Chair with managing the process and provides support to the hiring panel as required.</li> <li>• The Hiring Panel may elect to use an executive search firm or conduct the recruitment process internally</li> <li>• When a CAO recruitment process is conducted internally, the Director, Human Resources will provide the hiring panel with a weighted evaluation tools and pre-determined questions to be used during the screening and interview process. The tools will be approved by the hiring panel who will then conduct the interviews.</li> <li>• The Hiring Panel will select the top three candidates to proceed to the employment reference stage.</li> <li>• Director, Human Resources will conduct Employment Reference Checks on the three candidates and report findings to the Hiring Panel who will then prepare a recommendation for hire by Council.</li> <li>• The report to Council with the recommendation will include information regarding the top three candidates for the position.</li> <li>• Council reviews recommendation and provides approval.</li> </ul> <p>Contract Administration:</p>



	<ul style="list-style-type: none"> <li>• Director, Human Resources, Mayor and Members of Council are responsible for negotiating and executing the employment contract</li> <li>• The terms of employment does not include a trial/probationary period</li> </ul>
Ottawa	<p>Recruitment policy and procedure for recruiting, appointing, and administering the contracts of statutory officer positions that report directly to City Council.</p> <ul style="list-style-type: none"> <li>• Statutory officer positions includes Auditor General, City Manager, and Integrity Commissioner</li> <li>• Policy applies to Members of Council, hiring panel, interview panel, external search firm and any City staff participating in the recruitment, appointment, and/or contract administration process.</li> </ul> <p>Roles and Responsibilities:</p> <ul style="list-style-type: none"> <li>• Members of the hiring panel and those who may be permitted to access related confidential information include: Director, Human Resources and/or delegate, City Clerk and/or delegate, City Solicitor and/or delegate, and other staff as approved by the hiring panel and/or City Council</li> <li>• The Hiring Panel reports to Council and will consider the approval of the external search firm (if approved) and establish timelines; review candidate list and select those to be interviewed; interview candidates and provide recommendations to Council on the preferred candidate, and terms and conditions deemed appropriate</li> <li>• City Council considers the recommendation(s) brought forward by the Hiring Panel and provides approval. Appointments approved by Council are to be made by public resolution, specifying the terms and conditions of the appointment and delegating authority to finalize and execute the employment contract.</li> <li>• Mayor serves as Chair of the Hiring Panel, seeks input from other Members of Council on expectations and desired qualifications</li> <li>• Hiring Panel/Interview Members engage in all elements of the recruitment process</li> <li>• City Staff assist Council and/or Hiring Panel in the process</li> <li>• External Search Firm may be considered to assist in undertaking an executive search and requires Council approval</li> </ul> <p>Terms and Conditions of Employment:</p>

	<ul style="list-style-type: none"> <li>• Council will approve, by public resolution, any amendments to the terms and conditions of the appointment, including but not limited to contract, job description, and salary matters</li> <li>• Council may select a delegate authority to carryout the negotiation and execution of the employment contract.</li> </ul>
Newmarket	<ul style="list-style-type: none"> <li>• The only hiring process is the use of an Executive Search Firm and that the appointment must go through Council; Executive Search Firm used to recruit and vet applications and conduct 1<sup>st</sup> level/preliminary interviews</li> <li>• HR Director leads the process with the assistance of the Executive Search Firm</li> <li>• Hiring committee/interview panel: some members of council, CAO from a neighbouring town, Director, HR, Executive Search Firm Consultant</li> <li>• Councils involvement: forms part of the Interviews Panel; all Members of Council would be invited to a presentation by the final candidates</li> <li>• HR's involvement: oversee and manage the process in partnership with the Executive Search Firm; provides recommendations to Council on hiring of the selected candidate</li> <li>• Director, HR spearheads negotiations with input from the Mayor as required</li> <li>• Mayor assesses performance</li> </ul>