



THE
joy
OF
GOVERNING

(your how-to guide
to optimal governance)



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Acknowledgements

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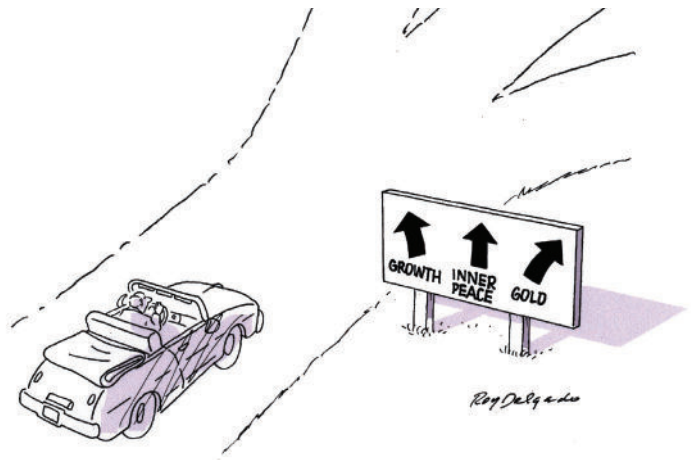
Chapter 1

INTRODUCTION

Hey you! Yes, you! Welcome, congratulations, and thank you. You are one of the chosen few. You have stepped up to help guide your community. The support to help you move from good governing to great governing is mere pages away. In your hands you hold the keys to the kingdom, the secret recipe. No, not the ingredients to KFC's coating, or the instructions on how to get the caramel into the Cadbury Caramilk bar. Instead, dear responsibility-bearing friend, you hold in your capable hands, the one, the only . . . drum roll . . . trumpets . . . a little more drums

Yukon Municipal Handbook!

Like the Yukon herself, this document is unique. There is nothing out there quite like it. Having served over twenty years in local government as both Mayor and Councilor, we were thrilled to be asked to help create a document designed specifically to help you strive for superstar optimal governance. We wish we would have had access to this information at the beginning of our public service journey. It is meant to be instructional, playful, and directly relevant. It is not meant to be a technical paper, a legal document, or a standardized cut and paste manual so prevalent in our cautionary day and age. This will surely aid the curious, orient the lost, and bring a sense of purpose to you who are destined for greatness...or at least 'more-than-just-average-ness'.



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Breath deep, stand proud, and prepare yourself. You are now firmly in possession of the foundational information that can help you craft a fantastic future for your community. If providing safe, sustainable and secure services in a predictable and cost-effective manner in a system that continually performs while balancing expenditures and managing risks is your cup of tea—then prepare to drink up, my good governing friend. This is why you are elected, appointed, or called to this position. It is a complex role, in a complicated system. There is no magic wand. There is no simple declaration. There is no single plan. There is, however, a road map to success that you and your team can create to fit your specific community. This Yukon Municipal Handbook will provide clarity for the journey as you move along the path of super awesome governance.



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Chapter 2

WHY DOES LOCAL GOVERNMENT EXIST IN THE FIRST PLACE?

Prior to taking those first steps along the journey, it is key that we all share a collective understanding as to why our local government exists in the first place.

In spite of popular disbelief, local government was created with a special purpose in mind. No, not to be the hotbed of corruption and incompetence as often portrayed at the coffee shop chinwag or in the gutters of social media. Quite the opposite. Local government was built to make communities more awesome. Its existence allows communities to pool resources and provide collective amenities. Local government was created to provide a broad range of services and functions on behalf of the Territorial Government. Local government is a child of the Territorial Government. This is very important. It means that local government only exists by the will of another level of government. So, although we are at arm's length, we are not fully independent. Local government exists as a service provider. These services have a direct impact on the health, safety, and quality of life for the residents of your community. Local government has been granted the tools to collect revenue to pay for these services in the form of local property taxes and user fees.

These services are collectively agreed upon and collectively paid for. The fundamental belief is that working collectively – by pooling our resources – we can enjoy services and amenities that we would not be able to on our own.

For example, water and sewer systems, paved roads and sidewalks, parks and trails, fire halls, recreational facilities and multi-purpose buildings, are all community infrastructure assets that have been built with pooled resources. We could never build and maintain these things on our own. Hence, local government exists to manage the amenities that provide a broad



range of services for the greater good of the community.

Now here is where the 'component' parts of the system come into play. Local government has an executive body and an administrative body.

The executive body, or political body, is the Mayor/Chief and Council. This component part is elected to office. The full purpose of this body is to represent the will of the people. Councils are elected to represent the community as a whole. This includes, but is not limited to, seniors, families, small businesses, single parents, large industry, youth etc. This does not mean 'doing what you are told' by every opinion on the street. No sir, no Madame, no grumpy coffeshop quasi-council. It means that an election is held whereupon a selection of individuals is appointed by vote to be the political body. We elect people to represent us. We elect people to make decisions on our behalf. The electorate has their say every three years. Then the executive body gets to do the hard work of setting policy

designed to deliver collective services to our community with the limited resources provided. Note: it is this limitation on resources where the nature of politics comes into play and why we elect multiple individuals. With a healthy balance of differing perspectives and skills, the job of the governing body is to figure out how best to invest these limited resources for the broad benefit of the community. If resources were unlimited, we could care for the whim of every individual. They are not. It is always a tradeoff. Therefore, we need to make well-thought-out decisions and choices.

The council has the authority to establish policies, to guide growth and development, set budgets and levy taxes to provide services. The management and delivery of services is carried out by the administrative body. It is the glove to the council's hand. The local government staff, composed of a managerial team and their front-line employees, exists to provide information, guidance, and risk assessment to council for decision making purposes. From these decisions they then carry out the delivery of services as determined by policy. Municipal staff and local government councils are on the same team, with different roles. The roles are designed to



“Apparently many companies experience problems including: a lack of direction, poor accountability, lack of respect among members, pushing personal agendas, poor communication ...”

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work together. They are not designed as an ‘us’ and ‘them’. That would be a stupid design. Local government staff members take direction from approved policy, not from the Mayor or councilors. It is the collective decision-making of the executive body that provide marching orders. It is super-duper important to nod your head in agreement, right now. Excellent. Teams that get this sorted early truly thrive. It is often misconstrued, misunderstood, and generally confusing. Staff do not answer to Mayor/ Chief and Council. They answer to the policy set by these fine representative folks. Council, as a body, gets to debate the types and levels of service to provide and then entrench it in policy by a majority vote. Once the vote has been determined, direction for administration is set. If a policy says cut every blade of grass every hour, then staff will create a workplan and administer the use of resources necessary to comply with the policy. **Staff and council do not debate with one another.**

Council debates with council on policy matters to determine service levels. Staff provides apolitical information on legislative requirements, availability of resources, and associated risks/costs. Staff operationalizes council's policies whether they agree with them or not.



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Conclusion: When understood and dynamically engaged with, this is a highly functional system and very well designed. The major flaw that so often occurs is: a lack of collective understanding of the fundamental purpose of each part of the whole. So, we can confidently conclude this portion by restating that: governing bodies govern and managers manage. Good leaders set regulations (bylaws) and policy that will serve their community and provide clear overarching

direction both now and into the future. They do not 'run the town' or manage the community; they provide strategic direction through policy while providing staff the resources necessary to deliver services.

In the next section, we look at how best to carry this out. We fondly call it super awesome leadership or, Optimal Governance.

Governing bodies govern and managers manage.

Council provides strategic direction through policy (governing) while providing staff the resources necessary to deliver services (manage).

If resources were unlimited, we could care for the whim of every individual.



Chapter 3

INTENTIONAL LEADERSHIP VS REACTIVE TRIAGE

Local Government service delivery was never designed to operate under the conditions of triage. To be a healthy, purposeful governance team, your service delivery model needs to be intentional and well planned. Your local government is not a business. It is an organization created to deliver services at the local level. It is meant to be unique to your specific community. The built environment (underground utilities, transportation networks, recreational facilities, fire halls, etc.) along with the natural environment (aquifers, green spaces, etc.) that allows for the delivery of services, all make up your community's assets. In effect, the primary reason for even existing in the first place is to manage those assets that provide local services. It is your fundamental purpose. You are in the business of managing assets, of asset management. You can accomplish this in a number of ways: deliberately, intentionally, accidentally, reactively, piecemeal, or haphazardly. Deliberately and intentionally has not, unfortunately, been our standard historic approach as local governments. However, if you are going to embrace optimal governance or best practices in service delivery or a healthy asset management process, intentional leadership is the way.

If all of this is making perfect sense to you, then you are ripping down the road to optimal governance superstardom. The magic formula is looming. We are almost there. Let us step back for a second and gather ourselves. Time for a wee review of where we have travelled in these first few pages. We should now all agree

Triage is the process of determining the priority of patients' treatments based on the severity of their condition. This rations patient treatment efficiently when resources are insufficient for all to be treated immediately.

that the primary reason we exist as a local government is to provide services. WE ARE PROVIDERS OF SERVICE. This conclusion alone is worthy of a fist pump! Alas dear leader, there is still a few more pieces needed. The next step is to unpack what being a provider of services means and what it does not.

First and foremost, local government has a stewardship responsibility over our community's resources for the purposes of delivering services that would not be possible for individuals to realize on their own. It is similar to a co-operative; it is a way for citizens to pool their money in order receive generally accepted services and amenities such as water, sewer and storm drain management, recycling and garbage options, parks and pathways, transportation networks, road maintenance, emergency services, recreational facilities and programming, etc. It does not make sense for most individuals to provide these services for themselves. This leads us to a most popular myth!

Myth busting time: Local government is not, should not, and cannot be run as a business. This misconception often arises during election season and is a misguided assessment leveled at local government. Local government is a service delivery organization, not a business.

Here is why. If it were a business, local government would operate on a profit generating model. At the very least, a business would be looking for full cost recovery on all its programs and services. Think about this. Even the most successful pools and recreation centers usually top out around 25% cost recovery. This means that they come in 75% below break-even. That is a bad business model. We would have to charge several hundreds of dollars for an hour

of swimming, for hockey practice, for Canada Day fireworks. There would be no free family events, no parades, no free playgrounds or skateboard parks. Requests for letters of support would require a hefty charge for staff time. Plowing snow and cutting grass are nice, but they hardly make money. You cannot provide diverse community services with a business model. They are not compatible. Stop that line of thought. Now, this in no way infers that excellent fiscal management is not of paramount importance because it is and should always be. You are tasked with managing limited resources. This is your job. Being fiscally prudent and responsible is what you signed up for. Fiscal responsibility and service delivery are compatible. It is fully acceptable, to run programs, offer services, and provide community amenities that cost more money than they generate. It is ok because these services provide us with value. Value is not, cannot, and will not always equate with dollars. Value is about providing safe, secure and sustainable services in a manner that adds to our collective quality of life. If we were blessed with unlimited resources and could provide everything that everyone wants, we would only need the administrative body to make it happen. There would be no need for elected officials.

So why do we need elected officials? Resources are always limited, and we do not have an endless supply of money to provide everything that everyone wants. Somebody has to make the difficult decisions about how resources are allocated. Our system is constructed to allow our communities to choose who will allocate our resources locally for the good of all. That is why we need elected officials and that is what elections are for.

You are elected to make decisions on how and where to allocate limited resources.

Awesome, right? This clear definition of the role of an elected official is SO much better than the misguided, negatively-driven notion that one is elected to clean up messes, cut taxes, and run things like a business. Approaching your position with the clear purpose of making those tough



service level choices in a resource limited world with a purpose of community quality of life, is exciting. Challenging for sure, but exciting too.

This requires clarity of roles, clarity of purposes, and a commitment to intent. Elected officials, as diverse representatives of community desires, can and should have differing notions of where best to allocate resources. One councilor may believe that arts and culture programming make a community and will champion investment in such. Another councilor may believe that core infrastructure is all that matters. They will rally for higher investment in water, roads, and sewer maintenance and renewal. Perhaps a third

*A diverse representation of elected officials
fully prepared and clear on their roles*

+

*Respectful and thoughtful debate based on
healthy relationships*

+

*Sound policies and the human and financial
resources to implement them*

+

*Limited resources allocated appropriately for
safe, secure, and sustainable service delivery*

=

Optimal governance

elected official will see Economic Development as imperative. They will want the lens of growth and business to overlay any and all decision making. Key point: All these views are valid and worthy of wrestling with. It is these diverse views that inform the flavor of debate when council sets policy and it is these diverse views that make the world of politics so much fun. It is why you should feel excited and privileged to hold this position. It is why it is critical to prepare for your role. Champion your views with passion, while holding them lightly and respecting the differing opinions that your dually elected peers debate with you.

Our ideal world looks like this: an engaged and thoughtful citizenry educate themselves on the issues and participate in the election to ensure that they are represented by a diverse cross section of community folks who are forward-thinking leaders and embrace the complexities of governing during times of uncertainty and change. These elected officials have a clear understanding of the roles and responsibilities of local government and its elected officials. They build healthy relationships with their staff, their peers and the community and they come fully prepared to engage in respectful and thoughtful debate. They develop sound policies and allocate the human and financial resources to implement them. They use their limited resources appropriately to ensure that community services are delivered in a safe, secure, and sustainable fashion. Now that is optimal governance.



So where is the pothole? How do we fix it before you fall in? Collectively, our biggest pothole has been the absence of an integrated service delivery system. Too often, we approach important infrastructure and service level decisions without the benefit of a healthy context. This handbook is all about purposefully spotting the hole and filling it in.

Your optimal governance road map involves putting in place a system to maximize the efficient distribution of your limited resources. This system needs to be proactive and strategic. It should minimize triage. It should attempt to limit or negate reactive-based decision making. It should balance maintenance, replacement, and investment, and be as predictable as possible. Such a system and process exist. With a collective understanding of the primary foundation of local government now in the rearview mirror, we will move into the meat and potatoes of our community leadership journey.

Chapter 4

THE RECIPE: ASSET MANAGEMENT CLEARLY DEFINED

Over the past several years you have likely heard a great deal about asset management with those two words buzzing about. Although some of the information provided has been useful, much of it has been down right confusing. This section is all about clarity. It will answer: What asset management is. Why it matters. What value it brings to the local government table. What our role is as elected officials. What the role of staff is. How these two separate roles necessarily fit together. And, finally, and most importantly, how we can get the asset management process started today.

We are about to embark on the grand asset management adventure. Buckle up and find a buddy.

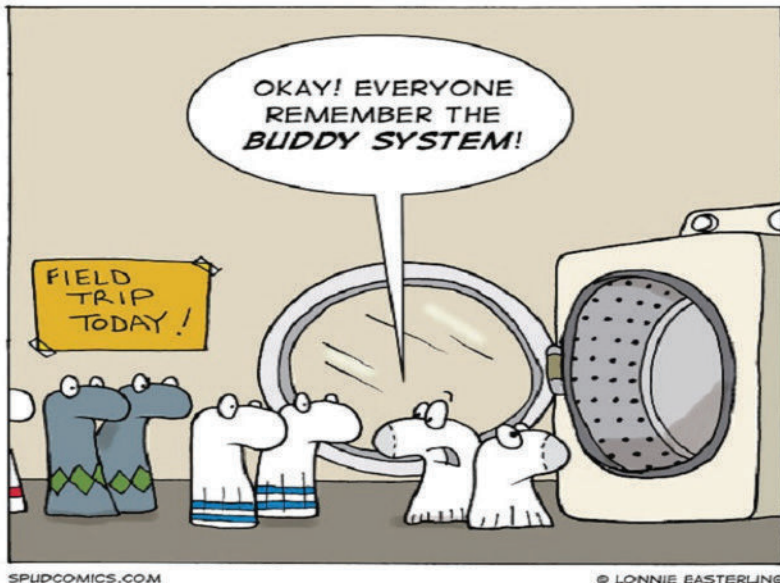
towards its renewal. This equates to an investment gap of over \$300 billion. As a country, we are in a precarious position when it comes to what we require and what we have failed to put aside to meet needs now and in the future. Communities of all sizes are facing gigantic price tags associated with the repair and replacement of not only roads, sewers, and utilities, but also the multitude of additional services our community members have grown to expect. We are fortunate to have inherited the awesome benefits these assets provide; however, we have also inherited the aligned responsibilities. These responsibilities are big. They are what this public service job is all about. They can be tackled, tamed, and taken on. We begin with the basics.

Let's break asset management down into its basic component parts.

The first component: What is an asset?

Simple enough question. For ease of explanation, let us use our personal lives as a comparison. We can think of our homes, our cars, our coffee makers, and even our physical bodies as assets. These are assets because they perform a function or a service. We value that function. If that asset or parts of that asset stop providing service, our lives are negatively affected. If my car suddenly breaks down and I can no longer drive to work, hockey practice or to the grocery store, my quality of life is diminished. That stinks, right? So, assets provide us with value.

When it comes to our community, assets are publicly owned. These assets are comprised of the built environment and the necessary equipment, natural ecosystems and other resources required to support what we have built. Our water, sewer and storm drain systems, our transportation networks, our parks, trails,



Unfortunately, there is also a big ol' unfunny side. What is not funny is the critical issue facing local governments across Canada. We have been functioning (sometimes poorly) with 50, 70, sometimes even 100-year-old infrastructure and we have not invested adequate resources

green spaces and public gathering places, our arts and cultural facilities, our emergency services infrastructure and equipment, all provide important services. These assets each perform a function which provides our residents' value. They have come to expect these services as part of their everyday experiences. In other words, residents receive value for service from these publicly-owned assets. These assets provide our community with value.

The second component: define management.



"Once you get the hang of it, crisis management is fairly straightforward."

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Once again, seems simple. Management, by definition, means to care for, to be in charge of, and to nurture. For sake of comparison, we can once again use our personal lives. If it is your car or your home, you know what you should do to care for these assets. It is commonly assumed that one should get regular oil changes on your vehicle or keep the roof of your home in good repair. Right? Binge watching Netflix while double fistng sweet chili heat Doritos and lip smack'n sea salted dry ribs until 4 AM and ignoring the leak in your roof might be all fun but is not considered high quality personal planning. Simply put, management is a formalized way of planning to nurture and care for that which one is in charge of, and values.

Key concept: Management is active and ongoing. It is not passive or a one-off. Managing our physical health means actively exercising. One does not get fit by merely buying a Stairmaster. Management is actively caring for. It is an active process, not a simple plan. An asset provides value; therefore, we should manage it to maintain that value.

Asset management is managing assets.

Asset management is a process used in decision making that helps us care for the infrastructure that delivers valuable services to our community in a way that:

- *Manages risks and opportunities*
- *Uses resources wisely*
- *Considers current and future needs*

"Asset management" is the process that helps us put some rigor and structure around the information we need to make strategic decisions so that our assets will continue to provide our citizens and future generations with the benefit of their existence.

Information such as:

- > What do we own?
- > Where is it?
- > What condition are our assets in?
- > What is the level of service (current and desired) that each asset provides?
- > What is the asset's remaining useful life or service life?
- > What are the more critical assets and what is the level of risk to their function and sustainability?
- > What do we need to do to it?
- > When do we need to do it by?
- > What will it cost?

Therefore, engaging in an asset management process allows our local government to answer the fundamental question:

- > How do we best care for the assets that deliver services to our residents, the services that they rely on every day?
- > How do we maximize their value so that residents get what they want?

What do our residents want? They want safe, sustainable, secure services in a predictable, cost-effective manner. To be frank, our residents don't want to have to think about it. They just want it to happen with no surprises and no disruptions. Our job is to manage these assets and deliver these services in as seamless a fashion as practically possible.

The temptation is to say, "Haven't we been doing this all along?"

The answer is a combination: 'yes', 'but'... and 'no'. If we are honest, it generally falls somewhere between accidental and intentional. As community needs change and expectations grow, we have acquired more assets and taken on more services. Our internal and financial capacity has not, however, kept pace. Too often it has been: "If it ain't broke, don't fix it". There are always other places to put those precious

pennies. By failing to take into account the full cost of preventative maintenance, operations and renewal of our assets, our investment in our assets has been insufficient. Our assets are wearing out faster than we are replacing them. Our assets have not been fully nurtured or cared for. The active process of management has not been sufficient. We can systematically change all that.

Once again, we are not alone in this. Most communities across this country have assets that are near or beyond their expected life and are due for a major overhaul or replacement. This puts our services at risk. This is not unlike our house or our car or our physical health. The consequences of not eating healthily, not exercising or not getting enough sleep can take years to show up. But when issues arise, they interrupt our quality of life. As local government, we have the power and responsibility to address this long-term. Not short-term, but long-term.

It begs the question: If we continue along this trajectory, what do you think the future will look like? What are the inevitable long-term consequences of this under investment? How do we keep everything running smoothly now and for the future? What is the recipe? Don't panic. You got this. The solution is at hand.



Chapter 5

WHAT VALUE CAN ASSET MANAGEMENT BRING TO OUR COMMUNITY?

What problem does asset management solve? Let's go back to what our citizens want: safe, sustainable and secure services in a predictable and cost-effective manner. It is all about the 'service' and 'service delivery'. The asset management process acts as our community's safety net to deliver these services in the way that citizens want. It formalizes existing work we have already been doing with rigor and structure. It provides staff and council with sound information which aids them in determining how best to invest in our assets so that our residents can continue to enjoy the services and amenities that contribute to their quality of life – without disruption.

Asset Management is the process that enables us to:

- > Plan for the future
- > Manages inherent risk
- > Maintain the assets over their whole life span
- > Invest our limited resources wisely

Imagine a wholistic approach to planning, budgeting and decision-making that is fully driven by solid information and not subject to the changing political winds. Asset management is a process that allows us to engage in intentional stewardship rather than reactionary or accidental oversight, of the services we provide. To make the process work, all the component parts must be addressed. Here is where the team approach comes in. The component parts need each other. If they do not work together, the process falls apart. No process, no asset management. The can gets kicked farther down the road.

What are the component parts of the asset management process?

Performance + Risk + Cost = Value for Service

This simple formula is what allows us to deliver safe, sustainable, and secure services in a predictable and cost-effective manner, giving our residents what they want and need.

Each component part directs us to the following questions:

- > **Performance:** Does the asset do what it is supposed to at the level we expect?
- > **Risk:** What is the likelihood of a service failure? What would be the consequence of a service failure?
- > **Cost:** How much money do we need to maintain or replace our assets?
- > **Value for Service:** The greatest value for service comes from taking care of each of the components. No component exists in isolation, they are intertwined. Each must be addressed in turn.

Level of Service

Elected officials represent the asset owners: our community residents. The elected officials' role is to reflect the needs and desires of the residents. Council determines level of service. When it comes to level of service, the key question is this: how long do we expect asset x to function or perform under the current operations and maintenance?

Level of service is driven by:
*customer expectations
*legislative requirements
*available resources

Elected officials must rely on the staff to answer those questions. It is staff's role to mitigate failure of the asset to maintain the expected level of performance or service. This extends beyond simple failure to include risk to public health or safety. To continue to deliver safe, sustainable, and secure services in a predictable and cost-effective manner, our staff need to be able to provide council with solid information associated with the assets to identify the risks to service disruptions. Council need staff to be able to generate the proper data/information to accurately deliver and maintain the pre-determined service level.

Remember, we said earlier: Council and staff are all part of the same team. Staff provide council with the information to make informed decisions based on their professional experience, research, and work. Council, given sufficient information, is to debate amongst themselves, address directional options, vote, and then support the decision made by the majority.

That is why asset management is a team sport. Once council has determined the desired level of service and staff has determined the risks associated with the asset that delivers the service, then council and staff negotiate the cost so that residents can collectively receive value for service. Together, council and staff budget accordingly and/or adjust the levels of service (see appendix B for additional information).

Council and staff are all part of the same team.

Staff provides council with the information to make informed decisions.

Council debates amongst themselves based on sound information, votes, and supports the democratic decision.

Now here is a fundamental flaw that often haunts councils everywhere: the level of service and risks determines costs (staffing, fees, taxes) not the other way around. Knowing the performance, risk and cost of the asset allows council to determine if they are going to increase, maintain or decrease the levels of service while keeping in mind what residents want: safe, sustainable and secure services in a predictable and cost-effective manner. It is about being more strategic. It is about taking a more holistic approach with a long-term view.

Oh, no!



Number one, enormous, colossal challenge that if you overcome will set you apart nationwide.

This bears repeating. Staff and elected officials everywhere are wrestling the same overpowering beast. They have the budgeting conversation backward. Level of service and associated risks determine the required costs (staffing, fees, taxes) and establish the budget. **IT IS NOT THE OTHER WAY AROUND.** The budget does not determine level of service. Knowing the performance, risk and cost of an asset allows council to determine if they are going to increase, maintain or decrease the levels of service. The temptation to focus solely on cost continues to be a key determinant in keeping our communities in the positions they are: deferred maintenance and underinvestment into the assets that provide what our community members want and expect. What do they want and expect? Residents want safe, sustainable and secure services in a predictable and cost-effective manner. The asset management process gives us the information we need to meaningfully address the impact of this underinvestment, while still maintaining the services and quality of life our citizens, our communities, and the economy expect. It does so in a planned, intentional, team-based, and logical manner.

Chapter 6

HOW TO GET STARTED WITH ASSET MANAGEMENT



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We have covered the 'what' and the 'so what' which brings us to the 'now what'. How do we get started? How do we tackle this beast of asset management?

It is important to remember that it took us decades to get us into this position, we are not going to get ourselves out of it overnight. There is no quick fix.

Building an asset management

process will take time. That is ok. However, there are some key activities that can be done now. Let's review council's role: Council's job is to set the overall strategic priorities and direction for the community. The council has the authority to establish policies, to guide growth and development, set budgets and levy taxes to provide services.

Council sets the overall strategic direction for the community.

The council has the authority:

- *To Establish Policies*
- *To Guide Growth and Development*
- *Set Budgets*
- *Levy Taxes*

Because council is responsible for setting policy, it is critical that an asset management policy be in place. This will ensure that the

asset management process is the lens through which council can strategically and purposefully filter decisions.

Action Step: Direct staff to develop some asset management policy options to bring back to council.

Sound asset management practices start with sound policies. Politician means 'policy setter'. It is our primary job to provide clear, broad direction through policy and let staff work

out the details. In the absence of a policy, staff are forced to guess what council want thereby putting them in an untenable situation. When things are functioning smoothly, a lack of policy is unnoticeable but when there is a service disruption or an asset failure, the potential for finger pointing is high. Given the tension between risk, cost and performance, a lack of clarity sets the stage for the making of assumptions.

AN ABSENCE OF POLICY = ABSENCE OF OPTIMAL GOVERNANCE

Action Step: Commit to using full life cycle costing and preventative maintenance vs reactive maintenance in decision-making.

This means taking into account the full cost of creation, acquisition, maintenance, operation, rehabilitation and disposal of any and all new assets.

Action Step: Dialogue with staff to determine where the organization is at with the data gathering process.

Good data is key. Council gives staff the resources to gather the data, so they can collectively engage in informed decision-making. In optimal governance, staff and council work together on each of the component parts: Performance, Risk and Cost. If they do not work together, the process falls apart.

Asset management data provides good information to be able to prioritize preventative maintenance and renewal dollars and put resources where they are needed most. Asset management is a proactive system that helps council make good budget decisions

By embracing sound asset management principles, local government can maximize the value for the services that residents need, want and are willing to pay for. The job of council is not to be cheaper but to provide value for service. Council's role is to clearly articulate to residents – the asset owners, the much-needed investment of public dollars required to ensure the continuation of safe, secure, sustainable services. Asset management is all about providing service. Do it with an intentional and systematic approach, while providing for today and caring for tomorrow.

Chapter 7

WRAP UP

Alas, here ends our written journey together. By now, you should be even more prepared, further informed, and rather excited to face the myriad of governing challenges that lay before you. The Yukon Municipal Handbook has been designed to aid you along the winding road towards optimal governance. Role clarity, a common actionable purpose, and an asset management process are the foundational blocks for a high functioning team. Learning to lead one's community up and beyond can be daunting and hard choices will inevitably present themselves. It is, however, an honorable, admirable, and tremendously important job.

This guidebook was intentionally designed by two experienced politicians who have lived and breathed the awe and angst of local government for many a year. It was intended to be different, Yukon unique, and purposefully playful. The job is not easy, but that does not mean it has to be stiff or stale. At the heart of great decision making lies a balance between instinct and analytics. Bring your energy, your laughter, and a boundless curiosity to the table. There is an optimal path forward and this handbook attempts to lay it out for you. It is a long game requiring committed players willing to think critically rather than be critical. We commend you for your personal willingness to engage in public service. Take it seriously but hold it lightly.

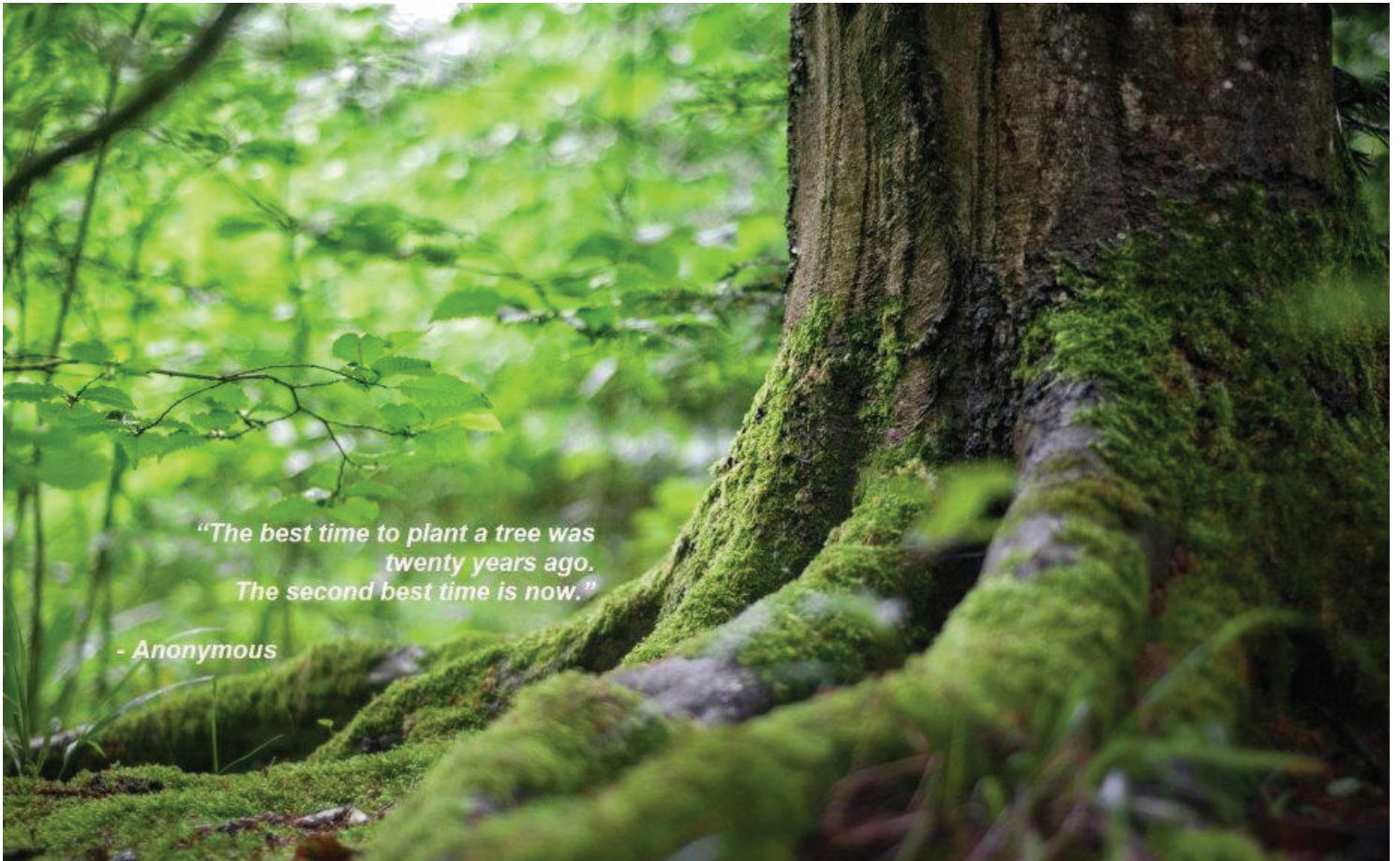
Sincerely,
Team Yukon Handbook

Appendix A

ASSET MANAGEMENT DISCUSSION QUESTIONS

These discussion questions are designed to stimulate a dialogue that will lead to better asset management practices. Council and staff can use a combination of some or all of the following questions to familiarize themselves with where they are at with regards to their organization's asset management maturity. The overall purpose of the dialogue is to assist the local government in:

- > Developing a robust financial strategy to address the infrastructure backlog, while still maintaining the services and quality of life that citizens, visitors, and the economy expect.
- > Articulating the rationale for the investment in the appropriate level of human and financial resources to continue to make healthy and sound decisions about the use and care of existing infrastructure to deliver services in the way that considers both current and future needs.
- > Establishing linkages between the asset management strategies and plans to long term organizational goals and objectives that maintain reliable, quality services, protect the health and safety of residents and extend the life of existing infrastructure in a cost-effective manner.



Top 30 Asset Management Questions *

1. Do we have an accurate up-to-date inventory of all our assets including our critical assets such as our underground utilities?
2. Do we know what condition they are in? If not, do we know the condition of our critical assets?
3. Do we know the installation dates of all our assets particularly the underground utilities?
4. What should we be considering in our Asset Management policy?
5. Have we defined our Levels of Service for each asset?
6. Is this the desired level of service that the community wants and is willing to pay for?
7. Assets are primarily funded by tax and utility fees. Do we want to consider other funding mechanisms like facility surcharge or private partnership would be appropriate in some circumstances? When?
8. Do we have data that identifies the usage of each asset?
9. Do we know the risks associated with each of our assets and services including types of risk?
10. Do we know the likelihood and consequence of failure for each asset?
11. How long will the asset perform under the current maintenance and operation levels?
12. Do we have enough money to manage (operate, maintain and replace) our infrastructure and are we spending enough?
13. If not, how much do we need and how accurate are the numbers?
14. What is the cost of deferred maintenance?
15. Have we identified the social, economic and environmental cost of failure?
16. Do we have the human and/or financial resources in place if we faced failure in any of our assets including our critical assets?
17. Do we have a long-term capital asset replacement plan in place including a timing schedule?
18. Have we considered the divestiture of non-critical, low value assets?
19. When we commit to new infrastructure, do we know the full life cycle costs including, capital, operating, preventative maintenance, and disposal costs?
20. Does our long term financial plan reflect the cost of replacing existing assets?
21. Have we considered how to protect our natural assets particularly those that provide a resource for our built assets? (i.e. aquifers)
22. How will climate change impact our asset management process?
23. What kind of reserves are in place now and what kind of reserves do we need?
24. What are our current debt levels?
25. What is our borrowing capacity?
26. Do we have a reserve policy that links our reserves to our asset management strategy?
27. Is the staff capacity commensurate with the level of effort required for an asset management strategy?
28. Is there a multi-disciplinary team in place to share information and develop a tactical plan?
29. What does our organization need to do to get into a position where we can answer these questions with some degree of confidence?
30. How do we want to inform and engage with our citizens in order to face these infrastructure challenges together?

*These are modified from the Asset Management BC Framework

https://www.assetmanagementbc.ca/wp-content/uploads/Asset_Management_for_Sustainable_Service_Delivery_-_A_BC_Framework-Asset_Management_BC-September_16_2015.pdf

Appendix B

THE BUDGET CYCLE

One of the key roles and responsibilities of elected officials is to establish the budget and set the tax rates, and they often struggle to find a strategic framework to approach this process. Far too often, councils and boards start with what is sure to be the public lightning rod: the tax increase. They begin at the end and set a target which they believe will be palpable to the public: the standard 0-5% increase. This is an inverted way of handling a budget and it robs councils of the ability to act strategically. Optimal governance recognizes and emphasizes the cyclical nature of sound budgeting practices. Budgeting is ongoing throughout each fiscal cycle and should be intimately tied to levels of service delivery.

Key Concept: Budget deliberations occur throughout the year. Budget time is where these previous deliberations should be formally brought together. Decisions should seldom be put off until budget time. We find the following framework the clearest and easiest to grasp.

It begins by crafting a budget based on the previous year's budget. Changes are then systematically addressed.

Step One: A status quo draft

A status quo budget is a budget constructed with the underlying assumption that levels of service will essentially stay the same. However, it does not mean that the overall total budget will remain the same as it must consider increases in energy costs, material costs, fuel, goods and services, incremental wage increases of union and exempt staff, etc. In other words, budgets are expected

to increase with the cost of doing business. With service levels remaining the same plus the cost of doing business, that equals your new base budget. That gives you the status quo budget.

Step Two: Add in anomalies

The next piece is for staff to add in all budgetary anomalies that differ from the prior year. Budgetary anomalies are those items or areas that are new, additional, or out of the ordinary but have financial impact. Examples of such include: unplanned large capital expenses, infrastructure failure, boundary expansion, new programs or services, necessary staffing increase, legislative changes, etc. These additions account for budgetary changes not previously funded. While recognizing that there are numerous other moving parts at play, this foundational approach means that council is presented with an initial budget that is based on the previous year; it keeps service levels the same while incorporating budgetary variances.



Step Three: Expected and contemplated additions and subtractions

Step three is to systematically add in budgetary items that have been contemplated by council or staff and vetted by the CAO. These items may result in an increase or decrease to the overall total. This could include changes to service level and capital projects or identified departmental needs that impact the budget. This will result

in a draft budget, based on the status quo, with anomalies and additional planned needs included. This draft budget will inform council of any expected total dollar increase to the previous year's budget.

Key Understanding: Budget increase does not directly equate with a tax increase.

Too often, councils and the general public confuse this percentage increase with an increase in taxation. An increase in budget does not mean an increase in taxation. This is fundamentally important to both fully understand as an elected official and be able to explain this to the electorate.

For example, let's assume that last year's budget was an even 1 million dollars. The cost of doing business increases, as discussed above, along with a few emerging projects, and results in a status quo budget of 1.1 million dollars for this year. This is a 10 per cent budget increase.

This demonstrates an increase in the funds needed in order to keep things operating as is. However, this does not mean a 10 percent tax increase!

Step Four: Evaluate changes to assessment and inventory

Councils that wish to keep things status quo, without increasing or decreasing levels of service, can now approach the next phase of budgeting with clarity.

The next important piece that informs the budget will be changes in inventory (new builds or changes in class) and assessment values (overall increases or decreases in total converted assessment). It is entirely possible that higher assessed values and additional inventory may result in an overall increase of collected taxation (based on last year's rate) that entirely covers off the budgetary increase. In the example above, this would mean that higher levels of assessment could result in an additional 100K being collected in taxation. To remain status quo, a tax increase of 0% would be needed to keep up and stay the same.

Conversely, if assessments remained exactly the same and the inventory did not change, taxation would need to increase by 10% in order to maintain the status quo and keep the same level of service. In both cases, the overall impact to the taxpayer (the total \$'s collected) would be exactly the same. It would be 100K more than the previous year. Council's err when they presuppose what level of tax increase they want to target instead of what budgetary increase is needed to remain at the same service levels.

Step Five: Changes in levels of service and budget additions

The next level of conversation, debate, and budgetary process, is a focus on what levels of service can change (up or down), what new projects or capital expenses can be included, and what can be put towards reserves. Adding or subtracting these items will further modify budget totals and inform what level of tax increase is needed or what cuts can be expected. At this point, council should have a clear idea of what the budget will be and what will be required in terms of taxation to meet that demand.

Step Six: Lower it. Maintain It. Increase It.

Here is where council has three options with the levels of service: lower, maintain or increase.

It is at this stage that council decides that the political ramifications to the tax increases they are considering are not palatable and they can return to contemplating a decrease in the level of service.

It is at this stage where council can strategically decide to increase reserve contributions.

It is at this stage where additional services or service level increases can be contemplated.

Step Seven: Class Allocation

Once a relatively firm total has been accepted, council can move on to the final step, which is deciding which taxation class (residential, industrial, commercial, etc.) is going to carry which portion of the total. This is always political but can be approached strategically and with intention.

Following this methodology should allow councils, boards, and their senior staff, to approach budgeting in a way that is purposeful, understandable, explainable, and very clearly debatable.

The Takeaway: Taxation rate increases or decreases divorced from a clear step-by-step process are not only indefensible, they actually make no sense. Starting with a taxation percentage and trying to backfill a budget is sub-optimal, lacks clear holistic purpose, and is poor governance. Being strategic means being intentional and purposeful. Sound budgeting is all about level of service. It is where the conversation should center and how an optimal strategic process can be created. It is this kind of leadership that will enable long-term sustainability for current and future generations.



Appendix C

QUICK TIPS: PITFALLS TO AVOID

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www.glasbergen.com



“Great leaders are not born, they are made.
Which explains why so many have a screw loose.”

Why learn the hard way? Avoid these governing pitfalls that could cost you time, money, and multiple headaches.

Directing Staff

Policy, resolutions and bylaws inform staff of council’s direction. It is not your job to tell staff how to do their job; it is your job to set clear direction based on the best available information and let staff flush out the details.

Acting as Staff

You are policy setters, not employees. Regardless of your background or your quiver of skills, you were not hired as staff, you were elected to set policy. Provide the necessary resources, don’t be the resource.

Being Unprepared

Do your homework. Come prepared. Meeting time is for debate and decision.

Keep your questions elevated and don’t get lost in the details. Stay out of the busy questions; it might impress the public, but it is not a sign of good governance and you are elected to govern. Respect everyone’s time; don’t take 10 minutes to say what should only take 2.

Resolutions on the Fly

Take time to craft well-researched and well-informed resolutions. Verbally wordsmithing resolutions during a meeting often results in having to revisit poorly thought out decisions.

Relinquishing Risk to Staff

Council is elected to make governance decisions which include determining the level of risk they are willing to assume and in doing so, must accept the consequences. Staff is legislated to minimize risk and their professional recommendations should reflect that. They are council’s resource, not their debating team. Don’t argue with staff until they agree with you.

Poor Relationships

Never underestimate the value of building relationships with each other, with staff, and with the greater community. The investment of time and energy on the front end will save you emotional angst on the backend. Unhealthy relationships undermine sound governance. If one wishes another to fail, then everyone fails. This does not mean you have to like each other or

appease one another, nor does it mean to oppose for sake of opposition. It means working together especially when you disagree. Acknowledge and address past issues, then put them to bed. They should not be ignored, but they should also not be endlessly dwelled upon. Good policy serves your community; spite or pandering seldom does.

Mayor as Dictator

The role of the Mayor is to be the interface between the CAO and the Council. The Mayor's job is to ensure that everyone has an opportunity to be heard and that the discussion is synthesized in such a way to bring the Council to a decision. Regardless of his or her opinion, the Mayor is the spokesperson for Council and must reflect the direction set by the Council in verbal and written communication.

Council/CAO Relations

Remember that Mayor and Council collectively have a staff of one. The CAO takes direction from council's decisions as a whole, not from the mayor or individual councillors.

Getting Lost in the Weeds

Council sets broad direction as opposed to getting lost in the details. It is the job of staff/contractors to fill in the details that accomplish the broader vision. Their job is to translate and operationalize your agreed upon strategic priorities.

Council as Individual vs Council as One Governing Body

Your role is to debate and vote as individuals but then respect and support the decision of the majority. Undermining decisions of the council body because you did not get your way is detrimental behaviour and poor leadership. Express individual opinions around the council table but respect the direction set by majority vote after decisions have been made. You are a collective decision-making body; behave and communicate as such.

Failing to take Full Lifecycle Costs into account

When committing to new infrastructure, know the full life cycle costing including, capital, operating, preventative maintenance, and disposal costs.

Over-reacting to a Critical Minority

Council and staff should always lend an ear to critical community concerns. Lending an ear does not mean always leaping to appease the dissenters. Address critique in a proactive, team conscious manner, keeping the greater community context in mind. Never publicly criticize your staff but carry out your responsibility respectfully.

Appendix D

MEANINGFULLY EVALUATING COUNCIL'S ONE EMPLOYEE

The Council's job is to set policy and support the human and financial resources required to achieve its strategic direction. The Council hires the CAO to carry out their strategic direction. The CAO provides Council with expert, unfettered, and apolitical advice, protects the organization from risk and oversees the day-to-day operations. The Council provides the CAO with the commensurate resources to be able to do so.

The CAO takes direction from the Council, not any one individual. Therefore, the hiring and performance monitoring of the CAO is a Council responsibility. Since the CAO's role is to operationalize the direction set by Council, the performance evaluation should be based on these expectations. The Council does not tell the CAO how to do the job.

Performance evaluation and measurement should consist of three components:

1. **Objective Measurement:** Did the CAO deliver on the organization's strategic priorities and the commensurate work plan?
2. **Subjective Measurement:** How does the CAO's personal and professional attributes contribute to the job?
3. **Upcoming Goals and Objectives:** What are the CAO's personal growth plan and management goals for the upcoming year?

Historically, performance evaluations have been done very poorly. In part, this is due to the fact that Council doesn't observe the CAO on a regular basis. Oftentimes council base their judgement on rumors, rather than clearly laid out expectations and substantial facts. Here are a few questions that Council can discuss when clarifying their expectations:

- > Are we happy with our CAO and how would we know? (What does a job well done look like?)

- > What are our expectations?
- > Is the CAO aware of our expectations?
- > What kind of leadership and communication skills are important?
- > How critical is organizational culture?
- > What do we want to see more of?
- > What do we want to see less of?
- > Are we open to feedback as the Council?

Here are some initial discussion questions for the Council to ask the CAO before embarking on a performance evaluation.

- > Do you have clear direction from the Council?
- > What kind of feedback would you like from the Council? What would be useful?

Although there are several tools and templates that can be used to conduct a formal evaluation, nothing takes the place of regular dialogue. When it comes to performance, ongoing and candid conversations that outline clear expectations will set the stage for high functionality and optimal governance.



Appendix F

ADDITIONAL RESOURCES

The Yukon Acts and Regulations, including the Yukon Municipal Act

http://www.gov.yk.ca/legislation/legislation/page_a.html

The Yukon Government Community Affairs

http://www.community.gov.yk.ca/community_affairs/

Municipal Resources Library:

http://www.community.gov.yk.ca/community_affairs/resource_library.html

The Yukon Government Energy, Mines and Resources Library

<http://www.emr.gov.yk.ca/library/>

Federation of Canadian Municipalities

<https://fcm.ca/home.htm>

Canadian Association of Municipal Administrators

<http://www.camacam.ca/>

Municipal Information Network

<http://municipalinfonet.com/>

Infrastructure Canada

<http://www.infrastructure.gc.ca/index-eng.html>

Muniscope-national resource on municipal issues

<https://www.muniscope.ca/home?lang=en>

Municipal World

<https://municipalworld.com/>

Public Sector Digest

<https://www.publicsectordigest.com/resources/107>

Asset Management BC

<https://www.assetmanagementbc.ca/>

Municipal Excellence Network

www.municipalaffairs.alberta.ca/mc_municipal_excellence

George Cuff

<https://www.georgecuff.com/>

Eli Mina

<http://www.elimina.com/>

Local Government Leadership Academy

<http://lgla.ca/resources/>

Civic Governance

www.civicgovernance.ca

