

BRIEFING

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Chief Financial Officer's Briefing to
Combined Meeting of Council
2021 June 21

ISC: UNRESTRICTED
C2021-0775

Total Compensation Review Update

PURPOSE OF BRIEFING

On 2021 January 18, Administration presented the Total Compensation Review Report to Council (C2020-1135). The main report was prepared by a 3rd party consultant, Morneau Shepell, and provided comprehensive data to show The City's competitive positioning in the market place relative to its *total* compensation package as well as its individual components: base pay, benefits, pensions and perquisites. Council approved Administration's recommendation:

"That Council Direct Administration to return to Council no later than 2021 June 30 with a Briefing Note updating their progress in undertaking identified actions based on the data provided from the Consultant review."

The Total Compensation Review Report had identified actions that Administration indicated it would take on the basis of the findings from the consultant's competitive review. These were:

- Administration will start by refreshing our compensation philosophy and reviewing where we should be targeting our total compensation program, base salaries and executive compensation.
- Administration will also begin work on modernizing the Exempt compensation system which has not changed in 20 years.
- Administration will update compensation policy (e.g. use of unrated positions) and governance practices to ensure decision-making is delegated appropriately.
- Finally, Administration will examine the areas highlighted by the report, that appear ahead or behind the market (e.g. base pay for the first few levels of Unionized positions, sickness and accident provisions, supplementary pension eligibility, vacation entitlements).

This briefing provides a status report to Council on the work underway related to these actions.

SUPPORTING INFORMATION

A project team was formed of subject matter experts from compensation, benefits and pensions. The Steering Committee for this work is led by the City Manager, David Duckworth, and includes the two Deputy City Managers, Stuart Dalglish and Carla Male, and the Chief Human Resources Officer, Mark Lavallee. The project team enlisted the support of the project office to develop its project charter which has been reviewed and approved by the Steering Committee.

In 2021 February, the project team worked with Supply Management to issue a Request for Proposal (RFP) for a consultant to lead the work with the Executive Leadership Team (ELT) on refreshing The City's compensation philosophy and providing expertise in modernizing the

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design of the Senior Management Team (SMT) and Exempt compensation programs to reflect that philosophy. The agreement with Gallagher Benefit Services (Canada) Group Inc. was signed on 2021 June 1.

To begin the process of reviewing the compensation philosophy for The City, the project team delivered a presentation to ELT on 2021 June 1 providing an overview on compensation philosophy and some detail on the philosophy that has been in place at The City for many years. Time has been set aside later in June for the Consultant to facilitate a discussion with ELT that will define the philosophy for the organization going forward.

The philosophy will set the stage and the foundation for the subsequent work by the Consultant, project team and ELT to reconsider the design of the Senior Management Team and Exempt compensation programs. This work will entail determining what changes, if any, are required to modernize these programs and align them better to The City's mission, values, business strategies and Council priorities going forward.

In addition to this work, the project team has developed detailed project plans to look at areas of the total rewards package that were found to be significantly ahead or behind the market by Morneau Shepell. These areas include: flexible spending accounts, retiree benefits, exempt vacations, and Supplementary Pension Plan eligibility, among others. The team will make recommendations to the Steering Committee and ELT based on their analysis.

Attachment 1 includes a timeline for the work. The deliverables on compensation philosophy, and SMT and Exempt compensation design are expected to be completed this year. The implementation of design changes to existing compensation programs will extend into subsequent years, with completion dependant on the magnitude of changes required.

Finally, the project team has developed a communications plan for the first phases of this project to ensure that key stakeholders, including employees, leaders, Unions and Associations, and others are kept informed of work that is underway.

ATTACHMENT(S)

1. Total Compensation Actions Project - Timeline