



Calgary



CITY OF CALGARY
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ITEM: PFC2019-0193
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Update: Organizational Efficiency Strategy and Intentional Management

City Manager Jeff Fielding
2019 February 12
PFC2019-0913



Summary

Budget Savings Account
Corporate Workforce Planning
Management Exempt Cost Savings
Intentional Workforce Management

Previous Council Direction

- 2015 March 30 – Budget Savings Account Proposal (PFC2015-0181)
- 2015 November 23 – Senior Management Compensation (Personnel Matter – C2015-0934)
- 2016 November 14 – Organizational Efficiency Strategy and Intentional Management (C2016-0896)
- 2016 December 19 – Organizational Efficiency Update (Verbal) (VR2016-0068)
- 2017 March 20 – Organizational Efficiency – Intentional Management (PFC2017-0234)
- 2017 December 05 - Corporate Workforce Planning Update and Corporate Employee Survey Results (PFC2017-1214)
- 2018 June 05 – Organizational Update (PFC 2018-0701)
- 2018 September 24 – Motion Arising on Total Compensation with respect to Administrative Inquiry AI2018-03

Administration's Commitments

1. Sustain a cooperative and meaningful relationship with Council.
2. Foster a safe and respectful workplace for all employees.
3. Continue to promote a progressive public service culture through One City, One Voice.
4. Focus attention on planning and building a resilient city, including flood mitigation and climate change.
5. Enhance service to our customers and communities, including citizens and businesses.
6. Further strengthen the Corporation's financial position.



Budget Savings Account

- Established in March 2015.
- **Objectives:**
 - Provide an incentive for business units to efficiently manage their service delivery and benefit from resulting savings;
 - Encourage spending decisions that support the prudent management of operating budget dollars; and
 - Create additional financial capacity to achieve goals and provide services that are valued and expected by Calgarians.

Budget Savings Account

Budget Savings Contributions		
	Operating	Capital
2015	\$30,313,000	-
2016	\$24,246,000	\$95,213,000 (2015 & 2016)
2017	\$34,718,000	\$106,053,000
2018*	\$39,828,000	\$1,812,000
SUB TOTAL	\$129,105,000	\$203,078,000
TOTAL	\$332,183,000	

* 2018 estimated year-end contribution as of Feb. 1, 2019.

Budget Savings Account

Budget Savings Account Operating Allocations		
Year	Project/Initiative	\$ Amount
2016	Calgary Transit	\$270,000
2017	Calgary Transit	\$866,000
2017	Lowering property tax (MCA)	\$15,000,000
2018	Calgary Transit	\$764,000
2018	Opportunity Calgary Investment Fund	\$25,000,000
2018	2026 Olympic and Paralympic Winter Games – City Secretariat*	\$3,337,000
2019+	Social Procurement	\$505,000
2019+	One Calgary One-Time Investments	\$40,270,000
TOTAL		\$86,012,000

**The City Secretariat budget was allocated \$3.4M in funding in 2018. Actual spend against the allocation was \$2.6M in 2018 and \$800K was returned to the BSA at the end of the year.*



Budget Savings Account

Budget Savings Capital Allocations

Year	Project/Initiative	\$ Amount
2017	Crowchild Trail Short term Improvements	\$50,571,000
2017	Main Streets Program	\$30,000,000
2017	Corporate Lifecycle Maintenance	\$24,755,000
2017	Legacy Parks Phase 3 - Tier 2 Projects	\$10,000,000
2017	Glenmore and 68th Street SE Interchange Enhancement	\$7,039,000
2017	Investment Optimization Fund	\$5,000,000
2017	194 Avenue Slough Crossing & CPR Grade Separation	\$2,100,000
2017	14th St. and 90 Ave SW Pedestrian Bridge	\$989,000
2017	Inglewood / 9th Ave SE: Jack Long Park/Mills Park	\$600,000
2017	River Access Improvements – High Priority Projects	\$383,000
2017	Missing link pathway (Bridgeland Community/Montgomery Community)	\$270,000
2017	Community Infrastructure Lifecycle incl. Community Assoc.	\$250,000
2017	Baines Bridge Rehabilitation & Upgrading	\$240,000
2018	Airport Trail NE	\$8,089,000
2019+	One Calgary	\$47,851,000
TOTAL		\$188,137,000

Corporate Workforce Planning

- Corporate Workforce Planning Committee (CWPC) established in August 2016.
- **Objectives:**
 - Find savings in the base budget to reduce the 2018 tax increase;
 - Align current workforce numbers and composition to service priorities and budget;
 - Delay hiring to create savings and drive effective workforce planning; and
 - Reconcile ongoing work with our workforce.

Corporate Workforce Planning Program Highlights

- Resulted in **\$59.2 million** in savings since August 2016
- Reduced employee headcount (core and temporary) by **508** positions between November 2016 and November 2018
- Reduced temporary employee headcount by **22.7%** between November 2017 and November 2018
- Reduced number of vacancies from 655 in November 2016 to **293** in November 2018
- Reduced number of vacancies greater than six months from 597 in September 2016 to **zero** in October 2018

Note: All numbers as of November 2018 except for vacancies, which are as of October 2018.

Management Exempt Cost Savings

- Started in 2015 with implementation beginning in 2016.
- **Objectives:**
 - Identify opportunities to save costs to the organization;
 - Intentionally manage exempt staff programs; and
 - Reflect economic conditions in our compensation and related programs.

Management Exempt Cost Savings 2016-2019

Program Name	Estimated Savings
Exempt Base Pay and Pay for Performance (PFP)	\$13.2 million
Senior Management Team Variable Pay Elimination	\$3.67 million
Exempt Sustained Exceptional Performance Award Program	\$750,000
Exceptional Circumstance Adjustments Restriction	\$216,000
Reduction in Summer Student Hires	\$1.3 million
Reduction of Senior and Corporate Management Team Meetings	\$540,000
TOTAL (estimated)	\$19.7 million

Intentional Workforce Management

- Implementation began in 2015.
- **Objectives:**
 - Bring more rigor in managing performance and assessing fit;
 - Enable targeted retirements for those nearing eligibility for unreduced pensions;
 - Find efficiencies through reorganization and realignment of work;
 - Test pay equity, including gender pay equity, among exempt staff; and
 - Meet any contractual obligations.

Intentional Workforce Management

Year	Number of Employees	\$ Amount
2015	18	\$1,026,396
2016	40	\$3,930,063
2017	79	\$8,200,442
2018	56	\$6,550,800
TOTAL	193	\$19,707,701

Exempt Staff Pay Equity Review

- **Objective:**
 - Undertaken in 2018 to identify if relative equity exists among exempt staff, including gender pay equity
- **Considerations*:**
 - Employee's time in salary grade
 - Peer salaries within the salary grade
 - Average salaries within salary grade

**This list is not exhaustive.*

Exempt Staff Pay Equity Review

- **Results:**
 - Determined gender pay equity exists among exempt staff.
 - Most differences in average remuneration were explained by average tenure in a salary range.
 - 16 employees' salaries were adjusted to create more peer equity as a result of the analysis at a cost of \$145,048.



Moving Forward in 2019

- Compensation review
- Senior management expense disclosure
- Temporary accommodations

Recommendation

That the Priorities and Finance Committee recommends that Council:

Approves funding from the Budget Savings Account Reserve of up to \$10 million to be used for accommodations costs described in this report from 2019 to 2022.