

Section III – Items for the Information of the Board

TO: Chair and Members of the Board of Directors
Friday, January 29, 2021 Meeting

FROM: Natalie Blake, Chief Human Resources Officer
Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 COST OF LIVING ADJUSTMENT AND ANNUAL PERFORMANCE STEP PROGRESSION INCREASES**

KEY ISSUE

To provide an update on the Executive Committee's request to conduct an environmental scan on information related to Cost of Living Adjustments (COLA) and annual step progression increases for partner municipalities of TRCA.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2021 Cost of Living Adjustment and Annual Performance Step Progression Increases report be received.

BACKGROUND

TRCA staff brought forth a report on the *2018 Operating and Capital Budget and 2019-2022 Cost of Living Adjustment*, at the Board of Directors Meeting #4/18, held on May 25, 2018, where Resolution #A66/18 was approved as follows:

WHEREAS the Conservation Authorities Act (CA Act) provides that a conservation authority, in establishing its annual levy, shall have the power to determine the proportion of the total benefit afforded to all the participating municipalities that is afforded to each of them;

THEREFORE LET IT BE RESOLVED THAT, subject to such regulations under the CA Act as may be approved by the Lieutenant-Governor-in-Council:

- (i) all participating municipalities be designated as benefitting for programs included in the 2018 Operating Budget;*
- (ii) Toronto and Region Conservation Authority's (TRCA) share of the cost of the programs included in the 2018 Operating Budget shall be raised from the participating municipalities as part of the general levy;*
- (iii) the 2018 general levy be apportioned to the participating municipalities in the proportion that the modified current value assessment (CVA) of the whole is under the jurisdiction of TRCA, unless otherwise provided in the levy or a project;*
- (iv) appropriate TRCA officials be directed to advise the participating municipalities, pursuant to the CA Act and the regulations made thereunder, and to levy the said municipalities the amount of the general levy set forth in the 2018 Operating Budget, and to levy the said municipalities the amount of the project and special levy set forth in the 2018 Capital Budget and in the approved projects of TRCA;*

Item 8.1

THAT the 2018 Operating and Capital Budget, and all projects therein, be adopted;

THAT TRCA staff be authorized to amend the 2018 Operating and Capital Budget, to reflect actual 2018 provincial transfer payment allocations in order to set the amount of matching levy required by the CA Act;

THAT the cost of property taxes imposed by municipalities be included as additional levy to the participating municipalities where the lands are located, excluding the cost of property taxes which are passed on to a third party under a lease or similar agreement;

THAT, except where statutory or regulatory requirements provide otherwise, TRCA staff be authorized to enter into agreements with private sector organizations, non-governmental organizations or governments and their agencies for the undertaking of projects which are of benefit to TRCA and partner municipalities and funded by the sponsoring organization or agency, including projects that have not been provided for in the approved budget;

THAT, as required by Ontario Regulations 139/96 and 231/97, this recommendation and the accompanying budget documents, including the schedule of matching and non-matching levies, be approved by recorded vote;

THAT the presentation of 2017 budget comparisons and related actuals be amended to conform to the presentation adopted in the 2018 budget document;

THAT TRCA staff make provision for a cost of living adjustment (COLA) on wages of two percent (2.00%) annually effective April 1 for each of the four years 2019 through 2022;

AND FURTHER THAT authorized TRCA officials be directed to take such action as may be necessary to implement the foregoing, including obtaining approvals and the signing and execution of documents.

TRCA has budgeted and accounted for the multi-year COLA approval and performance step progression increases up to and including 2022 based on the Board approval. These increases have been built into TRCA municipal levies and multi-year fee for service agreements with TRCA funders, primarily our partner municipalities. This has provided our funders with the ability to accurately forecast financial requirements and has allowed TRCA to provide financial stability in terms of resource planning to complete desired programs and services.

To provide transparency for staff, support ongoing recruitment and retention, as well as to reflect input received during employee engagement, salary schedules for the approved four-year COLA increases have been posted and are accessible on TRCA's intranet site. These salary schedules form the basis for the organization's full costing model.

TRCA's annual salary adjustments consist of a 2% COLA increase, in addition to a prescribed step progression increase, tied to performance, within a predefined six (6) step banding system. The annual salary adjustments are consistent for all TRCA employees, including both individual contributors and people leaders, there is no differential in compensation program amongst the levels of staff.

Item 8.1

TRCA's salary schedule, sample illustrated below, contains six (6) steps with a 2% differential between steps consistent across the entire salary schedule. The composition of this type of compensation program is intended to recognize gained experience and increased skills within a predefined scope (step progression), compared to other compensation structures that provide greater discretion and latitude for reaching and exceeding job rates and recognizing performance. Employees at step six (6) of the salary schedule are not eligible for any progression increase. Therefore, employee eligible for a step progression are restricted to the 2% increase from one step to the next. Approximately 37% of TRCA employees are at step six (6) or red-circled, therefore making them ineligible for any step progression increase.

Band	Step 2	Step 3	Step 4	Step 5	Step 6
7	\$ 74,157	\$ 75,670	\$ 77,215	\$ 78,790	\$ 80,398
6	\$ 69,178	\$ 70,591	\$ 72,041	\$ 73,501	\$ 75,001
5	\$ 63,560	\$ 64,856	\$ 66,180	\$ 67,531	\$ 68,909

RATIONALE

TRCA staff conducted an environmental scan with our municipal partners as well as our peer Conservation Authorities, to assess their plans and actions with respect to COLA and performance step increases.

Based on an environmental scan of municipalities within TRCA's watersheds, the following was noted. As some municipal partners are currently in the 2021 budget planning process, their budgets are not final until approved by their respective councils, and are therefore subject to change:

- City of Brampton: 1.75% Economic Adjustment (EA) and employees will be eligible for 2020 performance increases for management and excluded employees.
- City of Markham: No determination at this time.
- City of Toronto: 2021 Budget currently assumes 0% COLA for all management staff (non-union), and all pay for performance programs have been cancelled. City Council has also requested that all city agencies and corporations apply this methodology, which does not include TRCA.
- City of Vaughan: 0% COLA and management and excluded staff are eligible for step increases.
- Durham Region: No determination at this time.
- King Township: No determination at this time.
- Region of Peel: 2021 Budget currently assumes 1.75% COLA for all levels of staff.
- Town of Aurora: No determination at this time.
- Town of Caledon: 2021 Budget proposal of 1.75% non-union COLA increase and continuation of the merit/step increases.
- York Region: No determination at this time.

Based on a review of TRCA's fellow Conservation Authorities (14), all reported providing or proposing (subject to annual budget approval) to provide COLA in 2021. In addition, 83.33% of those respondents indicated that employees, who met eligibility requirements, would continue to be eligible for a step progression/merit increase, with the average differential between steps being 3.75%.

It is important to remember that TRCA's total compensation program does not compare easily to municipalities. TRCA's compensation structure is based on the 50th and 60th percentile of our

Item 8.1

defined comparator market, which comprises of a mix of organizational types, with our benefits lagging those of partner municipalities. For example, most municipalities in our jurisdiction have considerably greater total compensation packages taking into account salary and benefits. In addition, senior management remuneration and benefits in government partner agencies and corporations with comparable responsibilities tend to be considerably higher than TRCA, creating some challenges in retaining highly qualified staff. Much of this stems from the comparison organizations referenced in our previous compensation strategy, the mix and weighting of comparators in the market, and consideration of the jurisdictional landscape that TRCA employees work and live within. These factors are being examined and considered in planning for a future compensation review.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:
Strategy 11 – Invest in our staff

FINANCIAL DETAILS

The 2021 COLA and annual performance step progression are already built into TRCA's draft operating and capital budget, including levy asks from its partner municipalities, which fall within the municipal budget envelopes, multi-year funding agreements, and programs and projects for the year, which have already commenced.

Report prepared by: Michael Tolensky, extension 5965 and Natalie Blake, extension 5374

Emails: michael.tolensky@trca.ca and natalie.blake@trca.ca

For Information contact: Michael Tolensky, extension 5965 and Natalie Blake, extension 5374

Emails: michael.tolensky@trca.ca and natalie.blake@trca.ca

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