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**Date:** 2021-05-12

**From:** Al Meneses, CAO

**Subject:** Organizational and Compensation Review – Recommendations and Next Steps

**Report:** CAO2021-05

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## Recommendation

That Council receive the report dated May 12, 2021, authored by Al Meneses, CAO, entitled Organizational Review – Recommendations and Next Steps, and

That the recommendations, as included in this report, are hereby approved, including amendments to the Township pay grid and organizational structure, and

That the financial impacts of the included recommendations be funded in part by the Modernization Grant and scheduled, strategic implementation of new staffing positions, as identified in this report, thereby remaining cost neutral to the Township 2021 Budget and tax rate, and

That a by-law, to authorize the amended pay grid, be presented at the June 3, 2021 meeting of Council.

## Background

Following a competitive process, Council engaged Pesce & Associates in late 2020, for approximately \$55,000, to complete an organizational review and recommend an optimal organizational structure, based on staff, functions, processes and objectives to deliver priority programs and services most effectively and efficiently. In addition, the project scope included a review the Township's compensation program to ensure market competitiveness.

In December 2020, Council hired a new CAO and since that time, Pesce & Associates have met regularly with the new CAO to discuss findings and recommendations.

On April 21, 2021, Pesce & Associates made two presentations to Council – a report that defined the project scope and detailed the process undertaken to arrive at recommendations, and a more detailed summary of the findings and recommendations for Council's consideration.

It is important that ratepayers have a clear understanding and comfort level with the comparators used by Pesce & Associates to arrive at the recommendations concerning the organizational structure and the revised pay bands.

Comparators used in the organizational review and jurisdictional scan exercise considered very similar comparators that were used in previous exercises and are quite common and standard. Factors taken into consideration included:

- Population
- Private dwellings
- Land area
- Lane kilometres maintained
- Population density
- Operating budget size
- Salary and benefit costs
- Total expenses
- % of budget spent of salaries and benefits
- Contracted services
- Outsource / Inhouse essential services: Fire, Police, Waste management

It is critical that when comparing organizational structures in the municipal field, that all these factors are taken into consideration to recommend the most efficient and effective structure to deliver services to ratepayers and learning from best practices and ensuring Georgian Bluffs is consistent with demonstrated successes elsewhere.

The compensation review comparators differed from the organizational review comparators for several reasons. While the organizational structure must, by necessity, review similar-sized, similar service-offering jurisdictions, the compensation review must consider all potential municipal sector competitors, as the qualified talent pool is challenging. Municipalities are competing now more than ever, not only for economic development but for talent, regardless of their sizes or budgets.

The “work from anywhere” trend is becoming the new accepted norm, thus allowing municipalities to cast a wider geographical net for potential talent, thereby expanding the challenge as some higher-paying jurisdictions can now attract talent from essentially anywhere within the Province. Additionally, cost of living increases, including real estate prices, has eroded a once competitive advantage for central Ontario jurisdictions to attract staff with lower salary offerings.

Our consultants and our research have informed us that many municipalities plan to make remote work options a permanent feature of their workplaces, thus placing additional pressure to compete for talent and adding additional pressure to compete for qualified resources.

Council received the presentations from the consultants and referred both to staff for a detailed report with implementation details, timelines, costing, change management consideration, and overall recommended next steps. Committee of the Whole received a report in closed session on May 5, 2021 outlining specific recommendations, costs, implementation timelines, change management strategies and next steps. Following closed discussions, staff were provided direction regarding the recommendations, including direction to the CAO to prepare a report, for consideration in open session, to formally approve the recommendations as provided by the consultants.

## Analysis

Council's role, in part, is to help position the Township for long-term success, well beyond the four-year mandate that each Council is handed by citizens when elected. To achieve those long-term goals, Council needs to make important and difficult decisions to solidify the foundation of the administration, including supporting an organizational structure to deliver optimal results.

Corporate strategy commences with the Township's Strategic Plan and is reinforced at election time with new term of Council priorities. In support of those priorities and plan, the administration develops annual operating plans underpinned by departmental and individual goals. By defining specific departmental responsibilities and clearly defining accountability of departmental leaders, the Township can operate in a transparent manner and eliminate silos to ensure a coordinated and comprehensive approach to service delivery.

Services must be offered in a cost effective and efficient manner, focussing on legislative requirements and what residents demand. Service delivery for residents must be supported by internal service providers that allow effectiveness. Properly configuring the administration into complimentary service delivery departments and models improves effectiveness and efficiency. To accomplish this, it is recommended that Georgian Bluffs have six departments, each led by a departmental head, as follows:

- Financial Services (Director of Financial Services)
- Development Services (Director of Development Services)
- Engineering Services (Director of Operations)
- Emergency Services (Fire Chief)

- Legislative Services (Clerk)
- Talent Services (Human Resources Manager)

Streamlined, integrated, and coordinated processes are critical to useful and cost-effective administrative operations. Updated by-laws and policies to support operational efficiencies are required, including more automation and on-line systems. Staff have recently proposed, and Council has supported, the modernization of existing processes and systems, and measurable successes and efficiencies will be achieved in 2021 and beyond.

Structure and function are critical if administrative staff are to function with minimal silos, share information for better recommendations, and to allow Council as much evidence and data as possible to make informed decisions. Staff are working towards these goals, and the revised organizational structure will assist. **(Attachment #1)**

Staffing and employee development is critical if the new organizational structure is to succeed. Staff need to be properly trained, allowed opportunities to further develop and educate themselves to continue to deliver optimal results. The organization needs to make sure that we have the proper staff in the proper roles, that staff have the right attitude and customer-service mentality, and most importantly, that staff understand their roles and how they contribute to the achievement of Council's priorities and the Township's Strategic Plan.

To help achieve the Township's Strategic plans and term of Council priority and goals, the Senior Management Team will be compromised of the following positions, as illustrated in **Attachment #2**:

- Chief Administrative Officer
- Clerk
- Director of Finance
- Director of Operations
- Director of Development Services
- Fire Chief
- Human Resources Manager

If the Township is going to attract and retain top qualified talent, then the pay grades, policies, and organizational structure need to be complemented with the appropriate work environment. Staff need to feel valued, know that the Township will support their growth, provide opportunities, and have a workplace culture that is respectful, fun, challenging, and rewarding.

By implementing the recommendations, Council will be taking an important step towards critical retention of our most important human resources and be better equipped to attract top talent.

## **RECOMMENDATIONS:**

Following a detailed review of the consultant's findings and recommendations, best practices, current market conditions, positioning the Township for short-term and long-term success, and incorporating some of Council's feedback and input into the future-state process, the following is recommended for implementation:

### **In 2021:**

1. Adopt and implement a new organizational structure, creating six distinct departments with defined accountabilities, as illustrated in **Attachment #3**.
2. Create the new position of Director, Development Services, with funding to be reallocated from the previously funded Director of Legislative Services position.
3. Create the new position of Corporate Strategic Coordinator position.
4. Commence the recruitment of the following contract (term and task) positions:
  - a. Asset Management Coordinator (18 months) (Financial Department)
  - b. Records Management Coordinator (24 months) (Legislative Services)
  - c. Climate Action Coordinator (18 months) (Engineering Services)
5. Adopt the recommended revised pay grades, for non-union staff, effective retroactively to May 01, 2021 (**Attachment #4**). Revise the Township's current salary policy concerning salary grids from the 50<sup>th</sup> percentile of comparators to the 60<sup>th</sup> percentile, effective immediately, with an automatic review of the market comparators every four years, and with the review confirming if the 60<sup>th</sup> percentile goal remains in the best interest of the Township to attract and retain qualified staff.
6. Make one-time salary adjustments to staff members that fall below the new recommended non-union salary pay grades, and to staff that will move from a pay grade to another because of job reclassifications, retroactive to May 01, 2021. (In total, maximum 3 staff impacted)
7. Review and confirm current job titles, job descriptions and overall responsibility and accountability of several positions, and make necessary adjustments to those positions, as determined by a job evaluation exercise, including:
  - a. Operations / IT Coordinator

- b. Building and Planning Assistant
  - c. Roads Supervisor
  - d. Facilities Coordinator
8. Revamp the current pay policy for non-union staff to transform to a “pay-for-performance” compensation plan, that focuses salary increases annually based on performance and contribution versus anniversary dates that do not necessarily reflect performance, commencing in 2022 for 2021 performance.
  9. Provide current staff that were employed in 2020, with the exception of the CAO and the Director of Operations, who both joined the organization in December 2020, and those who receive increases, as defined in 2021 recommendation number 6, a 1.9% increase to their base pay, to keep pace with our unionized workforce increase, retroactive to May 01, 2021.

Without any extraordinary efforts and investigation into budgetary strategies, total costs of these recommendations for 2021 would exceed \$400,000. However, because staff have identified existing base budget funding that can be reallocated, utilize a calendarization approach, gapping savings, and by utilizing the modernization reserve to fund a portion of the contract “term and task” positions, the impact for 2021, is negligible, on the DRAFT 2021 budget already presented to Council on March 30, 2021.

In addition, staff will immediately commence the recruitment process for the following vacant and funded positions:

- Deputy Clerk
- Junior Planner

**In 2022, subject to Council’s approval of the 2022 operating budget:**

1. Create a new position or an outsourced resource dedicated to by-law enforcement, particularly on seasonal weekends, provide a uniformed presence along restricted trails and pathways, assist with property standards, and contribute to the overall well-being of the Township.

The total costs of this recommendation, totaled with carryover 2021 recommendations for 2022 would total approximately \$60,000. However, staff will work diligently to identify existing base budget savings that can be reallocated, to minimize impacts on the 2022 budget that will be presented to Council in late 2021.

**In 2023, subject to Council’s approval of the 2023 operating budget:**

1. Create a new position, whose chief responsibilities will include, but not be limited to, economic development, tourism, heritage, arts and culture, and the operations of the airport and associated employment lands surrounding the airport.

The total costs of this recommendation, totaled with carryover 2021 and 2022 recommendations for 2023 would total approximately \$60,000. However, staff will work diligently to identify existing base budget savings that can be reallocated, to minimize impacts on the 2023 budget.

An illustration of the proposed rollout of the recommendations is attached as **Attachment #5** for Council's review and consideration.

In addition, as the rollout of the modernization evolves, as new staff are added, and as the new organizational structure starts to take hold and operate, the Chief Administrative Officer will continue to review the progress and provide Council with regular updates. If additional revisions are identified and required, Council will be provided the information and Council approval will be sought.

### **Change Management Strategy:**

Change management is a difficult task to complete accurately and a critical piece of the overall strategy to ensure the success of the recommendations. The roadmap will include the following:

- Clearly define changes and align new structure to support services and staff.
- Determine impacts of change and staff impacted.
- Communication, communication, communication.
- Provide training opportunities for all staff.
- Implement a support structure where staff feel safe and secure.
- Measure the change and successes and be prepared to pivot, if required.

As the Township matures and evolves, changes are sometimes difficult for existing staff that have become comfortable with the status quo. Communication is critical, as is a support system that helps staff feel secure and the provision of training and mentorship opportunities to help provide guidance and answer all questions.

### **Financial Impact**

Moving the organization forward, helping modernize the structure to achieve optimal efficiency, adjusting our pay grades to make the Township more competitive in this challenging labour market, and attract and retain top talent is a necessity. To help

achieve this goal, the total estimated impact for the Township's 2021 DRAFT proposed budget is summarized below:

**2021: \$0.00**

**2022: \$59,736 or 0.43% tax increase**

**2023: \$60,000 or 0.57% tax increase**

In total, utilizing reserves and incorporating various implementation and scheduling strategies, the total cost of implementing the recommendations, over and above the DRAFT 2021 budget presented to Council previously is minimal. **Total implementation costs, for 2021, can be fully absorbed into the draft 2021 without any necessary increase.**

Staff will continue a base budget review, going line by line in our operating budget and attempt to find savings to further mitigate forecasted costs in 2022 and 2023 with the hope that all recommendations will be implemented with minimal costs to our residents.

## Strategic Priorities

The recommendations presented in this report support all pillars of Council's Strategic Plan, including:

- Delivering effective and cost-efficient services.
- Improving communication, collaboration, and transparency.
- Fostering economic growth.
- Enhancing environmental stewardship.
- Increasing social and community opportunities.

## Conclusion

In support of Council's Strategic Plan and Council priorities, Council had engaged Pesce & Associates to undertake an organizational review and recommend an optimal organizational structure, based on staff, functions, processes and objectives to deliver priority programs and services most effectively and efficiently. In addition, the project scope included a review the Township's compensation program to ensure market competitiveness.

The 2021 draft budget was present to Council and the public on March 30, 2021. The total taxes to be levied presented in the draft budget was \$10,525,354, resulting in a municipal tax rate increase of 3.46%.

When combined with the education and county tax rates, **the overall tax increase for our ratepayers was 2.5%.** On the average home assessed at \$289,685, the result was an increase in taxation of \$77.90.



On April 21, 2021, Pesce & Associates made two presentations to Council – a report that defined the project scope and detailed the process undertaken to arrive at recommendations, and a more detailed summary of the findings and recommendations for Council's consideration.

Council received the presentations and referred both to staff for a detailed report with implementation details, timelines, costing, change management considerations, and overall recommended next steps.

Since the budget deliberations on March 30th, and the presentations from Pesce & Associates on April 21<sup>st</sup>, staff have been working to incorporate feedback received from Council and the consultant's recommendations with the goal of having minimal impact on the proposed draft budget while moving the organization forward over the next few years and position it for immediate and long-term success.

By utilizing various financial strategies, including calendarization of new staffing costs, tapping into our modernization reserve to help offset costs associated with contract staff, and by continually searching for savings and efficiencies in our existing base budget, the recommendations presented, if adopted by Council, will not have an impact on the draft budget presented to Council on March 30, thereby **leaving the proposed overall blended tax increase for our ratepayers at 2.5% for 2021.**

This report provides ratepayers with recommended implementation details, timelines, a costing summary, and change management considerations. Council hired experienced expert consultants to make recommendations to Council and this report respectfully incorporates those recommendations that included benchmarking, best practices, industry trends, and jurisdictional scans.

Respectfully Submitted:

Al Meneses  
Chief Administrative Officer

Attachment #1 – Departmental overview  
Attachment #2 - Senior Management Team  
Attachment #3 – Proposed Organizational Chart  
Attachment #4 – Non-Union Pay Grid  
Attachment #5 – Proposed Timeline