

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 21, 2024

Item 1, Report No. 5, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on February 21, 2024.

1. EMPLOYEE ATTRACTION & RETENTION STRATEGY AND COMPENSATION REVIEW

The Committee of the Whole recommends approval of the recommendations contained in the following report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated February 13, 2024:

Recommendations

1. That the City adopt a pay policy for non-union/management employees that establishes job rates and a non-union salary schedule that reflect the 75th percentile of the defined pay market effective July 1, 2024;
2. That the City also adopt a pay policy for Council that establishes job rates that reflect the 75th percentile of the defined pay market effective July 1, 2024; and
3. That the City's Attraction and Retention Plan as prepared by StrategyCorp be received.

Committee of the Whole (2) Report

DATE: Tuesday, February 13, 2024

WARD(S): ALL

**TITLE: EMPLOYEE ATTRACTION & RETENTION STRATEGY AND
COMPENSATION REVIEW**

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To provide information, updates and approval for the City's Employee Attraction and Retention Strategy.

Report Highlights

- A refresh of the City's attraction and retention strategies identifies 37 recommendations including a review of the City's current compensation structure and framework.
- The City's 50th percentile pay line policy is currently well below our comparator municipalities' benchmarks for non-union salaries. The compensation review also included a review of Council remuneration.

Recommendations

1. That the City adopt a pay policy for non-union/management employees that establishes job rates and a non-union salary schedule that reflect the 75th percentile of the defined pay market effective July 1, 2024;
2. That the City also adopt a pay policy for Council that establishes job rates that reflect the 75th percentile of the defined pay market effective July 1, 2024; and
3. That the City's Attraction and Retention Plan as prepared by StrategyCorp be received.

Background

The City of Vaughan is dedicated to ensuring its public service can effectively meet the needs of residents, businesses, and community members. However, the world of work is rapidly changing, particularly in a post-pandemic environment, and employers, including municipalities, are contending with a range of issues and challenges, including but not limited to attracting and retaining top talent.

As a result, refreshing the City's attraction and retention strategies to align with best practices in and outside of the sector is critical to maintaining the City's position as an Employer of Choice and ensuring it has the human capital required to support continued service excellence, in alignment with its 2022-2026 Term of Council Strategic Plan.

Although many of the current workforce challenges facing the City are not unique to it, there are initiatives and best practices that the City can advance to ensure it has the organizational capacity and bench strength needed to remain a top employer.

The attached Attraction and Retention Plan prepared by StrategyCorp identifies 37 recommendations to support the City on this journey, which have been grouped into six categories, each of which includes specific measures to enhance various aspects of the organization's human resources practices and prepare for future workforce needs and trends.

Many of these recommendations are already underway within the City, with some advising enhancements to existing practices and others offering new opportunities for further exploration, pending capacity and resources.

A key recommendation contained within StrategyCorp's plan was the suggestion that the City reevaluate its compensation package and structure to ensure it remains an attractive and competitive employer.

The Office of the Chief Human Resources Officer annually reviews non-union compensation and positions against the City's current pay line policy of a 50th percentile benchmark. However, given recent economic pressures and rising cost of living increases, this is not currently providing the City with a competitive advantage for attraction and retention strategies that are required to continue being an Employer of Choice.

As a result of the ongoing challenges and StrategyCorp's recommendation, the City retained an external compensation expert (Marianne Love Consulting) to review the City's current compensation model related to the external market and to provide proposed recommendations. Part of the Consultant's compensation philosophy addresses the principles of internal equity (fairness), pay equity (compliance), market equity (competitiveness) and ensures sustainability and renewal, while ensuring employees are paid fairly and competitively in an everchanging compensation landscape. The Compensation Review also included a review of Council Remuneration.

This report and the attachment listed below detail the steps and recommendations needed to help address the City's attraction and retention challenges and maintain the City's position as an Employer of Choice.

Previous Reports/Authority

N/A

Analysis and Options

1. 75th Percentile Pay Policy for Non-Union/Management Employees

As part of the City of Vaughan's attraction and retention strategy, a full review of the City's non-union compensation structure and current pay line policy was undertaken, including benchmarking of the Mayor and Members of Council salaries. Various options have been analyzed and recommendations provided.

As noted in the consultant report, the current 50th percentile is no longer allowing the City to remain competitive within the current labour market, especially amongst our comparator municipalities. The recommended increase to the 75th percentile will allow the City to improve its current attraction and retention strategy and will also allow the City to remain competitive in the market, allowing better competition with other municipalities for new and existing talent. The City of Vaughan has historically used Brampton, Mississauga, Oakville, York Region, Richmond Hill and Markham as market comparators. However, for this review, and in light of the increase in remote work across the sector, additional municipalities were also included in the analysis for benchmarking purposes.

The market review determined that approximately 40% of the City's current non-union positions have maximum job rates that are below the current pay target of the 50th percentile. Some of the contributing factors would be that many of the comparator municipalities have already completed a review of their salary and compensation strategy, resulting in increases to their pay bands, to achieve competitive job rates. Five out of the six comparator municipalities have adopted a pay policy that is either at or exceeds the 65th percentile. Some of the analysis also determined that Vaughan is less competitive when comparing job rates (maximum rates) for some senior and mid-management level positions (current bands 8 to 16), whereas positions in lower bands were closer to the identified targets, which would not require a significant adjustment.

The Office of the Chief Human Resources Officer has conducted a thorough analysis of the data the compensation consultant provided and prepared several options, as well as costing. It is recommended that staff be placed using the next closest step methodology without decreasing their current pay, considering consistency, equity, retention and financial sustainability.

Recommended Pay Line Policy and effective date for Non-Union/Management Employees:

It is recommended that the City adjust the City's non-union compensation benchmark to the 75th percentile of comparator municipalities as of July 1st, 2024. The implementation cost of this option is approximately \$740,000 (July 1, 2024, to December 31, 2024). There will be future financial impacts as a result of this change, as staff will be able to progress through the steps on the new salary grid.

The benefit to selecting this course of action is that the City will be able to successfully compete and attract talent from other municipalities/sectors, as well as help retain our current top talent. Through HR metrics and analysis, the 2022 turnover rate for non-union staff (voluntary, involuntary and retirement) was 12.76% compared to 10.84% in 2021, 5.80% in 2020 and 6.30% in 2019. The turnover significantly impacted the City's business, mainly many hard-to-fill positions within the Planning and Legal Services departments. Turnover also has additional unquantified costs associated with recruitment (*i.e.*, paying recruiters for specialized positions) and onboarding costs.

Mayor and Members of Council Remuneration:

Part of the analysis also included a market review of total compensation data for the Mayor and Members of Council. It was determined through this analysis, that Vaughan's Mayor and Members of Council require an adjustment as well. Historically, the Mayor and Members of Council base pay is adjusted on an annual basis, using the same increased percentage/economic adjustment as approved for the management/non-union group.

Currently, the data demonstrates that the Mayor is under the current 50th percentile pay line policy, and the Deputy Mayor and Councillor positions are just above the current policy. The market median for Mayor and Member of Council positions is the 50th percentile.

The consultant's analysis and recommendation are that the 75th percentile target also applies to the Mayor, Deputy Mayor and Member of Council positions to ensure the remuneration of the City's elected officials is in line with our neighbouring municipalities.

Using the recommended 75th percentile target, it was determined that Vaughan's Mayor and Councillor positions require an adjustment. The P75 market rate for the Mayor position is \$150,410. Pay rates range from \$139,466 (Richmond Hill) to \$151,064 (Markham). The P75 market rate for the Councillor position is \$95,171. Pay rates range from \$56,475 (Oakville) to \$95,171 (Brampton and Mississauga). The proposed revised Councillor pay rates can be adjusted by 10% to derive the new Deputy Mayor pay rate.

The proposed new rates would be:

- Mayor: \$150,410
- Deputy Mayor: \$104,688
- Councillor: \$95,171

The anticipated financial impact of paying at the 75th percentile for Mayor and Members of Council effective July 1, 2024, is \$42,250 in 2024. The financial impact will be contained within the 2024 budget.

This recommendation is reasonable based on the size, scope and pay practices of the City's comparator groups and aligns with the recommended pay target for non-union employees. Other elements of remuneration were also benchmarked, and the data shows they are currently comparable. A detailed analysis is found within the attached report.

Financial Impact

This report is consistent with the priorities previously set by Council and the anticipated financial impact of these recommendations will be contained within the 2024 budget.

Operational Impact

This report is consistent with valuing and encouraging a highly motivated workforce and attracting, retaining, and promoting skilled staff. These recommendations will contribute to the term of council service excellence strategic plan which will directly impact staff engagement, operational performance, and the citizen experience strategic priorities.

The City requires skilled, engaged and motivated staff to deliver upon the City's strategic priorities. Not attracting the right talent or losing talent does not allow the City to continue doing important work efficiently and effectively. Ensuring we remain competitive in this ever-changing labour market is key to ensuring Vaughan is set up for success to deliver service excellence to the residents we serve.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

In review of the analysis provided, it is recommended that management be authorized to proceed with implementing a 75th pay line policy for non-union/management staff and Council. If approved, the Office of the Chief Human Resources will work closely with the Financial Planning & Development Finance department on implementing the new pay structure model and revise the non-union salary structure, as well as with payroll on the timing of implementation. We would also work with Corporate & Strategic Communications on any communication to staff on the implementation of the recommendation.

As a result of approving these recommendations, the City will be set up for success as an initial step of refreshing the City's attraction and retention strategies to align with the best practices and municipal benchmarks. This will ensure the City is an Employer of Choice in the years ahead with the right people being attracted and retained, to continue supporting the City's overall strategic plan and to continue delivering service excellence.

For more information, please contact: Mark Bond, Chief Human Resources Officer, Extension 8327.

Attachments

1. Final Report – City of Vaughan – Attraction and Retention Plan, StrategyCorp December 2023
2. Final Vaughan 2023 Compensation Review Summary Report, Marianne Love Consulting, January 2024

Prepared by

Anne Musacchio, Manager of Human Resources
Gina Lijoi, Manager, Human Resources
Mark Bond, Chief Human Resources Officer

Approved by



Michael Coroneos, DCM Corporate Services, City Treasurer and Chief Financial Officer

Reviewed by



Nick Spensieri, City Manager



City of Vaughan | Attraction and Retention Plan

Presentation to Council

December 2023





Project Overview

Project Overview

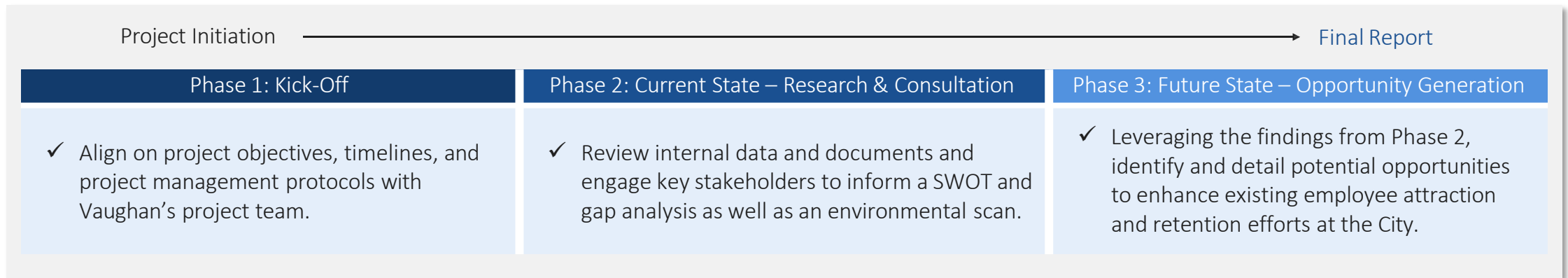
Project Context

The City of Vaughan (“Vaughan”, “City”, or “Corporation”) is dedicated to ensuring its public service can effectively meet the needs of residents, businesses, and community members. However, the world of work is rapidly changing, particularly in a post-pandemic environment, and employers, including municipalities, are contending with a range of issues and challenges, including but not limited to:

- Attracting and retaining top talent;
- Remaining competitive in a crowded marketplace;
- Advancing a diverse, accessible, inclusive, and equitable workforce;
- Integrating new technologies; and
- Promoting continued staff engagement and development.

As a result, refreshing the City’s attraction and retention strategies to align with best practices in and outside of the sector is critical to maintaining the City’s position as an Employer of Choice and ensuring it has the human capital required to support continued service excellence, in alignment with its 2022-2026 Term of Council Strategic Plan.

Scope & Objectives



Methodology and Approach



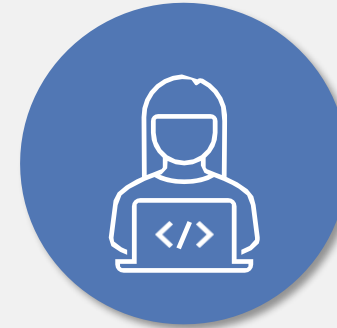
Data & Document Review

Identified and reviewed relevant internal data and documents, including reports, survey data and policies and procedures, to assess key issues and priorities and assist in benchmarking against past performance and establishing a baseline for measuring the effectiveness of proposed attraction and retention strategies.



Interviews

Conducted 1:1 interviews with City senior leaders to gather valuable insights and perspectives regarding attraction, retention, and the challenges faced within the organization. This included senior leaders from Infrastructure, Legal & Administrative Services, Finance, Planning & Growth Management, etc. It also included key members of the Human Resources team.



External Research

Extensive research was conducted to gain insights into best practices from peer municipalities, including the City of Hamilton, City of Mississauga, City of Toronto, and City of Richmond Hill, and other organizations. This involved analyzing data, reports, case studies, and policies to understand key trends and potential improvement opportunities for the City.

Key Findings



Contextualizing the Recommendations

In 2022, the City Vaughan was voted a Greater Toronto Top Employer for the second year in a row, recognizing the commitment and work underway to make the City a best-in-class employer and a great place to work. It is clear that the City is on the right track and yet, at the same time, there are broader workforce challenges in the municipal sector that the Corporation will need to be responsive to. There are many positive initiatives that the City is already driving to improve recruitment and retention, and those efforts should continue and, where appropriate, be prioritized to ensure the organization is able to meet both its workforce needs and the needs of the its workforce.

Employee recruitment and retention challenges exist across the municipal sector

Vaughan is not unique. Many municipalities are facing challenges attracting and retaining the talent they need to effectively deliver their programs and services. Although much of the current data is anecdotal, the issue is drawing considerable attention from sector leaders and associations. Notably, the Association of Municipalities of Ontario (AMO) has initiated a multi-year Workforce Development Project that will engage Ontario's municipal employers and employees, municipal staff associations, and education partners to understand current workforce challenges, forecast future labour needs and identify solutions that can support municipalities with recruitment and retention.

Changing economic conditions will continue to impact workforce development

The world of work is evolving. The COVID-19 pandemic sparked an unprecedented shift in the job market that continues to have lasting impacts on how people think about work, look for jobs, and value employment. Even in the span of this project, the economy has shifted from a job seeker's market to an employer's market and many organizations are looking to increase efficiency and productivity as they navigate increased operating costs due to inflation. It may be that this external economic volatility may drive less voluntary attrition and increase the value for the stability that the City can offer...but time will be the judge.

Meaningful change requires a multi-pronged approach and corporate support

The issues impacting recruitment and retention are complex, and many of these issues are not entirely within the City's control. To affect change, build a resilient workforce, and maintain a strong pipeline of talent, the City must take a holistic and comprehensive approach to workforce development – there is no single 'golden ticket' to solving current workforce development challenges. Rather, implementing initiatives across a range of areas – from compensation to branding – will ensure the Corporation is moving in the right direction. This will also require support, engagement, and collaboration across the entire corporation.

The City as an Employer – What We Found (1/2)

The following high-level themes emerged from our research and consultation regarding the current state of Vaughan’s ability to recruit and retain talent.



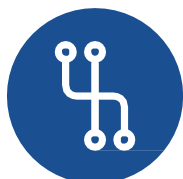
Recruitment and Retention Challenges

Recruitment success varies based on the level of positions and the departments within Vaughan. The City is currently experiencing challenges in recruiting for executive-level roles as well as in the Planning and Legal departments especially, although it is unclear as to what degree these challenges are specific to Vaughan or reflective of broader workforce issues in the sector at large. There does not appear to be particular concern with Vaughan’s retention rate. The most recent employee engagement survey found that 58% of respondents intended to stay employed with the City. On the other hand, there have been some senior departures in the last two years that have driven an increased focus on employee satisfaction and retention.



Compensation & Benefits

In the current context of a highly competitive market for municipal staff, the City may want to review its current compensation structure using a higher percentile as a benchmark. It may also want to explore opportunities to remain competitive in terms of the total compensation *package* – from new or expanded benefits to alternative or additional compensation arrangements. In a recent survey of Ontario CAOs from summer 2023, it was found that all survey respondents were either in the process of conducting full compensation reviews or planning to launch the process soon. It is understood that the City has undertaken a more detailed compensation review in conjunction with this project.



Processes & Systems

Existing human resources processes and systems are not currently optimized to enable efficient and effective HR practices as it relates to recruitment and retention. In addition, data analysis is limited and lagging technology across the corporation hinders the employee experience and adds to staff burdens. Better systems for capturing and managing data and analytics tools are needed to collect, analyze, and interpret HR data. This will help drive decision-making around recruitment, retention, employee engagement, and ultimately contribute to more efficient and effective HR management. The City is undertaking critical work to mature and invest in IT, data and analytics, which can support overall systems improvement in human resources.

The City as an Employer – What We Found (2/2)



Work Environment

Work-life balance and flexibility continue to be important priorities for municipal employees, especially post-COVID. In the City's last engagement survey, work-life balance received favourable scores from only 55% of staff – 5% lower than the benchmark and no improvement from 2019. The City has taken steps to implement policies that support employee well-being, including an Alternative Work Arrangements Policy. Although generally viewed favourably by staff, the policy is not applied consistently across the organization, which has led to mixed results: on one hand, it enables flexibility for departments and on the other, has led to some internal tensions. It may also be worthwhile to pilot other emerging policies and opportunities (e.g., compressed work week), based on demand and interest from current and prospective employees.



Organizational Culture

Corporate culture has improved since 2019 with employee recognition, career advancement opportunities, and the alignment values and vision across the organization identified as important factors in fostering a positive and engaged workforce. However, there is a perception that the City's culture and reputation continues to experience the lingering effects of past instability and challenging Council-staff relations and that this may adversely be impacting staff satisfaction as well as the City's ability to recruit talent. As a result, a focused effort on building the City's brand identity and marketing efforts is important moving forward.



Diversity, Equity & Inclusion

The City has made important strides in advancing DEI within the organization, including through the adoption of the DEI Plan and explicit inclusion of DEI throughout the City's Term of Council Strategic Plan. However, meaningfully advancing the DEI Plan and implementing DEI initiatives in a way that differentiates the employee experience and creates competitive advantage in the 'war for talent' requires investment and prioritization.



Workforce Planning & Leadership Development

Workforce planning and leadership development were identified as areas requiring improvement, although some departments are making headway in this area. Improved performance management tools, coaching and talent development require greater standardization and consistency across the organization and staff should be given the time and space to engage in these critical activities. Succession planning and leadership development is top-of-mind and important in view of OMERS data indicating that almost 60% of active, full-time members are eligible to retire in the next decade.



Overview of Recommendations

Overview of Recommendations

Although many of the current workforce challenges facing the City are not unique to it, there are initiatives and best practices that the City can advance to ensure it has the organizational capacity and bench strength needed to remain a top employer.

This report identifies 37 recommendations to support the City on this journey, which have been grouped into the following six categories, each of which includes specific measures to enhance various aspects of the organization's human resources practices and prepare for future workforce needs and trends.

It is important to note that many of these recommendations are already underway within the City, with some advising enhancements to existing practices and others offering new opportunities for further exploration, pending capacity and resources.

OF RECOMMENDATIONS



Improve efficiency of HR services (1/2)



HR Processes & Systems

The HR team provides a range of important services to the Corporation, so it is important to ensure that the processes and procedures related to these services are as efficient and effective as possible. Increasing efficiency through automation, better technology, etc., will both increase staff satisfaction with these services and reduce HR team burn out.

RECOMMENDATIONS

- R1 Improve overall documentation and communication of HR processes by developing a services catalogue that clearly articulates the key information for each service.
- R2 Complete a thorough HRIS review, focusing in on pain points, understanding the business requirements of the future, and completing a future-state systems architecture to address current state issues and risks.
- R3 Develop a centralized data repository for the effective utilization of employee-related data and enhance HR data analytics capabilities to effectively utilize real-time, employee-related data when making decisions.
- R4 Increase the availability of self-service options for staff to complete basic HR actions to increase management's accountability for their teams, increase collaboration with HR, and promote feelings of empowerment around people-based decisions.
- R5 Redesign the HR Team's Operating Model to address pain points and gaps in existing capabilities and create a roadmap for implementation.
- R6 Strengthen HR department's efficiency, workflow, and effectiveness through evaluation of existing processes and opportunities for automation/digitization of processes.
- R7 Create HR "playbooks" that clearly outline how key HR processes are completed and ensure that all staff are effectively trained in all HR processes and procedures.

Improve efficiency of HR services (2/2)



HR Processes & Systems

The HR team provides a range of important services to the Corporation, so it is important to ensure that the processes and procedures related to these services are as efficient and effective as possible. Increasing efficiency through automation, better technology, etc., will both increase staff satisfaction with these services and reduce HR team burn out.

RECOMMENDATIONS

- R8 Develop a playbook to guide corporate internship programs to enable standardization across the organization.
- R9 Implement knowledge management and transfer tools and processes to increase the availability of knowledge sharing opportunities as to support employee engagement efforts.
- R10 Proactively review all job descriptions to ensure that they reflect the most up-to-date realities of the position and its responsibilities and complete job evaluations where descriptions are not accurate.
- R11 Introduce a process for connecting with candidates who have declined offers and document common themes and inform future improvement opportunities.
- R12 Enhance partnerships with educational institutions, labour unions, and professional associations to provide opportunities for internships, co-op placements, etc. as a means of creating a pipeline of skilled talent, especially in areas identified as “high risk” (i.e., planners and lawyers).
- R13 Update approach to campus recruitment events so that they are used more consistently as a tool, targeting programs in high-risk service areas and consider unique strategies to foster deeper engagement from post-secondary students.

Continue to improve employer brand and reputation

☆ Employer Branding & Reputation

Given the lingering historical perceptions that continue to impact Vaughan's brand as an employer, proactively working to develop a deliberate, well-defined employer brand and marketing strategy to support promotion of the brand is important to increase the attractiveness of the City as an employer and the likelihood of successful recruitment efforts.

RECOMMENDATIONS

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- R14 Market open positions more broadly and focus key messages on benefits of the role beyond, and in addition to, compensation, such as available development opportunities, high-growth environments, and fulfillment in the role.

 - R15 Consider leveraging roles like the Junior Coordinator, Media & External Communications position, to enhance the use of existing social media accounts (i.e., LinkedIn, Instagram, Twitter, Facebook, YouTube) to both drive recruitment and proactively shape Vaughan's brand as an employer.

 - R16 Develop and execute an Employer Brand Identity that clearly articulates Vaughan's desired brand including its unique value proposition as an employer.

 - R17 Work with the Corporate and Strategic Communications Team to develop a targeted HR Communications & Marketing Plan to support implementation of the Employer Brand Identity.

 - R18 Participate in job fairs and other career development opportunities in the community to spread awareness of Vaughan's breadth of positions, drive engagement with younger residents, and educate possible candidates about how Vaughan would support the development of their career.
-

Enhance leadership development and staff training



Performance Management,
Training & Development

Ensuring an internal pipeline of talent development into more senior positions is critical to ongoing retention efforts and to the maintenance of institutional knowledge. Some departments are already prioritizing this effort and are focused on internal talent development and growth. Employees should also be provided with ‘continuing education’ and training opportunities to build their skill-sets and competencies over time.

RECOMMENDATIONS

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- R19 Develop a strong culture of leadership development including identifying and nurturing high-potential talent, providing comprehensive leadership development opportunities, and promoting a culture of learning and growth at all levels.
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- R20 Allocate dedicated time for managers to focus on performance management and support career advancement. In addition, the City could consider compensating management to acknowledge the effort required to effectively develop their people, which exists in other organizations (e.g., WSIB).
-
- R21 Consider updating the performance management framework to improve effectiveness and strengthen buy-in from all levels of the Corporation to drive engagement with, and value from, the process for all involved. The process should be simple and straightforward and clearly articulate how performance information is collected and used to inform HR-related decisions.
-
- R22 Enhance and increase opportunities for training and development of all staff and promote a culture of learning by ensuring that leaders encourage, and provide time and space, for staff to participate. This could include an additional day of paid leave or budget allocations for professional development.
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- R23 Building on the *Emerging Leaders Program*, develop a resource (i.e., playbook) to support leaders with workforce planning to ensure business continuity as the required skills and competencies across teams evolve. This includes identifying the skill needs of today and the future and working with HR to ensure that recruitment and retention efforts are aligned to meet those needs.
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Ensure competitive compensation

\$ Compensation & Benefits

The City regularly reviews compensation against a 50th percentile benchmark. Given increasing competition for talent, economic pressures and rising costs of living, the City may want to reevaluate its compensation package and structure to ensure it remains an attractive and competitive employer.

RECOMMENDATIONS

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- R24 The City should consider increasing the percentile benchmark and complete a compensation review of all roles using the new benchmark to address disparities and maintain market competitiveness and enhance negotiation power. *This work is underway and will be reported on separately.*
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- R25 Map career paths and progression across the corporation and assess the job levels and the time it takes to progress through levels to right-size salary schedules and create more consistency across the Corporation. The City could consider beginning this review with the Planning and Legal teams first, as they identified opportunities for improvement in this area specifically.
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- R26 Complete a review of benefits and consider replacing or adjusting benefits offered to focus more on holistic well-being, provide more individualization, and better meet the evolving needs of a modern workforce.
-
- R27 Consider supplementing base salaries with alternative compensation strategies to better attract and retain top talent. While the City utilizes some alternative strategies now, it can increase and strengthen its use of these tools to develop a more competitive *total* compensation. Alternative strategies may include pay-for-performance, overtime pay and lieu time.
-

Focus on relationship-building and continued engagement

Employee Engagement

The City of Vaughan has already undertaken many efforts to improve staff engagement and is seeing positive results, based on the findings of the most recent Employee Engagement Survey. However, there may be additional opportunities to continue to foster positive relationships and collaboration between Council and staff, between departments and among employees.

RECOMMENDATIONS

-
- R28 Continue efforts to build a respectful and collaborative culture, including as it relates to Council-staff relations. In addition to the *Code of Ethical Conduct*, the City may wish to update its Council-staff Relations Policy with clear expectations around Council-staff interactions and communications to continue to foster productive and positive relationships and build trust and accountability.
-
- R29 Review the effectiveness of the Employee Engagement Survey (timing, length, etc.). Consider implementing a short employee engagement survey that takes the “pulse” of the Corporation’s culture at more frequent, regular intervals to closely monitor how culture is changing and course correct when / if necessary.
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- R30 Consider more two-way opportunities for staff to provide feedback, share ideas, and ask questions in an open and safe environment (e.g., digital “suggestion box”, two-way feedback system in the performance review process to allow staff to bring forward challenges and issues).
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- R31 Communities of practice may be established to increase collaboration and engagement from staff across departments, enhance competencies and capabilities across the Corporation, and provide more opportunities for staff to connect with one another while exploring shared interests.
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- R32 Consider establishing stronger and more open employee recognition opportunities (e.g., recognition newsletter or an intranet page where staff are encouraged to share messages of thanks and praise across the Corporation).
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- R33 Develop an employee catalogue that highlights each person’s skills, interests, and desired opportunities to enhance visibility and improve collaboration and networking.
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Continue to focus on building an inclusive culture and supportive work environment

Work Environment

Vaughan has made significant progress in improving the culture of the organization. However, culture-building is always a work in progress, and there remains continued opportunity to promote progressive policies that respond to the needs of current and prospective employees.

RECOMMENDATIONS

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- R34 The City has developed a DEI plan to support corporate DEI initiatives. To realize progress on implementation of the *2022-2026 Diversity, Equity, and Inclusion Plan* and demonstrate the City's commitment to DEI to current and future employees, the City should prioritize and support the Diversity and Inclusion Officer by providing resources and internal advocacy support for funds to execute the actions outlined therein.
-
- R35 Promote Vaughan's DEI efforts, particularly in leadership roles, inside and outside the Corporation to improve employer brand and reputation, and attract more diverse talent (e.g., social media campaign celebrating diversity, sponsor local Pride initiatives, incorporate DEI into the recommended Employer Brand Identity and Marketing Strategy).
-
- R36 Assess and address any gaps or areas of improvement in the hybrid work model and drive the more effective use of collaboration tools (i.e., Teams) through the development of clear expectations / guidelines around the use of such tools. Continue to monitor employee utilization and satisfaction with the current hybrid model on an ongoing basis and make changes or improvements as required.
-
- R37 Promote and improve work-life balance across the Corporation by implementing strategies to reduce the risk of burn out. This includes exploring or piloting emerging practices such a 4-day work week, a day per week where meetings are discouraged, and development of a work-life balance policy.
-

Implementation Planning Guidance

To ensure the successful implementation of the recommendations, the City will need to consider available resources (people, technology, budget, etc.), planning cycles, other Council strategic priorities and objectives to ensure changes are implemented efficiently, effectively, and most importantly, sustainably. The following steps can be developed to support the City as it defines the path forward.



Prioritize recommendations and identify resources for implementation

- Review the City's capacity to implement recommendations.
- Prioritize recommendations based on an effort to impact ratio.



Develop and execute an Implementation Plan around key initiatives

- Organize prioritized recommendations into work streams.
- Develop a detailed Implementation Plan outlining sequencing, responsibility, and implementation timelines.



Establish and execute a clear Change Management & Communications Plan

- Build a Change Management & Communications Plan.
- Execute the Plan to emphasize the purpose and added value of each change to drive transparency, develop trust, and build staff support.



Monitor and evaluate impacts of changes and adjust as needed

- Assess the impacts at regular intervals; course correct quickly when / if required.
- Define the key performance indicators (KPIs). Consider using:
 - Turnover Rate
 - Staff satisfaction / engagement
 - Time to Hire
 - % of successful recruitments
 - Average staff tenure

Next Steps | Sequencing of Recommendations

Each recommendation was scored across 4 categories – effort, time, cost and value / impact – and prioritized based on the average score across the 4 categories. Further operational planning will be required to prioritize and integrate these initiatives into the City’s budgeting and workplan processes. Successful implementation of these recommendations will require alignment, support and resources from across the Corporation.

Existing	Priority 1	Priority 2	Priority 2b	Priority 3
<i>Continue ongoing work.</i>	<i>Prioritize completion of these recommendations first as they are overall relatively simple to implement.</i>	<i>Priority 2a: Create formal corporate projects and start the planning and preparation activities required for initiation.</i>	<i>Priority 2b: Prioritize execution of these while planning for priority 2a recommendations is underway.</i>	<i>Delivering moderate to low value and requiring high investment of time / people / \$, these should be advanced when there is adequate capacity.</i>
R8 Intern Program Playbook	R20 Allocate Time for Performance Management	R2 HRIS Review	R37 Promote Better Work-Life Balance	R9 Enhance Knowledge Management
R7 HR Playbooks	R1 HR Services Catalogue	R27 Enhance Use of Alternative Compensation Strategies	R4 Self-Service Options	R29 Reconsider Employee Engagement Survey
R12 Enhance Recruitment Partnerships	R30 Increase Two-way Communication with Staff	R3 Centralized HR Data Repository	R34 Invest in Executing DEI Plan	R36 Monitor Hybrid Work Model
R13 Increase Presence at Campus Recruitment Events	R31 Establish Communities of Practice	R5 & R6 HR Operations Review: (R5) Redesign the HR Team’s Operating Model; HR Process Review & Improvement (R6)	R15 Enhance Use of Social Media	R26 Review & Enhance Employee Benefits
R23 Support Workforce Planning	R22 Enhance Employee Training & Development	R16 & R17 Vaughan Brand & Marketing: (R16) Plan/Develop Employer Brand Identity; HR Communications & Marketing Plan: (R17)	R19 Enhance Leadership Development	R24 Update Compensation Percentile Benchmark
R18 Participate in Community Career-Related Activities	R14 Increase Recruitment Marketing		R11 Develop Failed Recruitment Lessons Learned Process	R33 Develop an Employee Catalogue
R28 Continue to Improve Culture			R25 Map Career Progression & Right-Size Salary Progression	R10 Review & Update Job Descriptions
R35 Promote DEI Efforts			R32 Create Strong, Open Employee Recognition	R21 Update the Performance Management Framework



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**City of Vaughan
2023 Management/Non-Union Compensation Review**

Summary Report

Marianne Love, ML Consulting
January 2024

Background and Objective

- ▶ The City of Vaughan conducted a comprehensive compensation review for exempt positions in 2003 that included job evaluation using a weighted point factor job evaluation system, a pay equity analysis and market survey. A salary grid was prepared with job rates reflecting the 50th percentile of the defined pay market. Job evaluation has been maintained using the job evaluation system introduced in 2003.
- ▶ The Salary Grid consists of 16 pay bands and has been adjusted annually having regard to negotiated increases, comparator increases and ability to pay.
- ▶ The Consultant was retained in 2023 to conduct a review of the current compensation program; specifically, to assess the competitive pay market and the current pay policy (percentile target).
- ▶ The outputs of this review and recommendations will enable attraction and retention, future growth in organization and job design and provide the foundation to align fair and competitive pay with performance.

Project Overview

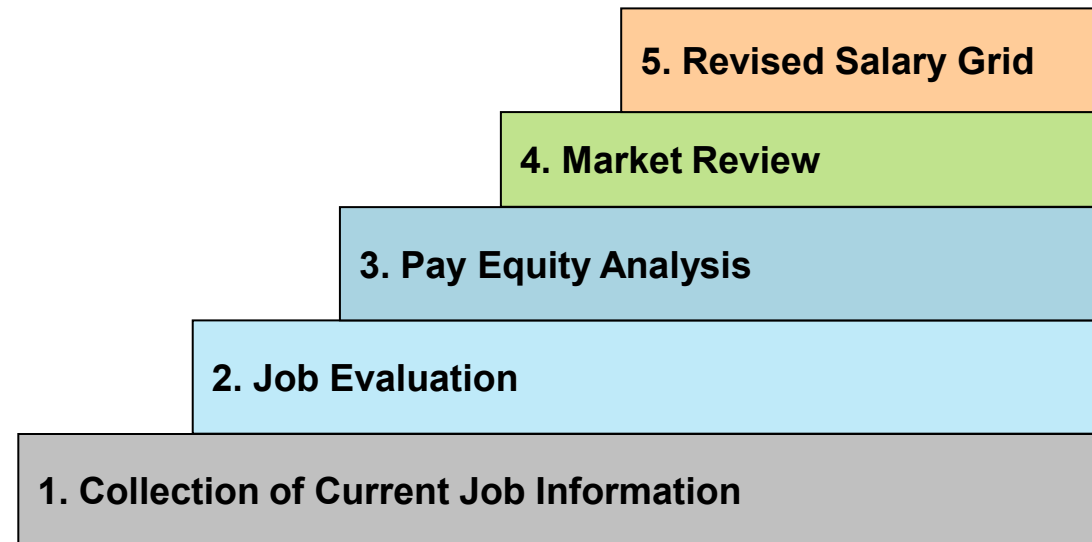
- ▶ The Consultant met with HR Leadership Team to discuss project objectives, tools, systems and processes.
- ▶ The market comparator group was reviewed and confirmed having regard to historical comparators, geographic placement and measures of size/scope of service.
- ▶ The Consultant performed the market matching exercise and prepared a Market Summary reflecting market placement based on various percentile target comparisons.
- ▶ The banding framework was reviewed to ensure that it will continue to support organization growth and job design.
- ▶ Proposed 2023 job rates were prepared based on the competitive pay market.
- ▶ A 2023 salary grid framework was prepared for implementation costing and can be further adjusted (economic increase) for the 2024 budget cycle.

Vaughan's Approach to Compensation

Vaughan's compensation philosophy addresses principles of:

- ▶ Internal Equity (fairness)
- ▶ Pay Equity (compliance)
- ▶ Market Equity (competitiveness)
- ▶ Sustainability and Renewal

The compensation program consists of these elements, and market competitiveness was the focus of this review:



Executive Summary

- ▶ Ensuring employees are paid fairly and competitively is a requisite for effective service delivery, given the limited resources in municipalities and the challenges in attracting and retaining staff in specialized, technical and management positions.
- ▶ The 75th percentile pay target for the Management/Non-Union employee group is recommended as representative, progressive and reasonable having regard to scope, size and composition of the comparator group in relation to the City of Vaughan, a conservative approach to job matching, attraction and retention challenges, geographic placement, economic conditions and external influencers (e.g., competitor pay data and evolving pay practice in the broader public sector pay in the local/regional area).
- ▶ On aggregate, Vaughan currently pays below the 75th percentile target of the defined comparator group; with greater deviation in some positions.
- ▶ The updated compensation framework addresses:
 - ▶ Market competitiveness
 - ▶ Updated pay policy with job rates that reflect the 75th percentile of the defined pay market.
 - ▶ Internal equity for all positions
 - ▶ Positions are placed in pay bands using a consistent interpretation and application of the Job Evaluation System.
 - ▶ Pay equity compliance
 - ▶ All female job classes have a job rate equal to the male comparator job rate to ensure compliance with the *Pay Equity Act*, based on the current banding framework.

Market Competitiveness

- ▶ The market comparator group was selected to reflect relevant scope/criteria:
 - ▶ Measures of size and scope of service
 - ▶ Similar service alignment/”like” services
 - ▶ Geographic location
 - ▶ Reflective of local/regional economy and recruitment
 - ▶ Historic comparators
- ▶ 6 comparators were selected for the 2023 Market Review

Market Comparators....

- Brampton
- Mississauga
- Oakville
- York Region
- Richmond Hill
- Markham

**historic comparators*

Market Competitiveness—Approach

- ▶ Positions were matched by the Consultant to similar positions in comparator organizations having regard to job title, job information, organizational charts, and 2023 annual job rates (maximum rates).
- ▶ A conservative approach was used in the job matching exercise and outlier matches were removed from the analysis so that results were not skewed.
- ▶ Market statistics based on 3 or more matches were calculated to determine market competitiveness using 6 percentile targets (50th, 55th, 60th, 65th, 70th and 75th percentiles). Percentile targets help define Vaughan's relative placement to the defined pay market.
- ▶ The Market Summary indicates that on aggregate, current Job Rates for the Management/Non-Union employee group are below all percentile targets, with greater deviation in some positions (i.e., paying below typical salary).
- ▶ The percentile target is a measure of how the positions are ranked in the comparator group, highest to lowest.
 - ▶ the 50th percentile target is the \$ Rate where 50% of the wage rates in the comparator organizations are below this amount and 50% are above.
 - ▶ the 75th percentile target is the \$ Rate where 75% of the wage rates in comparator organizations are below this amount, and only 25% are above.

Market Competitiveness—Aggregate Comparison

*Aggregate Comparison--
Vaughan's 2023 Job Rates
compared to 2023 Market
Percentile Targets (% below
target)*

	<i>P50 (median)</i>	<i>P55</i>	<i>P60</i>	<i>P65</i>	<i>P70</i>	<i>P75</i>
<i>Annual Job Rate</i>	1.3%	2.3%	3.4%	4.6%	6.0%	7.4%

- ▶ Vaughan is less competitive when comparing job rates (maximum rates) for some Senior and Mid-Management positions in Bands 8 to 16. This is in keeping with market observations for many municipalities across the province, given the age demographic and challenges to attract and retain top talent.
- ▶ Positions in Pay Bands 1, 2, 3, 4 and 5 are closer to the identified targets, impacting the overall aggregate assessment.
- ▶ There is an inequity in competitive pay throughout the employee group.
- ▶ 34 positions have been identified for revised band placement, supported by the pay market and internal equity. The positions that have moved band placement include Directors, Senior Managers and Managers.

Result of the Market Review

- ▶ Approximately 40% of positions have job rates (maximum rates) below the current pay target (50th percentile).
- ▶ Contributing factors to current market placement:
 - ▶ Many of the Comparators have completed a salary review in the last 3 to 5 years and adjusted their salary grids accordingly.
 - ▶ Many of the Comparators have revisited their compensation policy and adjusted their comparator pool and/or increased the target market percentile above the 50th percentile to achieve competitive job rates.
 - ▶ *5 of the 6 comparators have adopted a percentile pay policy of that exceeds the 65th percentile.*
 - ▶ *The prevailing target for Vaughan's comparator group is the 75th percentile.*

Why the 75th Percentile for the City of Vaughan?

- ▶ It is recommended that Vaughan adopt a pay policy that establishes job rates that reflect the 75th percentile of the defined pay market, having regard to:
 - ▶ the size/scope of the 2023 comparator group;
 - ▶ a conservative approach to job matching;
 - ▶ attraction and retention challenges;
 - ▶ geographic placement; and
 - ▶ economic conditions and external influencers.
- ▶ This reflects a progressive approach in aligning job rates with an evolving and competitive pay market using foundational tools and systems and the current banding framework; and supports Vaughan's strategic priority to ensure attraction and retention of quality staff and succession planning.
- ▶ The revised pay target will better align the competitive pay targets for positions in the employee group and achieve equity when comparing to the defined pay market.

Revised 2023 Job Rates and Salary Grid Framework

- ▶ A salary grid framework was prepared for positions using job rates (maximum rates) that reflect the 75th percentile of the pay market. The framework consists of 17 pay bands with 5 steps with a 4% step differential; Step 5 (or the highest step in the Band) is job rate (maximum rate) for the pay band.
- ▶ Implementation costing has been prepared by staff using next closest step methodology (salary value)/next reasonable step considering consistency, equity, retention and sustainability.

Pay Practice and Future Considerations

- ▶ It is recommended that the updated Management/Non-Union Salary Grid be implemented effective July 1, 2024, which is in addition to the 2% economic adjustment that became effective January 1, 2024.
- ▶ The anticipated financial impact of the new salary grid effective July 1, 2024, is approximately \$740,000 in 2024. The financial impact will be contained within the 2024 budget. There will be future financial impacts as a result of this change, as staff will be able to progress through the steps on the new salary grid.
- ▶ It is recommended that the following pay practices be continued to build resilience in pay policy, supported by prevailing practice in the sector:
 - ▶ That Vaughan adopt the practice of undertaking a periodic market review of all positions on a 3 to 4-year cycle in order to ensure competitive pay practices in light of changing demographics and work practices in the municipal sector.
 - ▶ This has become a best practice in the sector, providing analysis that supports adjustments to the salary grid to ensure an organization is not overpaying or underpaying positions.
 - ▶ That annual increases to the salary grid be determined by conducting a review of the comparator organizations to determine an average of the comparator group projected salary grid increases. This information, together with information relating to CPI increases, will inform the appropriate salary grid adjustments having regard to maintaining a sustainable compensation framework.
 - ▶ That new and changed positions continue to be evaluated using the new job evaluation system; and that pay equity compliance be reviewed annually.

Mayor and Members of Council Remuneration

- ▶ Part of the analysis included a market review of total compensation data for the Mayor and Members of Council positions. Historically, the Mayor and Members of Council base pay rate is adjusted on an annual basis, using the same increased percentage rates as approved for the Management/Non-Union group.
- ▶ The data indicates that the Mayor position is below the existing 50th percentile pay policy, and the Deputy Mayor and Councillor positions are slightly above the policy.
- ▶ The Consultant's recommendation is that the 75th percentile target also apply to the Mayor, Deputy Mayor and Councillor positions, to ensure Vaughan is remaining competitive with our comparator municipalities.
- ▶ Using the recommended 75th percentile target, it was determined that Vaughan's Mayor and Councillor positions require an adjustment. The P75 market rate for the Mayor position is \$150,410. Pay rates range from \$139,466 (Richmond Hill) to \$151,064 (Markham). The P75 market rate for the Councillor position is \$95,171. Pay rates range from \$56,475 (Oakville) to \$95,171 (Brampton and Mississauga).
- ▶ A December 3, 2012, Member's Resolution established that the position of Deputy Mayor at the City of Vaughan was to be remunerated at the local municipal Councillor salary plus 10%. In accordance with this Member's Resolution, the proposed revised Councillor pay rates can be adjusted by 10% to derive the new Deputy Mayor pay rate.

Mayor and Members of Council Remuneration Cont.

Vaughan Council Compensation Review 2023 Base Pay Market Summary

	2023 Base Pay Rate Annual	2023 MARKET SUMMARY - ANNUAL BASE PAY RATE (+ % = below market)				
		No. of Obs.	Market Median Annual	% Diff.	Market P75 Annual	% Diff.
Mayor	\$139,583	5	\$149,756	+7.3%	\$150,410	+7.8%
Deputy Mayor	\$95,784	3	\$93,882	(2.0%)	\$95,171	(0.6%)
Councillor	\$87,075	5	\$85,347	(2.0%)	\$95,171	+9.3%

Mayor and Members of Council Remuneration Cont.

- ▶ The proposed new annual salaries would be as follows effective July 1, 2024:
 - **Mayor:** \$150,410
 - **Deputy Mayor:** \$104,688
 - **Councillor:** \$95,171

Mayor and Members of Council Remuneration Cont.

- ▶ The anticipated financial impact of paying at the 75th percentile for Mayor and Members of Council effective July 1, 2024, is \$42,250 in 2024, which is in addition to the 2% economic adjustment that became effective January 1, 2024.
- ▶ The financial impact will be contained within the 2024 budget.
- ▶ This recommendation is reasonable based on the size, scope and pay practices of the City's comparator groups and aligns with the recommended pay target for the Management/Non-Union employees.
- ▶ Other elements of remuneration were also reviewed. The data indicates that these elements are competitive with the market.