Clerk's Files CA.11

Originator's Files (FA.19) (HR.06)

Corporate Report

BUDGET COMMITTEE
DEC 07 2009

DATE: December 1, 2009

TO: Chair and Members of Budget Committee
Meeting Date: December 7, 2009

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

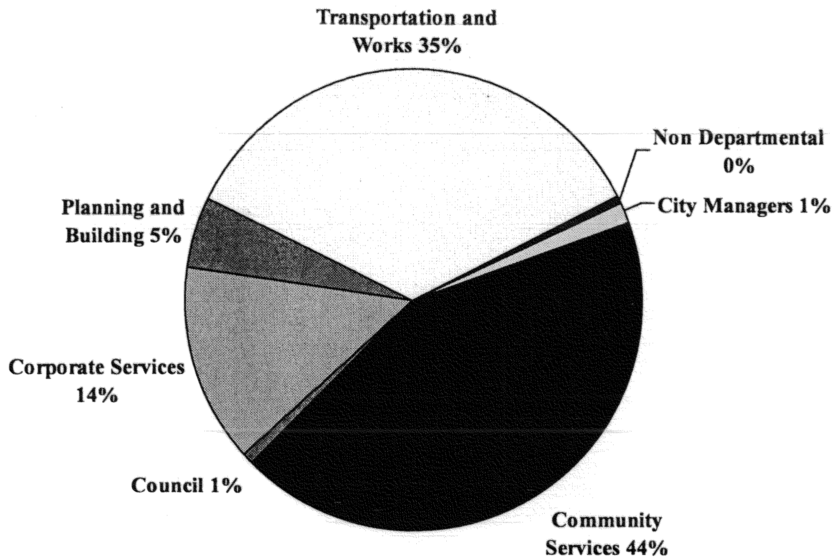
SUBJECT: **Service Level Impact of Labour Gapping**

RECOMMENDATION: That the report dated December 1, 2009 from the Commissioner of Corporate Services and Treasurer entitled Service Level Impact of Labour Gapping, be received for information.

BACKGROUND: At the meeting on September 23, 2009, Budget Committee requested a report on the service impacts of labour gapping or savings. The 2009 Budget includes a labour gapping target of $5.0 million.

COMMENTS: The City's 2009 Labour Budget is approximately $366.6 million or approximately 69% of the City's total operating budget. Of this amount, $7.8 million is recovered from capital projects. The Departmental labour budget allocations are shown in the following chart.

2009 Labour Budget By Department
Total $367 million (including Chargebacks)



The City has 4,888 Full Time Equivalents positions (FTE's) which are required to deliver services to the public through the five operating Departments. Non Departmental labour expenses cover such items as Workers Compensation, sick leave payments and early retirement benefits. As there are no staff associated with Non Departmental, it will be excluded from any further analysis dealing with labour gapping. Also, labour costs and FTE's associated with Council have also been excluded.

Included in the 2009 Budget, and also in the proposed 2010 Budget, is a labour gapping target of $5.0 million. This amount is to be achieved through normal staff turnover and position vacancies.

Based on the September 2009 year end forecast, 2009 labour savings are estimated at $6.8 million exceeding the target of $5.0 million. Some of the labour savings relate to positions that are being held vacant as they are being eliminated as part of 2010 Budget. Also, while labour gapping has exceeded target, some of these savings are offsetting revenue shortfalls. Therefore the additional gapping does not result in a net savings to the City.

The following table provides a summary of Departmental labour gapping relative to the Departmental labour budget and FTE count.

Department	Labour Budget (000's)	Total Full Time Equivalents (FTE's)	Labour Gapping ($000's)
City Managers Office	$4,638.6	46.8	$133
Community Services (excludes capital recoveries)	$157,834.9	2,183.5	$1,965
Corporate Services	$50,782.5	634.0	$2,000
Planning and Building	$18,247,4	206.5	$930
Transportation and Works (excluding capital recoveries	$130,121.0	1,778.2	$1,775
Non Departmental	$4,163,000	0	N/A
Mayor & Council	$3,325.6	39.2	N/A
Total	**$369,113**	**4,888**	**$6,805**

Appendix 1 provides a summary of labour gapping by division with the associated service impacts.

Backfilling staff, using resources from a temporary agency, reduced vacation time and requesting staff to work overtime are basic strategies to cope with vacancies while maintaining service levels. Based on a comparison of paid overtime as of the end of November, overtime has increased by 4.7% in 2009 when compared to the same time in 2008. Deferred vacation time results in a future liability.

Divisions associated with direct public services are often required to backfill with temporary labour in order to maintain service to the public. Transit operators must drive buses; life guards are needed to teach children to swim and fire fighters are required to respond to 911 calls. Therefore the temporary backfilling of vacancies minimizes the labour gapping savings as well as service disruptions. In some revenue supported services such as recreation programs and Planning & Building applications, gapping is used to offset revenue reductions. The gapping is possible as service demand has declined.

For Divisions which are dominated by professional staff, some labour gapping is a normal function of staff turnover. Many positions are relatively unique across the City with little or no part time staff easily able to step in and fill any gaps created by vacancies. As such, some labour gapping occurs naturally. In addition to this normal gapping, these departments, in order to meet the labour gapping targets, have left positions vacant for longer periods of time. As a result, departments are required to reprioritize workload and delay and defer planned initiatives. Corporate support service areas provide essential support services to the front-line services and the City as a whole; for example, purchasing, facilities, maintenance, legal advice, financial reporting and information technology services. Vacancies in these areas therefore can result in some delays in the projects and initiatives of the front line service areas, as well as delays in the implementation of many corporate initiatives.

FINANCIAL IMPACT: Projected, labour gapping as of September 30, 2009, is approximately \$6.8 million or 1.8% relative to the City's 2009 Departmental Labour Budget of \$369.1 million.

The budgeted target for 2009 is \$5 million.

CONCLUSION: The impact of labour gapping on each service varies based on the nature and the ability or need to easily replace vacant staff positions. These impacts are noted in Appendix 1 by department.

Divisions providing service directly to the public have more flexibility in acquiring appropriate staff in order to deliver programs in a safe environment. This can be contrasted with Divisions where positions are relatively unique across the City and can not be easily backfilled.

ATTACHMENTS: Appendix 1: Divisional Service Impact of Labour Gapping

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Donna Herridge
Manager, Financial Planning and Policy

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Corporate Strategy & Innovation Division	11	$58,248	No current vacancies. Labour gapping savings are a result of replacement of staff at lower salary. **Service Impact** None
Economic Development Division	14	$49,659	No current vacancies. Savings is a result of not filling Business Consultant vacancy until September. **Service Impact** None
Internal Audit	7	$4,710	No current vacancies. Savings is a result of EPD (equalized payment deduction) program. **Service Impact** None
Culture Division *	13	$20,737	No current vacancies. Savings in Temporary Labour as a result of reduced Arts program delivery due to lower program (class) registrations. Offset by labour settlement costs. **Service Impact** None
Total City Manager	**45**	**$133,354**	

*** Operation has moved to Community Services Department, budget and cost centre moves to take place Jan 2010**

Fire	704	$990,000	Full Time - $1,030k favourable, due to gapping associated with retirements, resignations, maternity leave and WSIB, partially offset by overtime. Part Time - ($40k) unfavourable, due to essential clerical backfill. **Service Impact** Due to manpower shortages through September 2009, we were forced to take vehicles out of service on (13) shifts and to operate with three persons in a vehicle on (749) shifts. Protocols are modified when operating with only three persons on a unit in order to maintain firefighter safety and to ensure adequate fire responses. We will be reducing gapping in 2010.

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Recreation & Parks	1070.5	$820,000	Full Time - $1,986k favourable, due to favourable wage differentials for new hires and labour gapping associated with retirements, resignations, maternity leave, offset by modest overtime. Part Time: ($1,166k) unfavourable, due to backfill of essential full time vacancies ($656k), backfill for staff on STD/modified duties ($376k), increased part time labour due to revenue growth in aquatics ($165k) and additional operational support in parks ($160k), offset by lower part time staffing levels associated with revenue short fall in camps, active living and programs ($207k). **Service Impact** Normal level gapping of $250k. Favourable YTD due to reductions in part time labour associated with the unplanned revenue shortfall in camps, sports, active living and programs, expected to recover with the economy in 2010 ($207k). Ten supervisory positions including the South District Manager, Manager Malton Community Center, Supervisor Sport, Supervisor Fitness at Rivergrove and Supervisor Aquatics at Erin Meadows were gapped for an extended period in 2009 without replacement. Such measures can be accommodated in the short term but are not recommended for the long term.
Planning, Development & Business Services	78	$295,000	Full Time - $553k favourable, due to transfer to projects funded by ISF/IOA, and gapping associated with inter-divisional moves, maternity leave and resignation. Part Time - ($258k) unfavourable, due to backfill for priority full time positions. **Service Impact** Backlog in records management. Priority Park Planning projects/studies including the Credit River Valley Strategy deferred. Departmental submission to the provincially regulated PSAB deliverables approximately 8 weeks late. Lower priority park development projects deferred pending IOA/ISF projects.
Library	331	-$140,000	Full Time - $520k favourable, due to labour turnover offset by severance payouts of $95k. Part Time - ($660k) unfavourable, due to backfill for essential full time public service positions to meet committed service levels. **Service Impact** Increased demand for service.
Total Community Services	**2,184**	**$1,965,000**	

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Facilities & Property Management	175.9	375,000	The forecasted surplus is due to the time required to fill vacancies and some positions being filled at lower than budgeted rates. Some vacancies take longer to fill as positions require specific technical skills. Planning and budgeting to achieve gapping has impacts on service levels of day to day operations, contract management, program planning as well as continuous improvement initiatives. The following Service Impacts can be attributed in part to insufficient labour due to gapping and staff vacancies: **Service Impact** The proactive management of property agreements of various types is falling behind or not always being rectified in a timely manner. Renewal of agreements is delayed and the monitoring to ensure compliance with lease terms and conditions (eg. utilities) is less extensive. Numerous strategic initiatives deferred indefinitely that would assist in the long term management of the business due to resource pressures. Things such as the development of performance metrics, service level standards, security incident reporting systems and a manual for the use of realty delegated approval processes are examples. Service level standards are not always being met in such things as park pathway lighting repairs. Especially where calls come from the public, in order to respond in a timely manner, we must react to such calls by deferring planned maintenance in order to attend to the issue. This creates further inefficiencies in the allocation of the limited resources and puts preventive maintenance on the back burner. Project implementation particularly in the capital maintenance area is delayed causing us to not be able to get at the backlog of items on our list. For example roofing repairs have fallen behind which has caused some problems in community centres and arenas. Leaks are making their way into the occupied spaces and creating additional costs for remediation of drywall, ceiling tiles and other interior finishes. Many of our contracts for our maintenance program have expired or are expiring and need to be put out to the market for bids to be compliant with the Purchasing By-law. Backlogs in developing and processing these procurements have put us in the position of having to extend existing contracts or having to do one off tenders for essential work. This creates workload issues for both the contract managers and Materiel Management.

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Information Technology	115.8	520,000	The forecasted surplus in IT is due to the time required to fill vacancies and some vacant positions being filled at lower than budgeted rates. Some vacancies take longer to fill as technical positions require specific skills which are in high demand in the open market (e.g. SAP Developer, Hansen Technology Specialist). Promoting from within is an effective method to retain skills and talent but can also contribute to gapping and related savings. The following are examples of this within Information Technology for 2009: • Staff movement to other open positions Information Technology (5 existing staff moved to other positions within IT) resulting in 5 additional positions within IT with vacancies due to moves. **Service Impact** Staff vacancies within Information Technology have contributed to the delay of a number of technology projects in 2009 as follows: • MAX – Conversion of MAX to ORACLE 10G and Web-based – delayed at least 8 months (2008 & 2009) • Parks Maintenance System (Hansen) – project delayed 6 months (contract PL was let go and another PL was hired externally) • Hansen Upgrade V7 to V8 – project delayed 4 months with several other Hansen related improvements also delayed • F&PM Phase 2 - Asset Analysis Phase delayed Many business process improvements and efficiencies are being impacted by these delays in technology project implementations.

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Clerks	63.7	270,000	The forecasted surplus in Clerks is attributed to higher than normal turnover, vacancies and some positions being filled at lower than budgeted labour rates. The implications and service level impact of labour gapping in the Legislative Services Division can be broken down as follows: **Service Impact** The preparation and posting of minutes from committee meetings has been delayed well beyond the service level of standard of 2 weeks. Committees cannot be provided one exclusive Legislative Coordinator due to vacancies resulting in some inconsistencies and communication gaps with the committee members, members of Council, other city staff and the public. The support provided to Sub-committees of the Advisory Committees has been very inconsistent, with a number of instances where a Legislative Coordinator was not available to attend and support the Sub-committees. In the POA area, front-line customer service levels were impacted earlier this year with the telephone response dropping and customer wait times at counters increasing in average wait times by 5 to 7 minutes due to staffing shortages. The Committee of Adjustment response times to inquiries from the public and development industry has changed from same day to next day.

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Revenue & Materiel Management	66.5	250,000	The forecasted surplus in Revenue and Materiel Management is attributed to higher than normal turnover rates, the time required to fill vacancies and positions being filled at lower than budgeted labour rates, partially offset by additional temporary labour costs for backfilling purposes. The following are the service impacts that can be attributed in part to gapping. **Service Impact** On the tax side, • Reduced monitoring or development and assessment growth information provided by MPAC resulted in less likelihood of identification of MPAC errors and omissions. • Update of Tax database can fall behind (ownership changes, etc.) • Unable to provide assistance to collections area during peak periods. • Work generally falling behind In the Materiel Management area: • Increase in overtime (both paid and unpaid) • Longer times to complete or to schedule procurements (compounded by vacancies in our client's area) • Inability to schedule required planning meetings in a timely manner as work load for us, legal and clients is high (no space in anyone's schedule) • Contract execution delayed
Finance	51.5	75,000	The forecasted surplus in Finance is due to the time required to fill vacancies and some positions being filled at lower than budgeted rates. **Service Impact** In Financial Planning, combined with the workload demands of the ISF submissions and Development Charge update, resulted in the delay of a number of items on the work plan, such as the review and update of the City's Reserves and Reserve Fund Policy, update of the Budget Control By-law, development of a 20 year debt model, development of a long-term debt policy and the identification and development of process efficiencies using SAP. Vacancies in the Payroll area resulted in other staff incurring overtime. As well, existing staff took on extra workload to cover off the vacancies and this has resulted in increased amounts of vacation carry over.

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Legal	33.5	110,000	The forecasted surplus is due to the time required to fill vacancies and some positions being filled at lower than budgeted rates following the hiring of replacements, partially offset by additional temporary labour costs for backfilling purposes. **Service Impact** There are many competing priorities requiring Legal assistance that are negatively impacted by staff vacancies in addition to providing advice and direction on contracts and service agreements.
Human Resources	35.0	90,000	The forecasted surplus is the result of turnover and the time required to fill vacancies. Some gapped positions were filled for extended periods with temporary staff and students. **Service Impact** Projects and other work was delayed as a result of gapping positions. For example: work plan commitments such as the development of a Wellness Strategy, Corporate Safety Program and Development of Workplace Violence Policy have all been deferred. In addition, response time in supporting clients has been negatively impacted.
Communications	42.5	170,000	The forecasted surplus is mainly the result of higher than normal staff turnover and the time required to fill vacancies in the Print Shop and Public Affairs sections In addition, many unplanned issues put pressure on remaining staff, for example : • H1N1 communication • Gas power plant location • Public Question period • Judicial Inquiry • Corporate advertising review as a result of Supreme Court of Canada ruling • AODA - standards for information and technology • Milton annexation project. **Service Impact** Challenges in providing support to unplanned initiatives on issues that required additional communications support. The following initiatives have been delayed in part due to staff vacancies. These include: • Internal Communications • Social media education • Media training • Litter not program refresh

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Customer & Business Services	49.6	140,000	The forecasted surplus is mainly due to vacancies in the Call Centre in the 1st quarter and some positions being filled at lower than budgeted rates. **Service Impact** The Call Centre was below service level in the 1st quarter due to vacancies dropping to as low as 50% of calls answered in 30 seconds or less based on a standard of 80% of calls answered in 30 seconds or less. There were many complaints during this period.
Total Corporate Services	**634.0**	**2,000,000**	
Building Division	88	$289,454	Natural gapping as well as gapping due to holding vacant positions resulting from the corporate retirement program in 2009 account for most of the savings. **Service Impact** The Building Division has not been significantly impacted by maintaining vacancies in 2009. The reason for this is that although the actual numbers of applications remain close to levels from last year, the scope of the applications is generally reduced allowing for a higher application to staff ratio to be successfully managed.
Development and Design	53	$302,819	Natural gapping and prudent management of vacancies have enabled savings. Primary savings are due to: - staff contracted to other departments (2 to Community Services, 1 to City Manager's); - filling vacancies at lower salaries; - delaying filling vacancies; and, - EPD savings. In addition, a position has remained vacant due to future Call Centre FTE transfer commitments in 2010. Development activity remains on par with last year and some outputs actually exceed 2008 (# of reports, by-laws, preliminary meetings). **Service Impact** Levels are being maintained by staff taking on greater workloads.
Policy Planning	23	$150,635	Labour gapping savings are due to filling of vacancies at lower salaries and EPD savings. There are no vacancies in Policy Planning. **Service Impact** None

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Business Services	33	$187,690	There are savings from one vacant position which is to be eliminated in 2010. Other savings were realized by filling vacancies at lower salaries. EPD savings have also contributed. **Service Impact** Minimal.
Strategic Community Initiatives *	5	-$814	No net labour savings **Service Impact** None
Total Planning & Building	**202**	**$929,784**	

*** Operation has moved to City Managers' Department budget and cost centre moves to take place January 2010**

Business Services	88	$180,000	The forecasted surplus is the result of lower labour costs due to several acting assignments, gapping related to the elapsed time between resignations and hiring of replacements, long-term disability leaves and a retirement, partially offset by additional temporary labour costs for backfilling purposes. Surplus is approximately 2.1% of 2009 budget. **Service Impact** The gapping in Business Services meant fewer resources were provided to deal with additional workload generated by HR investigations and interventions work, particularly for complaints received under the new Respectful Workplace policy.
Engineering & Works	340	-$170,000	The anticipated $170k overexpenditure in the Wages and Temporary labour category is due to above average winter activity in January and February. **Service Impact** None
Transportation & Infrastructure Planning	44	$180,000	The forecasted surplus is the result of lower labour costs due to acting assignments, gapping related to the elapsed time between resignations and/or retirement(s) and the hiring of replacements, offset by additional temporary labour costs for backfilling purposes. Surplus is approximately 4.5% of 2009 budget. **Service Impact** The gapping in TIP meant fewer resources available for transportation project work, resulting in protracted time lines for EA studies and corridor studies, in particular.
Transportation Project Office	5	$145,000	The forecasted labour surplus is primarily attributable to the savings realized from the elimination of the Parking Manager position and gapping related to the Parking Coordinator hiring. Surplus is approximately 23.4% of 2009 budget. These are one time savings that will not be repeated in 2010. **Service Impact** None

Appendix 1

2009 Labour Gapping Summary

Division	2009 Total FTE	2009 Forecasted Labour Gapping Savings	Type of Labour Gapping and Impact on Service Delivery
Mississauga Transit	1,174	$1,500,000	The anticipated savings consists of: (1) $850K from the transit operators labour budget and (2) $650K from all other areas (mechanics, building and route staff, general service staff). This variance is primarily a result of vacancies and gapping. Surplus is approximately 1.6% of 2009 budget. **Service Impact** As a result of the economic downturn and a 6 to 7% decline in ridership, planned service improvements totalling 87,500 hours in 2009 were scaled back to 38,500 hours. The timing of the Operator hirings will result in minimal additional labour savings in 2009. 2010 labour costs will, however, be lower by approximately $2 million as a result of the 2009 service plan adjustments and the corresponding reduction in new operator hirings.
Enforcement	127	-$60,000	A preliminary year-end shortfall of $60k has been forecasted, which is primarily as a result of vacancies and gapping. The surplus is offset by an over-expenditure in temp labour and backfilling of vacant salaried positions. Overexpenditure is approximately 0.6% of 2009 budget. **Service Impact** Minimal
Transportation & Works	**1,778**	**$1,775,000**	
Total City Wide	**4,843**	**6,803,138**	