

Highlights

Recommendations

1. For the Executive (except for the CEO) and Director level, we are recommending a mid-level salary merit adjustment of 2.0%, which is slightly higher than last year's 1.5% merit adjustment.
2. For the Manager, Professional and Support Staff level, we are recommending a mid-level salary merit adjustment of 2.5%, which is also slightly higher than last year's 2.0% merit adjustment.
3. A discretionary pool of \$20,000 for the CEO to reward non-executive staff for extraordinary performance.

Background

- CPI: 2.1% (see the chart below).
- These recommendations are in line with other public sector agencies and below private sector comparators as detailed below.
- Projected 2017-18 staff salaries (including contracted positions) and variable compensation are within the Board-approved corporate budget, which remains flat at \$12.1 million.
- As of May 31, 2017, the Corporation's total employee count is 65; the same as last year at this time, distributed as follows:
 - 59 - FTE
 - 6 – Contract
- Should the Board approve the proposed progression adjustment matrix, Waterfront Toronto is projecting a decreased actual salary budget for fiscal 2017-18 from 2016-17. Specifically, a reduction of \$548,992 (or 5.59%) from \$9,829,714 in 2016-17 to a projected \$9,280,722 in 2017-18 in salaries and contracted staff costs (including variable compensation and benefits). This decrease is due to the reductions in overall staffing.
- Variable Compensation payments to employees will decrease from \$672,198 for 2015-16 for 24 staff to \$600,765 for 2016-17 for 19 staff. This variable compensation amount is based on achievement of specific objectives for 19 employees. It is paid out of, and accounted for in, the 2016-17 budget. It represents a decrease of \$71,433 or 10.6% from the previous year. On a per-employee basis, the average variable compensation payment is \$31,916, compared to \$28,008 in the previous year, and is largely due to the CEO being eligible for full-year variable compensation compared to last year, when the CEO was only eligible for three months.

In 2005, Waterfront Toronto created a Pay for Performance (P4P) system, which is a method of rewarding strong employee performance by offering incentives such as salary increases. On an annual basis, employee performance is reviewed and evaluated through our Planning for Success (PFS) process, which rates the performance of all employees against corporate and specific personal goals. Waterfront Toronto has always applied this Pay for Performance (P4P) system through this PFS process.

As part of our P4P program, in 2008, the Corporation implemented a job evaluation (JE) program for all employees and all positions at Waterfront Toronto are evaluated and graded using this JE program resulting in each position being banded into a 17 salary grade system. Each grade has a salary range which is broken into three zones - Zone 1 is the hiring zone (in progression), Zone 2 is for fully competent employees (mid-point) and Zone 3 is for long service, above-average performing employees (above midpoint). As part of this program, the Corporation has adopted a policy of moving employees below the executive level to the midpoint of their salary range over a period of 4-5 years.

Through the P4P program, all employees who meet performance expectations, below the Executive level, have an opportunity to receive an adjustment to salary based on his/her performance rating (the PFS process) and progression adjustment (the JE process) which allows employees to progress through their salary grade range, based on individual performance.

The following is a summary of the 2016/17 PFS rating results for all staff:

Executives & Directors (13 staff excluding CEO)

- Exceeds Expectations (EE) Rating = 7
- Achieved Expectations Plus (AEP) Rating = 5
- Achieved All Expectations (AAE) Rating = 1
- Achieved Some Expectations (ASE) Rating = 0
- Expectations Not Achieved (ENA) Rating = 0

Managers, Professional & Support Staff (32 staff):

- Exceeds Expectations (EE) Rating = 11
- Achieved Expectations Plus (AEP) Rating = 6
- Achieved All Expectations (AAE) Rating = 14
- Achieved Some Expectations (ASE) Rating = 1
- Expectations Not Achieved (ENA) Rating = 0

The Chairs Committee of the Board (the Committee) met on June 8, 2017 to review this year's management recommendations with regard to staff compensation and is recommending the Board approve the following mid-level salary merit adjustments to base salary for the 2017/18 fiscal year:

- For the Executive and Director level, 2.0%, slightly higher than last year's 1.5% merit adjustment;
- For the Manager, Professional and Support Staff level, 2.5%, also slightly higher than last year's 2.0% merit adjustment. These merit adjustments are calculated according to inflation and a survey of salary increases for comparable organizations in the private and public sector; and
- As in past years the CEO will have a discretionary pool of \$20,000 to reward non-executive staff for extraordinary performance.

Matrix for Executives and Directors

Ratings	Zone 1 (in progression)	Zone 2 (mid-point)	Zone 3 (above mid-point)
Exceeds Expectations (EE)	3.25%	3.00%	2.75%
Achieved Expectations Plus (AEP)	2.75%	2.50%	2.25%
Achieved All Expectations (AAE)	2.25%	2.00%	1.75%
Achieved Some Expectations (ASE)	1.25%	1.00%	0.75%
Expectations Not Achieved (ENA)	0%	0%	0%

Matrix for Managers, Professional and Support Staff

Ratings	Zone 1 (in progression)	Zone 2 (mid-point)	Zone 3 (above mid-point)
Exceeds Expectations (EE)	4.50%	4.25%	4.00%
Achieved Expectations Plus (AEP)	3.50%	3.25%	3.00%
Achieved All Expectations (AAE)	2.75%	2.50%	2.25%
Achieved Some Expectations (ASE)	1.25%	1.00%	0.75%
Expectations Not Achieved (ENA)	0%	0%	0%

Proposed Motion

ON MOTION duly made, seconded and carried, be it **RESOLVED** that the Board of Directors hereby approve the following recommendations of the Chairs Committee:

1. For the Director and Executive Management level, the recommended salary matrix with a mid-level salary merit adjustment of 2.0%.
2. For the Manager, Professional and Support Staff, the recommended salary matrix with a mid-level salary merit adjustment of 2.5%.
3. A discretionary pool of \$20,000 for the CEO to reward non-executive staff for extraordinary performance.

For reference purposes below is a historical summary of salary comparatives collected over the past five years that reflects WT's mid-level salary merit adjustment in comparison to others:

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/2017</u>	<u>2017/2018</u>
<u>Stakeholders</u>					
City of Toronto (based on calendar year)	0% - 3%	0% - 3%	0% - 3%	COLA adjustments of 1.25% and merit increases ranging from 0% - 4.5%	COLA adjustments of 1.25% and merit increases ranging from 0% - 4.5%
Province of Ontario**	Information requested but never received	Information requested but never received	Information requested but never received	Confidential information received	Confidential information received
Government of Canada	Information requested but never received	Information requested but never received	COLA amount was given as was P4P. At Director level & above, no COLA just P4P. No % were confirmed.	Information requested but never received	Information requested but to date we've received no response
<u>Other Agencies</u>					
TTC	2%	1%	1.5%	1.75%	Information requested but to date we've received no response
Metrolinx**	Confidential information received	Confidential information received	Confidential information received	Confidential information received	Confidential information received
Infrastructure Ontario**	Confidential information received	Confidential information received	Confidential information received	Confidential information received	Confidential information received
<u>Third Party Sources</u>					
The Toronto Board of Trade	2.6%	2.6 %	2.5%	2.3%	2.4%
Conference Board of Canada	3%	2.9%	3%	2.5%	2.4%
Mercer	3.2%	3.1%	3.0%	2.8%	2.6%
The Hay Group	2.9%	2.6%	2.6%	2.4%	2.2%
Morneau Shepell	2.6%	2.6%	2.8%	2.5%	2.1%
Statistics Canada (CPI)				2.3%	2.1%
4 Private Sector Companies	0%-4%	0%-3%	0% -3.2%	0%-3.5%	0% - 3.8%
WT (midpoint)***	2%	1.75%	2%	2%	2.5%
WT range***	0% - 4.25%	0% - 3.5%	0% - 4.25%	0% - 4.25%	0% - 4.5%

*Salary comparative information is collected by Waterfront Toronto where publically available or by actual request.

** Agency has provided confidential information for Waterfront Toronto purposes only.

*** Adjustments for the Manager, Professional and Support Staff level.