

CITY OF PORT ALBERNI

ORGANIZATION AND COMPENSATION REVIEW

September 2015

Prepared for Mayor and Council

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INTRODUCTION:

The City of Port Alberni has sought the services of a consultant to review the management structure and salary compensation for the exempt employees within the City of Port Alberni. It is a privileged and confidential review. The purpose of the report is to provide advice and recommendations on the current structure and compensation to Mayor and Council and the consultant's opinion and advice on matters reviewed. The consultant has looked at comparisons with other BC municipalities.

The City of Port Alberni is a Vancouver Island community of approximately 17,000 residents. The City's mission is to enhance the quality of life for its residents and taxpayers through the delivery of high quality core municipal services and programs. It is served by 221 municipal employees and a Council made of a Mayor and six councillors.

Mayor and Council have set six strategic goals that guide and enhance the City's mission and values. The Mayor and Council have articulated their strategic goals. These strategic goals provide the framework for Council's objectives:

1. Live within our means
 - Minimize tax increases for residential taxpayers
 - Ensure efficient utilization of tax dollars
 - Increase non-tax revenue sources
2. Connected community
 - Maintain infrastructure
 - Alternate transportation routes
 - Active transportation network
3. Environmental Protection
 - Protect water, land and air quality
4. Livability
 - Ensure an inviting community
 - Facility development and improvements
5. Revitalize the Economy
 - Welcome investment
 - Attract businesses, new residents and visitors
6. Responsive government
 - Collaborative relationships with other levels of government
 - Effective and efficient operations and delivery of service
 - Informed and engaged community

These goals shape the work of the City staff who provide the Mayor and Council with clear metrics of evaluating their progress over the next four years.

Port Alberni is positioning itself to manage aging infrastructure, attract economic development, manage retirements of key personnel and make adjustments to the tax base. This Council is looking to continue and enhance an effective and efficient organization.

This Council and the administration are to be commended for undertaking the review in a timely and thorough manner. All appropriate documentation and past reports were provided to the consultant as Mayor and Council and senior staff welcomed the review seeing it as an opportunity to improve services to the citizens of Port Alberni.

PURPOSE OF THE REPORT:

Mayor and Council are seeking advice on improved efficiencies while maintaining effective core services to the public and have sought the services of a consultant to review the management structure and salary compensation for the exempt employees within the City of Port Alberni.

The purpose of the report is provide advice and recommendations on the current structure to Mayor and Council. The Mayor and Council have asked for a written report which will form the basis for Council's decision. The report includes the advice of the consultant.

REVIEW PROCESS:

Interviews were conducted with the Mayor and Council (7) and with the 21 exempt employees and managers reporting to the Chief Administrative Officer (CAO).

Standard interview questions were developed for the interviews. As well, an interview with the CAO of the Regional District was conducted. Face-to-face interviews were conducted July 10 and 11, 2015 and again on July 21, 22 and 23, 2015. For convenience, three managers requested telephone conference interviews. Total of 29 persons were interviewed during this process.

The following documents were reviewed as part of the consultant's review:

Materials Reviewed:

- 2014 Annual Municipal Report
- Organization Chart – October 2014
- Administration Organizational Chart
- Engineering & Public Works Department Organizational Chart
- Parks and Recreation Department Organizational Chart
- Fire Department Organizational Chart
- RCMP Organizational Chart
- Summary of Management Staff Changes 1987-2010
- City Employees – 2015
- Benefits for Supervisory Staff (Exempt Staff)
- Job Evaluation Rating Process
- Exempt Job Descriptions
- Employment Contracts
- Financial Reports
- Management Organizational Structure and Management Compensation Review June 8, 2011 – Chris Green & Associates
- City of Port Alberni Fire Department Report, May 2011 – Dugal Smith & Associates
- Salary Review – Exempt Positions – D.S. Evison Consultant 1983
- A Management Review of City of Port Alberni – August 2, 2001 – Fiala Consulting Group
- Report – City of Port Alberni: An Evaluation of Exempt Salary Levels and a Review of the Management Structure for Effectiveness – Work Design Associates October 1, 1995
- 2015 Survey Data- range of similar size municipalities
- Salmon Arm Municipal Exempt Staff Salary Survey Summary July 30, 2014
- Appendix A Salary Survey Report November 2010 (13 participants from BC to Alberta municipalities including Fort St. John)
- Senior Staff Salary Survey CIVICINFO 2013
- 2012 SOFI Information for BC Municipalities 10-25 K Population Annual Remuneration
- Alberni News – clippings from various articles
- City of Port Alberni Supervisory Compensation based on 2014 (salary and benefits combined)

EXECUTIVE SUMMARY:

The City of Port Alberni is well served by its senior staff who provide the administrative leadership in order to implement core services and key directions from the Mayor and Council. It is a very stable workforce with little turnover at the senior level. The CAO's leadership over 13-years has ensured continuity of practices and policies that are essential to a local government's success. Outstanding customer taxpayer services have remained a top priority for staff.

The incoming Mayor and Council continue to look for best practices in municipal administration and in the mechanisms/structure for delivery of efficient services to the taxpayer.

This consultancy involved a review of the management structure and compensation of exempt employees within the City of Port Alberni and comparative municipalities. The report provides advice to Council on improving efficiencies while maintaining effective delivery of core services within a best practice framework.

The recommendations attached offer a road map for increasing the performance level of the organization. The timing and implementation of some or all of the recommendations is left to Council's discretion.

RECOMMENDATIONS:

1. **RECOMMENDATION NO. 1**
THAT the organizational structure be consolidated through a realignment of the delivery of administrative and operational services.
2. **RECOMMENDATION NO. 2**
THAT Council, in consultation with the Regional District, pursue shared services.
3. **RECOMMENDATION NO. 3**
THAT Council consider amendments to the benefit package for senior staff.
4. **RECOMMENDATION NO. 4**
THAT all exempt staff contracts be reviewed and updated to reflect best practices with implementation by January 1, 2016.
5. **RECOMMENDATION NO. 5**
THAT a Succession Plan be implemented.
6. **RECOMMENDATION NO. 6**
THAT a review of non-tax revenue opportunities be conducted.
7. **RECOMMENDATION NO. 7**
THAT Council conduct a review of non-core services, currently delivered by the municipality.

RECOMMENDATION NO. 1

THAT the organizational structure be consolidated through a realignment of the delivery of administrative and operational services over the next two-years.

The City Manager currently has nine direct reports including: City Clerk, Director of Corporate Services/Deputy City Manager, Director of Finance, City Planner, City Engineer, Fire Chief, Director of Parks and Recreation, Economic Development Manager and indirectly RCMP OIC.

This restructure contemplates reducing the number of direct reports to the City Manager. The key four executive positions are: Financial Services, Community Services, Engineering and Public Works and Protective Services with oversight of corporate administration falling under the City Manager.

The current position of Parks and Recreation Director should be filled immediately by transferring an existing senior director into that position. The department should be restructured over the next two years to reflect the effectiveness and efficiencies necessary to the overall city operations and capital programs and shared services going forward. This position is critical as the individual would be an agent of change for the restructuring of parks and recreation.

It is proposed that recreation, culture and heritage; shared services and community development come under a Director of Community Services. This model would have parks and facilities moving to Engineering and Public Works. The Museum would be transferred to a not-for-profit society.

In this model, a road map for moving forward is as follows. The current position of Corporate Services/Deputy City Manager would be eliminated by moving the oversight of human resources to the City Manager (administered by a full-time Human Resource Assistant). Information Technology would report to the Director of Financial Services. Community development would take place in the newly restructured Community Services. The role of the Deputy City Manager would be assumed, as part of the succession planning process, by rotation of exempt staff as Acting City Manager in the City Manager's absence. This would free up the current Director of Corporate Services/Deputy City Manager to take over the critical role of Director of Community Services.

The transfer of parks and facilities to Engineering could be done concurrently with the reorganization of the newly created Community Services. This would create increased responsibility for a superintendent.

Communications and special projects could be combined under a manager by upgrading the Administrative Assistant role.

Proposed Restructure:

Corporation Administration

- Legislative Services
- Communications
- Human Resources
- Special Projects
- Development Services

Financial Services

- Information Technology
- Oversight for contractual relationships with Regional Library Services and Transit
- Finance services
- Risk Management

Community Services

- Recreation, Culture and Heritage
- Community Development
- Shared services

Engineering and Public Works

- Utilities/Street/Mechanical/Maintenance
- Parks
- Facilities

Protective Services

- Fire
- Emergency Services
- RCMP – oversight of RCMP contract and staff
- Bylaw Enforcement

RECOMMENDATION NO. 2

THAT Council, in consultation with the Regional District, pursue shared services.

In order to stream line services for the public of the Alberni Valley it is recommended that Council consider creating a shared staff person (half paid by municipality and by the Regional District) who pursues opportunities for moving forward to a shared service model with recreation and parks, bylaw enforcement, accounting and payroll services and protective services.

The benefits to the community of the "shared service" model are that duplication of services is eliminated and there are consistent service deliveries resulting in significant cost savings to the Alberni Valley taxpayer and the City of Port Alberni taxpayer.

This "shared service" model should be pursued by getting agreement from the Regional District to move forward on jointly determined priorities and timelines.

RECOMMENDATION NO. 3

THAT Council consider amendments to the benefit package for senior staff.

The compensation package for senior exempt employees in the City of Port Alberni includes a base salary, taxable and non-taxable benefits, a city pension contribution, a special yearly 1% special agreement, vacation entitlement, 6% Municipal Executive Group (MEG), as well as salary increases based on the annual past year for the BC Consumer Price Index.

Many studies have been conducted on exempt salary compensation which has compared exempt employees of Port Alberni with other municipalities of a similar size. When the salaries were compared with other municipal employees the City's exempt employees are paid on the low-end of an average wage scale.

The on-going costs and liabilities to the City of Port Alberni are in the benefits package. Given, the challenges to Port Alberni's operating and capital budgets, resistant to increasing property taxes in all categories the benefit package, is not sustainable. Compared to the municipal market place the Port Alberni benefit package is rich. Many municipalities have moved from the generous provisions to exempt staff by implementing more reasonable benefits. The average benefits for government exempt employees ranges from between 24% - 28% of base salary while Port Alberni's total benefit package is 28.1%.

While salary and benefits are used as recruitment incentives for attracting new employees the following strategies would increase the base salary level, reduce the on-going liabilities and be in keeping with prudent financial management practices in a fiscally restrained environment.

(a) Roll the 6% (MEG) into the base salary of the exempt employees on January 1, 2016.

It is recommended that, as of January 1, 2016, the current practice of MEG be added one time (6%) into the base salary of the exempt employees. Council should give consideration to other options that recognizes overtime worked by exempt employees. For example, an option could be up to two weeks' additional paid leave for overtime worked (which must be taken in the year that the overtime was accumulated and not banked).

(b) Modify the accumulation of the banked holidays by allowing only 2-weeks of accumulated holidays to be carried over from year-to-year.

Under the current MEG system employees have an additional three weeks that can be added to their pre-retirement bank. As well, long-serving employees earn additional weeks of service as holidays. Exempt staff are required to only use 4 weeks per year and can roll their holiday entitlement into the following year. This creates a substantial liability for the municipality when the exempt staff retire.

(c) As a cost saving measure, the special superannuation agreement* for exempt staff could be discontinued.

*The City currently contributes an additional 1% of the monthly salaries of non-union supervisory employees to the Superannuation Fund, if the exempt employee contributes an equal amount.

(d) That the hours of work of exempt employees be reviewed.

Currently exempt staff of Port Alberni work a nine-day fortnight by working an additional 53 minutes each day. Council may want to assess whether this practice is impacting the timeliness and efficiency of providing services to the taxpayer because of staff's availability.

RECOMMENDATION NO. 4

THAT all exempt staff contracts be reviewed and updated to reflect best practices with implementation by January 1, 2016.

- (a) Retain Legal Counsel with expertise and experience in labour relations to review all exempt employment contracts including:**
- Termination Severance – consideration should be given to alignment with the Public Sector's Employers Act;
 - Issue of residency;
 - City's feasibility to change positions without incurring significant costs through constructive dismissals;

- Benefit package;
- Cost of premiums for the municipality; and
- Policy on annual salary adjustments.

As well notice provisions will need to be factored into the timeline and there may be additional provisions recommended by Legal Counsel.

RECOMMENDATION NO. 5

THAT a Succession Plan be implemented.

It is recommended that the CAO ensure that a succession plan is in place for all critical positions within the municipality.

With an aging workforce, the experience of long serving employees retiring or moving onto other opportunities, there is a critical need to ensure that staff are being trained. There is a need to build and ensure "bench strength". For example, if Council were to eliminate the Deputy City Manager's position senior executives could be rotated through an acting assignment when the City Manager was absent.

RECOMMENDATION NO. 6.

THAT a review of non-tax revenue opportunities be conducted.

Consideration be given to reviewing rental charges for the use of City equipment.

Review all external contracts including the Regional Library, transit services and RCMP.

RECOMMENDATION NO. 7

THAT Council conduct a review of non-core services, currently delivered by the municipality.

The operation of the Museum, a non-core service, is costly for the municipality. Most municipalities work with not-for-profit societies who govern the activities and the services provided by the Museum. Councils provide operational grants. If the Museum services were to be delivered by a not-for-profit organization cost-savings would result, fund raising opportunities would be created, there would be greater access to government partners, and there would be increased volunteer activity.