

Request for Decision

Performance Audit of Compensation Management Processes

Presented To:	Audit Committee
Presented:	Tuesday, Dec 08, 2020
Report Date	Wednesday, Nov 25, 2020
Type:	Managers' Reports

Resolution

THAT the City of Greater Sudbury approves the recommendations as outlined in the report entitled "Performance Audit of Compensation Management Processes", from the Auditor General, presented at the Audit Committee meeting on December 8, 2020.

Signed By

Auditor General

Ron Foster

Auditor General

Digitally Signed Nov 25, 20

Relationship to the Strategic Plan / Health Impact Assessment

This report supports the strategic goal of asset management and service excellence as well as the supporting initiative of demonstrating innovation and cost-effective service delivery.

Report Summary

This audit recognizes the steps taken by staff to reduce overall compensation costs from their high of 51.8% of total expenses in 2012 and the recent development of a draft human capital management plan to strengthen CGS' ability to develop, attract and retain a highly skilled workforce. It also recommends that staff continue to evolve CGS' human resource systems, policies and programs to ensure their ongoing relevance, appropriateness and alignment with CGS's mission statement, strategic goals and long-term financial plan.

Financial Implications

No immediate financial implications.

Performance Audit of Compensation
Management Processes

November 24, 2020

Final Report



OBJECTIVES

The objective of this audit was to assess the effectiveness of compensation management processes.

BACKGROUND

Human Resources staff manage compensation processes within the City. Compensation management includes the development and implementation of the total compensation package including salaries, wages and benefits which accounted for 50.1% of the City's annual operating expenses in 2019. While salaries and wages increased by 2.8% per annum on average since 2014, benefits costs increased by 5.6% per annum on average over the same period.

Annual Operating Expenses in millions	2014		2015		2016		2017		2018		2019	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Salaries & Wages	182.9	41.2	185.1	41.4	186.4	39.8	190.9	39.2	198.8	39.0	208.2	38.9
Benefits	46.7	10.5	46.2	10.3	54.4	11.6	52.8	10.8	56.7	11.1	59.9	11.2
Total Compensation	229.6	51.7	231.3	51.7	240.8	51.4	243.7	50.0	255.5	50.2	268.1	50.1
Other Expenses	214.2	48.3	215.7	48.3	227.4	48.6	243.1	50.0	253.9	49.8	266.9	49.9
Total Expenses Except Amortization	443.8	100.0	447.0	100.0	468.2	100.0	486.8	100.0	509.4	100.0	535.0	100.0
Annual Increase to Salaries & Wages	2.3%		1.2%		0.7%		2.4% *		4.1% *		4.7%	
Annual Increase to Benefits Costs	-0.6%		-1.1%		17.8% **		-2.9%		7.4%		5.3%	
Annual Increase to Compensation Costs	1.7%		0.7%		4.1%		1.2% *		4.8% *		4.9%	

**These increases were offset by reductions to contract services as jobs were contracted in to the Growth & Infrastructure Dept.*

***This increase was mainly due to adjustments to the disability life reserve in 2015 and 2016 as well as increased WSIB costs following the introduction of presumptive legislation in 2016 for post-traumatic stress disorder.*

METHODOLOGY & SCOPE

Audit procedures included interviews, benchmarking, analysis of financial results, inspection of records and process in place between 2012 and 2019, excluding controls tested during the annual financial statement audit. Appendix 1 contains our assessment criteria for the effectiveness of compensation management processes in CGS.

EXECUTIVE SUMMARY

In 2003, staff developed a pay philosophy and comprehensive salary administration plan to compensate jobs in CGS so that internal and external equity were achieved and individual employees were compensated at a level equivalent to their job performance. Adherence to this pay philosophy in any given year was to be contingent on CGS' financial health, or ability to pay, as assessed by Council. This audit recognizes the steps taken by staff to reduce overall compensation costs from their high of 51.8% of total expenses in 2012 and the recent development of a draft human capital management plan to strengthen CGS' ability to develop, attract and retain a highly skilled workforce. It also recommends that staff continue to evolve CGS' human resource systems, policies and programs to ensure their ongoing relevance, appropriateness and alignment with CGS's mission statement, strategic goals and long-term financial plan.

AUDIT STANDARDS

We conducted our audit in accordance with Generally Accepted Government Auditing Standards which require that we adequately plan audits; properly supervise staff; obtain sufficient, appropriate evidence to provide a reasonable basis for audit findings and conclusions; and document audits. For further information about this report, please contact Ron Foster by phone at 705-674-4455 extension 4402 or via email at ron.foster@greatersudbury.ca

OBSERVATIONS AND ACTION PLANS:

A. Human Capital Management Plan

Observations:

A Human Capital Plan is an important management tool that can be used by an organization to develop focused actions to achieve its vision, mission, and goals. In 2019, Human Resources staff took the major step of developing a draft Human Capital Management Plan to strengthen CGS' ability to develop, attract and retain a highly skilled workforce to demonstrate innovation and cost-effective service delivery to support CGS' corporate strategic plan.

While the draft Human Capital Management Plan identifies actions to deliver on CGS' strategic goal of demonstrating innovation, it does not clearly align with the strategic goal of demonstrating cost-effective service delivery or the following sustainability principles within CGS' mission statement and long-term financial plan:

- Focusing on fiscal, social and environmental responsibility for current and future generations;
- Providing resilient, dependable, accessible services and progressive policies that promote sustainable progress;
- Continuously finding improvements to meet our community's changing needs;
- Making financial decisions that will not respond to short-term perspectives but rather will consider long-term implications; and
- Ensuring the City's financial position, funding sources and resource allocations (i.e. operating expenditures, capital investments), will allow it to continue to achieve its intended role and responsibility over the long-term.

According to the long-term financial plan, sustainability is the degree to which the City can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates.

Recommendation:

Refine the draft Human Capital Management Plan to continue to evolve CGS' human resource systems, policies and programs to ensure their ongoing relevance, appropriateness and alignment with CGS's mission statement, strategic goals and long-term financial plan.

Management Response:

The development and implementation of a human capital management plan is included under the strategic priority to continue to demonstrate innovation and cost-effective service delivery. There is ample research that specifically ties supported and motivated employees to financial success for an organization. By investing in its employees, organizations are able to improve customer/citizen satisfaction and realize positive, bottom-line financial results. Motivated and engaged employees foster a healthy, safe, and productive work environment for all which results in higher productivity and achievement or corporate strategic goals and objectives.

The Human Capital Management Plan provides the "blueprint" for priority actions to ensure there are sustainable staffing plans in place and to align Human Resource systems, policies and processes with the long-term financial and human resource strategic goals of the organization. As all organizations are constrained by limited financial resources, the Human Capital Management Plan will enable the City to focus our efforts on those activities which ensure we can continue to attract, develop and retain a high performing, diverse workforce now and into the future.

Action Plan:

To provide additional clarity, management will incorporate a stronger statement within the Human Capital Management Plan about the linkage with the Long-Term Financial Plan.

B. Salary Administration Plan

A comprehensive Salary Administration Plan was developed in 2003 by the CGS Compensation Committee which included the Chief Administration Officer, two General Managers and the Director of Human Resources. This committee was also tasked with administering the plan. In 2004, the following statement of pay philosophy was adopted by Council:

“CGS’s ongoing pay philosophy will support the purpose of the Organization by compensating jobs such that internal and external equity are achieved. The compensation of individual employees will be set at a level equivalent to their job performance.”

This philosophy addresses each of CGS’s four compensation goals that are set out below.

1. Internal Equity - Looking at our internal culture, CGS’s goal is to set job rates such that jobs are paid relative to their value to the organization as determined through job evaluation.
2. Employee Compensation – Looking at individual employees, CGS has a goal to pay for performance. Where applicable, employees move through our salary grids to the job rate at the top of the grid provided performance warrants an increase. General wage increases are afforded to employee groups from time to time by resolution of Council, and/or collective bargaining. CGS’ pay philosophy will continue to reflect the employer’s goal of attracting and retaining qualified employees, and motivating them towards excellence in their field of expertise.
3. External Equity – Looking at external labour markets, CGS’ goal is to set job rates such that total cash compensation is competitive in the labour market place.
4. Ability to Pay – CGS believes the above philosophy is in harmony with the long-term purpose of the organization. Adherence to the above philosophy in any given year is contingent on CGS’ financial health, or ability to pay, as assessed by Council.

Observations:

1. Benchmarking of Compensation Costs

CGS has historically hired candidates for the Executive/Managerial/Supervisory and Professional group from other municipalities because candidates from non-municipal settings require longer learning curves to adjust to the specialized roles in CGS. To establish salaries for this group, the Compensation Committee obtained Council’s approval to rely on recommendations from a consultant to select data from a peer group which includes Chatham-Kent, Thunder Bay, Kingston, Oshawa, Burlington, Kitchener, London, Hamilton, Region of Halton, Region of Niagara and Region of Waterloo. Salary data from these comparators is formally analyzed every two years by staff who also formally monitor compensation levels and the impact compensation practices have on the City’s ability to attract and retain key talent. CGS aims to pay within 10 percent of the 50th percentile of the Council-approved comparators.

External Equity

When looking specifically at the external labour markets, staff’s goal is to set total cash compensation competitively within the municipal market. To achieve this goal, market information is collected from comparator municipalities and analyzed on a regular basis. Staff also participate in numerous ad hoc compensation surveys in preparation for collective bargaining, to review ability to attract or retain staff in certain classifications, and on a more formal basis with a review of the pay line in comparison to external comparators. In 2019, staff performed sixty formal and ad hoc salary surveys to support decision-making and collective bargaining processes.

Internal Equity

With respect to internal equity, the job evaluation plans and processes establish the relative value of the jobs within the organization. The legislative requirement of pay equity is established through job evaluation tools and plans negotiated with each of the bargaining units where applicable.

Review of Benefit Costs

Staff actively monitor and manage benefit costs by benchmarking with our peer municipalities and take steps to reduce/minimize costs wherever possible while ensuring that the City's plans remain competitive and meet the changing needs of the employees and organization. Staff recently implemented a number of cost containment measures related to extended health benefits for non-union employees. Benefits rates are negotiated annually with the City's benefits provider and strategies such as pooling and cross experience rating for different kinds of benefits are used to minimize the overall cost of benefits.

- Some of CGS' benefits costs can be controlled by interventions to improve employee health and wellness while others are uncontrollable because they are influenced by external factors. The most significant cost drivers include greater prescription drug utilization, principally for chronic diseases. Over the past 15 years, CGS has experienced increases in premium rates associated with providing extended health care, dental and life benefits. Nationally, chronic disease drugs were responsible for 67% of total private drug plan costs in 2018. Another cost driver of benefits is short and long-term disability costs. Over the last 15 years, CGS has experienced an increase of 10% in the rates associated with the costs for short-term disability benefits. After a two-year freeze, CGS had an increase of 24% increase on rates for extended health, dental, short term and long-term disability benefits.
- Workplace Safety and Insurance Benefits (WSIB) premiums and administration costs have risen sharply in recent years. For example, rates for Long Term Care also increased from \$1.20 per \$100 of payroll in 2016 to \$1.60 by 2020. The total WSIB administration costs for employees outside of Long Term Care, whom CGS self-insures, have risen by almost 200% over the last 10 years, mainly due to the introduction of presumptive legislation in 2016 for post-traumatic stress disorder for emergency responders and the increase in overall cost of claims. The increase reflects the increase in length of claims and the additions of new employee conditions such as chronic mental stress, post-traumatic stress disorder for emergency services employees and heart disease and certain cancers for Firefighters.

Annual review of Contract Services

Where it makes financial sense, staff have contracted work into the City. For example, following the collective bargaining process with CUPE in 2016, CGS added full time employees to perform emergency water and sewer main repair and solid waste collection. CGS' recruiting policies require all hiring managers to review options to fill any full time vacancy and seek appropriate levels of approval of the request to hire staff or use contract services prior to posting. This analysis must accompany hiring requisitions prior to authorization to proceed with the recruitment process

Despite the positive steps outlined above to manage compensation costs, Appendices 3 and 4 suggest that additional benchmarking with other single-tier municipalities may lead to the identification of further opportunities for improvement. However, caution is required when comparing salaries, wages and benefits across municipalities as these costs are influenced by differences in economic factors, service levels, delivery methods as well as the mix of full-time, part-time and seasonal staff.

Recommendation:

Benchmark with additional single-tier municipalities to identify further opportunities to update compensation management practices to improve the cost effectiveness of service delivery within CGS by adopting practices such as:

- Changing the mix of staff to employ more students, part-time staff and volunteers to deliver seasonal programs;
- Creating entry-level positions at lower rates of compensation to perform basic functions;
- Creating business cases for co-op students for the IT, Engineering Services, Linear Infrastructure Services and Water/Wastewater Divisions;
- Introducing additional pay steps to move staff more slowly to top rates of pay; and
- Contracting in or contracting out additional services or functions where business cases support change.

Management Response and Action Plan

Staff will review the current list of approved comparators and make recommendations to Council to add additional single-tier municipalities. In addition, staff will review the recommendations with the operating areas to see if there are additional opportunities to improve the cost effectiveness of service delivery. CGS hires an average of 275 summer students each year to deliver summer programs and approximately 1300 part-time staff (43%) to deliver programs. CGS does hire co-op students as well as apprentices in a number of areas. Staff will continue to explore additional opportunities where feasible.

2. Job Evaluation Plan for Non-Union Staff

Salary levels are determined by output factors, input factors, work demand factors and compensation rates for other staff. Output factors include core service delivery and independence to act; fulfilling regulatory or other formal requirements; initiating and managing change; leadership; managing people; managing assets; impact on clients; and impact on financial effectiveness. Input factors include core knowledge; maintaining technical proficiency; supplementary knowledge; communication skills; interpersonal skills/challenges; and thinking skills/challenges. Work demand factors include physical and sensory demands and environmental demands. The weightings assigned to these factors considered Council's 2002 mission and values statement, the core job competencies that incumbents needed to display to be effective as well as traditional factors such as size of budget and number of people supervised.

As the current job evaluation plan was developed in 2003, some refinements may be required to address areas with higher rates of turnover such as engineering services.

Recommendation:

Implement formal processes to track the source and destination of salaried personnel to improve retention rates.

Management Response

A job evaluation plan must be applied consistently across all job classifications to meet the requirements for pay equity legislation as well as meet the intention to ensure internal equity. CGS has a policy driven approach to deviating from job rates derived from job evaluation where there is difficulty recruiting or where "hot skills" drive rates of pay out of line with the market on a temporary basis. The Non-union Market Adjustment Policy establishes a set of criteria which allows for an increase of one CGS pay increment to address these types of situations. To ensure we continue to meet our goal of external equity, on an annual basis, CGS participates in the MERCER Ontario Municipal Compensation Survey, the Municipal Benchmarking Network Canada Survey, and the Human Resources Benchmarking Network Survey. Additionally, CGS initiates eight to ten ad hoc external market surveys annually with other municipalities and participates in around 60 ad hoc external market surveys with other municipalities.

The Human Capital Management Plan (HCMP) highlights a number of initiatives to address the challenges experienced with a competitive labour market, higher turnover rates, pending retirements and evolving skills and abilities required to meet the strategic priorities of the organization moving forward. Feedback from exit interviews with employees who voluntarily leave or retire was reviewed and considered in the development of the action items in the HCMP.

Action Plan

Management will include the implementation of a more formal process to track our appeal for successful candidates and to track where employees go when they leave the City. A more formal process to capture information obtained through onboarding and exit interviews, along with other information from employee engagement surveys will help direct our efforts to improve our ability to attract, retain and develop employees.

3. Collective Bargaining with Unionized Staff

Appendix 5 provides an overview of the salary increases to the various collective bargaining units between 2010 and 2019. The control positions that staff recommended to Council during collective bargaining for these periods were supported by research of market conditions and analyses of relevant factors such as the potential merits of enhancing certain benefits programs and revising the hours of work of some groups of staff.

In the most recent interest arbitration process with the International Association of Fire Fighters (IAFF), the City made an ability to pay argument as a part of its submissions. The compensation portion of the award for the term ending December 2017 did not specifically address the issue of ability to pay. In December 2018, the province amended the Fire Protection and Prevention Act to put the fiscal circumstances of the local municipality more clearly within the decision-making process of an arbitrator.

Recommendation:

During the collective bargaining process, continue to identify the significant limitations that exist on the City's ability to pay such as the City's sizable infrastructure deficit and modest annual rates of economic growth.

Management Response:

In each set of negotiations, the City's proposal document contains financial and service related information as context for the negotiations process. For renewal negotiations with our locals, (IAFF, CLAC, CUPE Local 4705 – Inside, Housing and Outside, ONA, and CUPE 148 Units), managerial staff from operations as well as Finance provide the ability to pay context for the City's proposals throughout the process.

Action Plan:

Staff will continue to provide Council with substantive information during the collective bargaining process, including cost benefit analysis of opportunities to negotiate changes to collective bargaining agreements to enable changes to service delivery models or contracting in opportunities. With respect to interest arbitration with Fire Services, it is too early to tell the impact this legislation will have on outcomes from arbitrators. However, staff will continue to present ability to pay arguments during the negotiation and/or interest arbitration process.

Table 1 – Summary of Significant Risks

Risk	Total No. of Risks	Inherent Risks (Before Controls)			Residual Risks (After Controls)		
		High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)	High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)
Reputation	-	-	-	-	-	-	-
Operational	5	5	-	-	-	4	1
Financial	5	5	-	-	-	4	1
Legal	-	-	-	-	-	-	-
TOTAL	10	10	0	0	0	8	2

Table 2 – Significant Risks

Risk	Risk Description	Inherent Risk	Residual Risk*
O1/F1	Compensation management processes may not fully align with the goals within the corporate strategic plan or principles in the long-term financial plan	20	13
O2/F2	Compensation management processes may not be appropriate or relevant as they do not respond fully to external pressures, risks and threats	20	13
O3/F3	Compensation management processes may not be appropriate or relevant as they are not updated periodically to support internal objectives, pressures and opportunities	20	12
O4/F4	Opportunities to contract in/contract out work may not be identified or properly assessed to manage operational expenses effectively	20	10
O5/F5	Employee benefits may not be managed to motivate employees, bolster retention rates and reduce illness	17.5	8

**Note that it is not cost-effective to eliminate residual risks.*

Appendix 1 - Assessment Criteria for the Effectiveness of Compensation Management Processes in CGS

12 Attribute of Effectiveness	Assessment Criteria¹
Management Direction	The extent of alignment of compensation management processes with the mission and goals in the corporate strategic plan and the principles in the long-term financial plan approved by Council
Relevance	The extent to which compensation management processes continue to make sense in regard to the problems or conditions they were intended to address
Appropriateness	The extent to which compensation management processes, and the level of effort being made to implement them, are logical in light of their objectives.
Achievement of Intended Results	The extent to which goals and objectives of compensation management have been realized
Acceptance	The extent to which constituencies or relevant municipal stakeholders to which compensation management processes are directed judge them to be satisfactory
Secondary Impacts	The extent to which other significant consequences, either intended or unintended and either positive or negative, have occurred.
Costs and Productivity	The relationship between costs (inputs) and outputs. Management and Council must be able to demonstrate that the City is using its scarce resources to best advantage and that the City is constantly looking for opportunities to free up resources so that they can be re-invested where they will do the most good.
Responsiveness	How well the compensation management processes respond to changes in factors such as markets, competition, available funding, and technology. How well these processes respond to the public with which it interacts, and to the various forces that are pertinent to the City's objectives and goals
Financial Results	The accounting for revenues and costs as well as the valuation of assets, liabilities and surpluses/deficits as reflected in approved budgets or financial statements
Working Environment	The extent to which the City provides an appropriate work atmosphere for its employees; provides opportunities for development and achievement; and promotes commitment, initiative and safety
Protection of Assets	The extent to which important assets are safeguarded so that the City is protected from the danger and risk of losses that could threaten its success, including key personnel, sources of supply, valuable property agreements, and important systems and information.
Monitoring and Reporting	The extent to which key matters pertaining to performance and organizational strength and weakness are identified and carefully monitored

¹ Accountability, Performance Reporting, Comprehensive Audit - An Integrated Perspective, Canadian Accounting and Auditing Foundation, 1996.

Appendix 2 – Corporate Risk Assessment Criteria

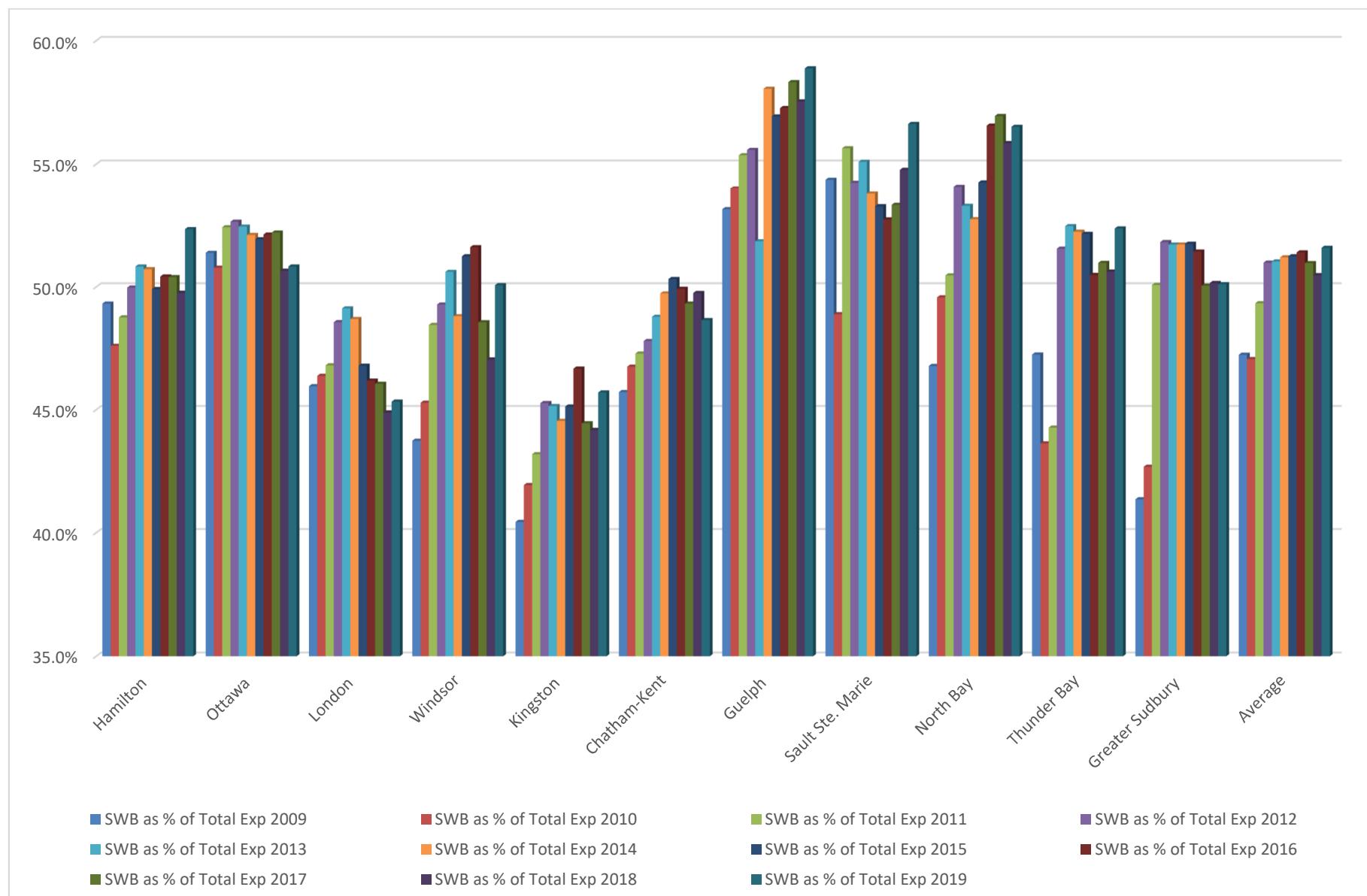
Impact	Service Delivery	Technology	People	Strategic	Legal/Reputational	Financial
Extreme (5)	<ul style="list-style-type: none"> Less than 30% of service objectives achieved. Unable to perform several essential services where no alternatives exist. 	<ul style="list-style-type: none"> Unrecoverable loss of information from critical system. External exposure of confidential information Unavailability of critical systems or data loss or corruption. 	<ul style="list-style-type: none"> Death of an employee Major legal judgment against the City in workplace matter. Significant turnover of key employees with ELT Sustained strike of key services 	<ul style="list-style-type: none"> Many actions are significantly at odds with the strategic priorities. 	<ul style="list-style-type: none"> Public/media outcry for change in CAO or Council Senior officials criminally charged or convicted Severe legal judgment against the City in a workplace matter Major integrity breach resulting in complete loss of trust in City Council or Administration. Theft/Fraud>\$1,000,000 	<ul style="list-style-type: none"> Uninsured loss, cost overruns or fines >\$10 M Insured loss > \$100M File for bankruptcy Failure to maintain financial capacity to support current demands. City action results in decrease in economic condition.
Major (4)	<ul style="list-style-type: none"> Less than 45% of service objectives achieved. Unable to perform an essential service where no alternative exists. 	<ul style="list-style-type: none"> Unrecoverable loss of information from important system. External exposure of important information Unavailability of significant systems or data loss or corruption. 	<ul style="list-style-type: none"> Serious injury of one or more employees Legal judgment against the City in workplace matter. Turnover of key employees Sustained strike of services. 	<ul style="list-style-type: none"> Numerous actions are significantly at odds with the strategic priorities. 	<ul style="list-style-type: none"> Public/media outcry for change in CAO or Council Public or senior officials charged or convicted Legal judgment against the City in a workplace matter Integrity breach resulting in decreased trust in City Council or Administration. Theft or Fraud>\$100,000 	<ul style="list-style-type: none"> Uninsured loss, cost overruns or fines of >\$1M - \$10M Insured loss of >\$10M - \$100M Unable to pay employees and contractors on a time. Failure to maintain financial capacity to support current demands. City action results in decrease in economic condition.
Moderate (3)	<ul style="list-style-type: none"> Less than 60% of service objectives achieved. Unable to perform essential service but 	<ul style="list-style-type: none"> Disruptions of significant systems or data loss or corruption Recoverable loss from important system. 	<ul style="list-style-type: none"> Multiple employee injuries or long-term disability from one incident. Inability to retain or attract competent staff. 	<ul style="list-style-type: none"> Numerous actions are at odds with strategic priorities. 	<ul style="list-style-type: none"> Public/media outcry for removal of management Long-term damage to City's reputation Citizen satisfaction survey indicates unacceptable performance. 	<ul style="list-style-type: none"> Uninsured loss, cost overruns or fines of >\$100K to \$1M Insured loss >\$1M to \$10M Having to delay payments to contractors/suppliers. >20% current demands cannot be services with

Appendix 2 – Corporate Risk Assessment Criteria

	alternatives exist.		<ul style="list-style-type: none"> • Increase in stress leave, sick leave or WCB claims. • Work-to-rule union disagreement or short-term strike. 		<ul style="list-style-type: none"> • Complaints elevated to Council level. • Results inconsistent with commitments made to citizens • Theft or Fraud under \$100,000. 	existing and approved infrastructure. <ul style="list-style-type: none"> • City action results in lost revenue for significant number of City businesses.
Minor (2)	<ul style="list-style-type: none"> • Less than 75% of service objectives achieved. • Unable to perform non-essential service. 	<ul style="list-style-type: none"> • Disruptions of systems or data loss or corruption • Disclosure of non-confidential but embarrassing information. 	<ul style="list-style-type: none"> • Reportable employee injury. • Loss of key staff but able to recruit competent replacements • Significant increase (>10%) in number of union grievances. 	<ul style="list-style-type: none"> • Instances of actions at odds with strategic priorities. 	<ul style="list-style-type: none"> • Complaints elevated to the Director level. • Short-term repairable damage to City's reputation • Public outcry for discipline of employee. • Moderate amount of negative media coverage • Theft or Fraud of \$1,000 to \$10,000. 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of \$10K to \$100K • Insured loss < \$100K - \$1M • Inefficient processes • City action results in reduced economic development.
Very Minor (1)	<ul style="list-style-type: none"> • Less than 90% of service objectives achieved. 	<ul style="list-style-type: none"> • Minor disruptions of secondary systems or data loss or corruption. 	<ul style="list-style-type: none"> • Minor reportable employee injury. • Increase in number of union grievances. 	<ul style="list-style-type: none"> • Minor instances of actions that are at odds with strategic priorities. 	<ul style="list-style-type: none"> • Small amount of negative media coverage or complaints to City. • Non-lasting damage or no reputational damage • Theft or Fraud under \$1,000. 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines < \$10K • Insured loss < \$100K • Loss of replaceable asset.

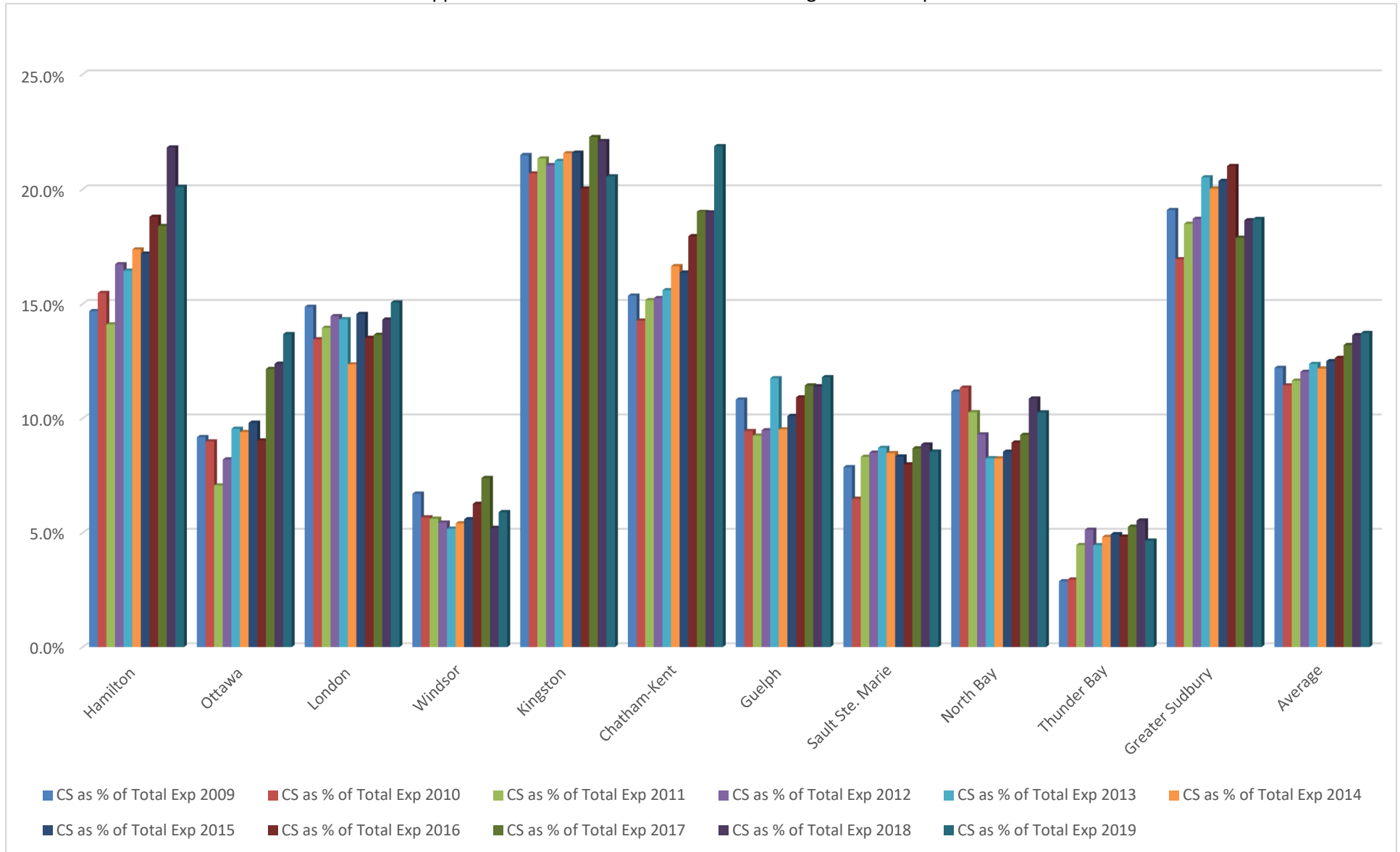
Likelihood	Unlikely (1)	Possible (2)	Probable (3)	Likely (4)	Very Likely (5)
	Less than 20%	>20% but < 40%	>40% but < 60%	>60% but < 80%	80% or more
	Less frequent than every 10 years	May occur in the next 2 years	Will occur this year or next year at least once	May occur regularly this year	Will occur within a matter of months may reoccur often

Appendix 3 – Salaries, Wages & Benefits (SWB) Costs as a Percentage of Total Expenses

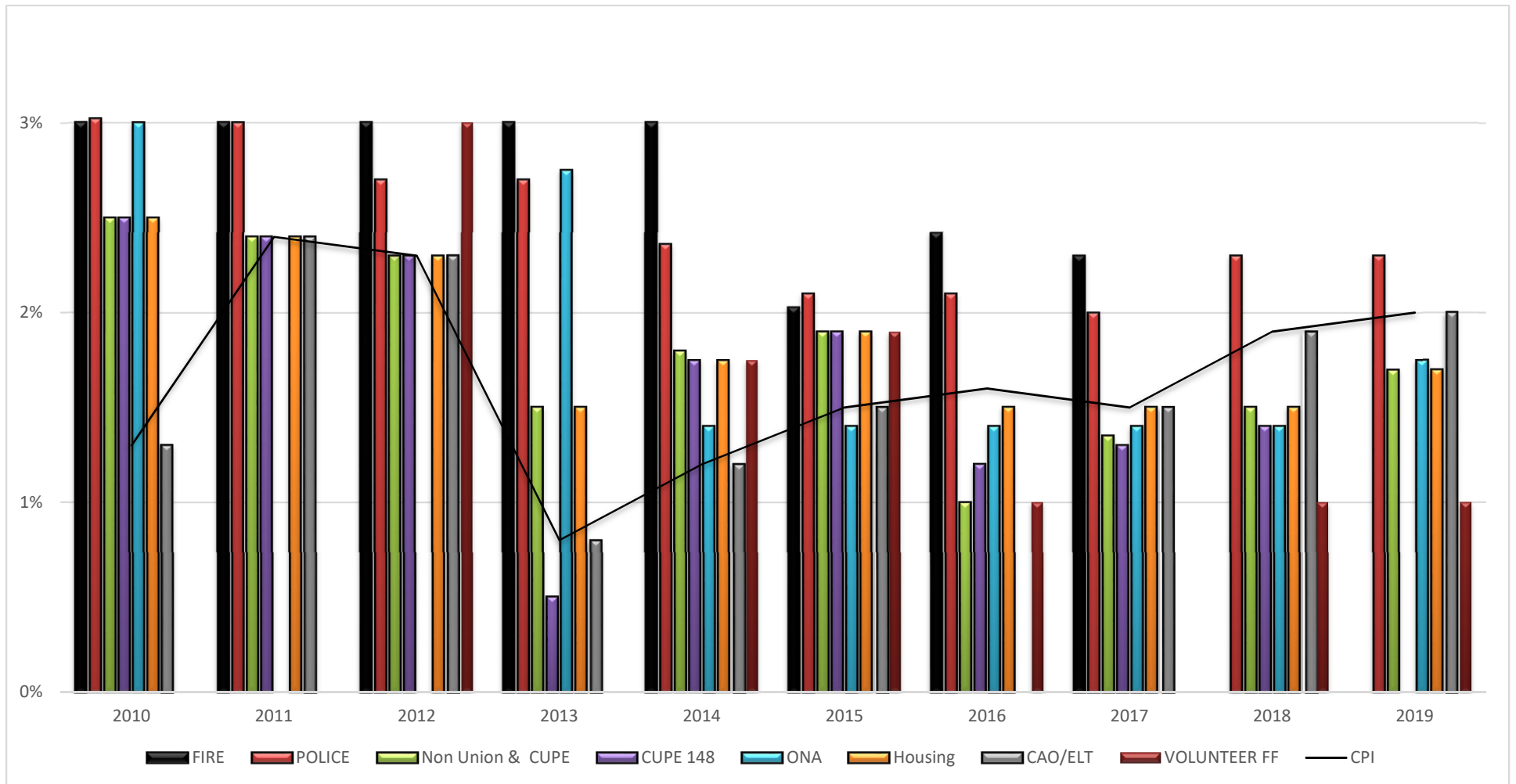


Note – caution is required when comparing salaries, wages and benefits across municipalities as these costs are influenced by differences in economic factors, service levels, delivery methods as well as the mix of full-time, part-time and seasonal staff.

Appendix 4 – Contract Services as a Percentage of Total Expenses



Appendix 5 – History of General Wage Increases in CGS versus CPI



Notes:

1. Salaries for CAO/ELT for 2016 were frozen at 2015 levels as part of Project \$6 Million.
2. Increases have not been finalized yet for Fire for 2018 and 2019 or for CUPE 148 for 2019.