

BACKGROUND

On September 25th, 2018, Council directed via motion CC2018-257 (Signoretti/McIntosh):

THAT the City of Greater Sudbury approves the recommendation to transition the Greater Sudbury Housing Corporation to a quasi-independent operating model, as outlined in the report entitled "Greater Sudbury Housing Corporation's Governance Structure Review", from the General Manager of Community Development, presented at the City Council Meeting on September 25, 2018;

AND THAT the transition be effective on September 26, 2018 rather than on January 1, 2019.

This recommendation was based on analysis performed by KPMG in a September 2018 review of Social Housing Governance Best Practices. KPMG was engaged following a May 15th, 2018 report from the Auditor General which recommended a review of the effectiveness of the current oversight structure and process of the Greater Sudbury Housing Corporation (GSHC).

The quasi-independent operating model is characterized by a structure wherein the local housing corporation (LHC) operates in accordance with an agreement between it and the designated Service Manager. The City of Greater Sudbury (CGS) is the Service Manager. Following policies and procedures established by the provincial government, the Service Manager establishes the operating requirements for all social housing providers.

In this model CGS also plays two other roles. CGS controls the housing stock formerly controlled by the GSHC. City Council, acting as the LHC's Board of Directors, makes final decisions about matters related to the LHC's physical assets. Meanwhile, CGS provides day-to-day social housing services via an operating division established for that purpose that comprises the services and staff formerly provided by the GSHC. City Council, as it does for all operating divisions, makes policy and financing decisions in accordance with provincial legislation that, in this example, determine service levels for social housing clients.

On November 20th, 2018, Council passed By-law 2018 – 203. This by-law changed the GSHC shareholder declaration to:

- a) increase the size of the Board to include all members of Council,
- b) introduce a new position within Community Development (Director Housing Operations) to replace the GM/CEO of the GSHC and,
- c) perform some housekeeping updates such as appointing the City Clerk as the head for the revised GSHC entity under MFIPPA.

This change set the stage for the development of operating parameters and the transition of the former staff and operations of GSHC to CGS. This report describes

operating requirements and a transition plan to put Council's policy decisions into full effect on a continuous basis.

ANALYSIS

Why are we making this transition?

Council and staff foresee, at a minimum the following potential benefits from this transition:

- **Improved service for tenants** by incorporating social housing into CGS administered social service functions and integrating human service delivery (i.e. Ontario Works, Childcare, Employment Supports), thereby allowing for the establishment of a one stop service portal
- **Increased operating efficiencies** as a result of the ability to achieve greater economies of scale with respect to administrative and maintenance functions
- **A reduction of corporate type external expenditures** such as Human Resources, Legal, Payroll and Finance etc. and;
- **Enhancement of long term financial and capital planning** While the GSHC requires the approval of CGS for capital subsidies, the capital and asset planning and asset replacement strategies planned by GSHC is not undertaken in conjunction with CGS's processes for similar investments. The transition should allow for consistency between CGS's broader asset management planning and capital financing activities. Further, it should allow for consistency between the long term affordable housing strategy and the management of the social housing portfolio.

KPMGs Transition Recommendation

To transition to the quasi-independent operating model, KPMG recommended an implementation framework that considered the following:

1. Dissolution of the current board of the GSHC and the appointment of additional members of City Council to serve in a transitional capacity.
2. The establishment of a transition team comprised of CGS staff from Housing Services, Finance, Infrastructure, Social Services and the GSHC. In establishing the transition team, CGS should also appoint a project manager that has overall responsibility for the transition.
3. A review of related collective bargaining agreements for GSHC unionized employees and contracts for non-unionized employees to identify personnel-related matters to be addressed as part of the transition of management responsibilities, including but not limited to the harmonization of wage rates and benefits coverage, notice periods and other rules relating to successor employer situations.

4. The transition of GSHC functions and personnel to CGS to be completed on a phased, function-by-function basis, with one function being integrated before commencing integration on others.
5. The establishment of a reporting framework to Council on the overall transition progress.
6. The development of a post-transition analysis of benefits arising from the transition and issues experienced.

Transition Team

A transition team convened comprised of members of management from CGS and the former GSHC and representatives of the Canadian Union of Public Employees (CUPE). Team members are identified in Appendix A.

The team worked under Terms of Reference whose purpose is to plan and implement the transition of housing programming and operations from the current model to the “quasi-independent operating model”. A key deliverable for the team is the proposed transition plan contained in this report. The team is guided by three main questions:

1. What is best for our tenants?
2. What is best for our staff?
3. What is best for CGS in the long run?

The team process began with a review of the Mission, Vision and Values of the two (2) organizations and the history of their interactions in the broader spectrum of human services and the context of the centrality of social housing (and housing status) as a foundational element of the social determinants of health.

The team also connected with respective peers in the Regions of Peel and York. Both of these municipalities have undergone similar transitions and employed similar transition approaches to the ones recommended in this report.

The team prioritized analytical work on the following twenty-one (21) transition matters which are listed by work area in Appendix B.

The team used a common briefing note format to analyze and communicate their work on these twenty-one (21) areas of focus and to determine the timing and interaction of next steps in the transition process. The tone of the group was forward looking, positive and collegial and has set the stage for a positive integration of staff and operations into CGS’s organizational structure.

Implementation Plan

As a result of the transition team’s investigation and analysis the team recommends proceeding with a full integration of GSHC operations into the City’s operations on

March 31st, 2019. This date represents two (2) important milestone dates for the organization and its employees. It will be:

- a) The effective date for a new operating agreement between CGS and the GSHC which would transfer all Housing Operations rights and obligations to CGS and,
- b) The effective date for the transfer of all non-union staff employees into the non-union salary administration plan at CGS (which has the intended consequence of conferring similar rights and obligations from an employment and operational authority point of view as other CGS staff).

April 1st, 2019 is also very likely to be the renewal date for the collective agreement with the former GSHC unionized staff (the current agreement expires on March 31st, 2019). Negotiations may continue beyond this date but the long history of negotiations between CUPE and the GSHC has been to use April 1st as the renewal date for collective agreements.

Proposed Actions and Timelines

Legal Matters

As of November 20th, 2018, the Shareholder Declaration reflects a change in size (7 to 13) and composition (the Mayor and all Councillors) of the GSHC's Board of Directors and the recognition of the Director, Housing Operations (Community Development Department) role as well as some minor administrative revisions.

Going forward, the GSHC will continue to hold its housing stock as assets and CGS, through its Housing Operations Division, will administer the GSHC's day-to-day operations. Legal Services is now drafting an Operating Agreement setting out the respective rights and obligations of the GSHC and CGS with respect to the GSHC's housing operations. Legal Services will revise the Shareholder Declaration and any other GSHC by-laws and/or documents to reflect accurately all administrative and operational changes.

Legal Services, along with Clerks Services, will work to familiarize new staff with CGS's freedom of information and protection of privacy measures while GSHC claims and requests for legal advice will be handled through Legal Services.

Tenant Relations

The transition team has anticipated that Council will, understandably, want to have a good sense of the recommended approach to Tenant Relations in order to be comfortable agreeing to an operating agreement for the provision of housing services. Staff in Housing Operations were in the process of developing a new tenant relations policy at the time this transition began. The policy contains progressive steps to resolving tenant issues in a timely fashion. All complaints pertaining to legislated policies and procedures will be escalated through a progressive process to the Service Manager. All other complaints about staff, operations, programming or maintenance

will be escalated through a progressive process to the General Manager (GM) of Community Development. In both cases, Council has oversight through their delegated authority to the CAO and his staff in the Community Development Department.

In addition to progressive steps where complaints are addressed by progressively senior members of management, the policy contains a facilitated alternate dispute resolution process that is intended to allow for conflict resolution and mediation in order to avoid the need for all of the steps in the complaint process.

This policy is very nearly complete. Staff in Community Development will be conducting town hall meetings with tenants and tenant lead groups in order to hear and incorporate their feedback into the policy in January and it will be rolled out to Council and tenants in February and March of 2019.

Communications

Housing Operations staff will be expected to follow all corporate communications policies and protocols, including the evolving Customer Service Strategy. Communications and Community Engagement will train Housing Operations staff on areas such as media relations, issues management, social media and customer service. There are a number of policies which Housing Operations staff will be responsive to as CGS staff members (e.g. French Language Services Policy, Intranet Policy and Guidelines). A Media Relations and Communications Advisor will be assigned to Housing Operations. This staff training and the assignment of a Communications Advisor will take place in January of 2019.

As Communications and Community Engagement (along with Information Technology and all operational divisions at CGS) implement new and more robust customer service and 3 – 1 – 1 systems, Housing Operations needs will be assessed in subsequent phasing of this project, likely in 2020 and 2021.

Human Resources and Labour Relations

Transition of Management and Non-Union Staff

Following KPMG's recommendation and practice in other municipalities that have made similar transitions in social housing, all non-union staff classifications will be described and assessed using CGS's salary administration system for non-union staff. This work is already underway and will need to be completed in February so that CGS 'Pay Groups' (or "grades") for all non-union classifications can be confirmed and placed into the CGS structure. CGS has access to the services of a very experienced compensation consultant (who in fact helped CGS develop the current job evaluation system) and the transition team recommends having the consultant evaluate all Housing Operations jobs as a batch. This work will be completed by the end of February so that the structure and application of other Finance and Human Resources

policies can be well understood by non-union staff well prior to the March 31st, 2019 transition date.

Transition of Unionized Employees

Bargaining unit employees are members of a separate unit of CUPE Local 4705. When such a transition takes place, the successor employer is bound by the agreement in place. This agreement expires at the same time as CGS's two other, much larger, units within Local 4705 on March 31st, 2019. CGS and CUPE have entered into a Memorandum of Agreement which protects CUPE's representative rights and confirms that CGS does not intend to make changes (including any layoffs) until March 31st, 2019. There is no intention to lay off any bargaining unit employees as they continue to provide operations and maintenance supports required to continue existing service levels in Housing Operations. All divisions at CGS (including Housing Operations) have been canvassed for key strategic items and proposals they would like to see advanced at upcoming negotiations with CUPE. It is recommended that this work be completed in January so that proposals for all units of Local 4705 come to Council to determine a mandate for 2019 negotiations. Staff will be seeking a mandate from Council for 2019 negotiations at the closed session of City Council on February 12th, 2019.

Health and Safety

Human Resources and Organizational Development have commenced providing Human Resources and Health and Safety support to Housing Operations under the business partnership model in place for all other CGS divisions. The GSHC did not have dedicated Human Resources support, a small, external contract for these services will be terminated in Q1 of 2019.

Workplace Safety and Insurance Act

The transition team recommends a change to the Workplace Safety and Insurance Act payment model for Housing Operations employees. The Employee group at the former GSHC were regulated by Schedule 1 of the Workplace Safety and Insurance Act (WSIA). Most other CGS employees are regulated as a Schedule 2 work group under WSIA. Benefits to employees are the same under both schedules.

Schedule 1 employers pay insurance rates based on lost time for employee injury and illness versus a comparator group of employers. In 2018, the GSHC paid \$89,000 in premiums and a \$9600 surcharge on the basis of prior WSIB claims. Schedule 2 employers pay the full value of the benefits, (85% of net pay) for all days lost directly to WSIA plus an administrative premium. GSHC has robust a safety policy and program, joint health and safety committee and safety culture. Their safety results in 2017 and 2018 were excellent and favour a migration to Schedule 2. Currently, CGS sets aside a premium of \$1.50 per hour worked to fund obligations under Schedule 2. The rate paid by GSHC in 2018 on Schedule 1 was \$2.86 per hour and it will be \$1.99 per hour in 2019. There is no cost for this employee group to transfer to the CGS Schedule 2 group and this migration is recommended by the transition team, effective March 31st, 2019.

Change and Leadership Considerations

Employment transitions can be personally stressful. Human Resources and Organizational Development will ensure that employees transitioning into the CGS structure are aware of the supports available to them in terms of Employee Assistance, access to a Human Resources Coordinator and continued access to CGS leadership staff. Long term employment terms and conditions need to be considered. All former GSHC employees are members of the Ontario Municipal Employee Retirement System (OMERS) and this will make transition seamless for Housing Operations employees from a retirement income perspective. This employee group has formal plans in place for talent and succession management system aimed in particular at succession for roles on the leadership team at the former GSHC. Staff in Organizational Development will review the succession approach for these roles and train staff and management in Housing Operations on CGS talent management and succession programs.

Finance

Staff are analyzing a number of transition matters in this area.

1. Council and the community will expect a fully detailed budget and the ability to provide ongoing financial and performance information. As above, information on capital asset condition, prioritization of asset investment and capital budget performance will be critical for Council to navigate their cleft role as municipal Council and housing Board.
2. There are potential economies of scale and integration opportunities combining financial operations and processes.
3. CGS payroll will take on payment for all Housing Operations staff.
4. There will be important policy and procedure training that needs to take place, which Finance will provide to new CGS staff members.

The two organizations use separate and distinct financial systems. The PeopleSoft financial information system is universal across CGS operations and Housing Operations uses "Yardi", a business system that manages all aspects of housing operations. The transition team recommends retaining the Yardi system for its benefit as an operational business system that also hosts key financial information system components. Further it has all of the operational and financial history that would be more efficiently retained for future use within Yardi. The business systems connection between these systems needs to be developed and tested. Integration will take place over the first half of 2019 so that variance reporting can be performed in a timely manner in the fall of 2019 and the 2020 budget process can be informed with detailed financial information.

In terms of economies, staff in Finance and Accounting are pursuing the following:

- Consolidation of bank accounts and determination of appropriate signing authorities
- Obtaining p-cards for issuance to Housing Operations staff in accordance with purchasing authority in the Purchasing By-law
- Consolidation of GSHC point of sale contract into CGS's contract to reduce point of sale expenses
- RFP for CGS and former GSHC insurance requirements while ensuring requirements are met under the Housing Services Act and addressing opportunities to reduce tenant deductibles and / or tenant insurance coverage
- A detailed review of all GSHC contracts for opportunities in terms of early termination clauses, harmonization with existing CGS contracts or RFPs and tenders for joint service and supply requirements and,
- Completion of a review of collections policies and harmonization of approach

Once all non-union staff are placed in CGS pay groups they will transition onto the CGS payroll. The effective date for this change will be March 31st, 2019. Staff in the CUPE 4705 bargaining unit will transition as well however timing and pay placement details will form a part of negotiations toward a renewal collective bargaining agreement in 2019.

Employment transfers to CGS trigger authorities and accountabilities under a variety of CGS financial policies and By-laws. The Agreement will enumerate these policies and By-laws but there are significant financial policies and procedures (such as the Purchasing By-law, the Operating and Capital Budget Policies, Accounts Payable and Receivable procedures) which will require staff orientation and training. This orientation and training will take place during Q1 of 2019.

Housing Operations and Capital Investment

The operations, maintenance, programming, rent supplement, housing application and previously approved capital works in Housing Operations continue. Many of the matters raised by the transition team in this area were simply returned to Housing Operations staff for resolution and continued attention.

Going forward, the GSHC will hold the housing assets so Board members will need information about and orientation to those assets.

The transition team and Asset Division staff at CGS have reviewed asset management practices and systems used by GSHC. Staff recommends an introduction to this system and the assets under management as a key topic area in Board / Council orientation. Staff in Housing Operations and Assets will collaborate to incorporate this data into the Asset Management Policy framework currently being populated for all asset classes at CGS so that the Board and Council understand the relative need from a capital investment perspective of the GSHC assets under management in the context of the full gambit of capital investments required across asset classes at CGS. The 2019 budget contains the normal annually adjusted allocation of \$2.8 million for housing capital.

Information Technology and Security

Although CGS staff in Information Technology and Security were not directly involved in the transition team's activities, there are processes and economies being explored in these areas.

Housing Operations must have a web presence both internally and externally at CGS. Further, although they are on the same email platform as the rest of CGS, migration to the "greatersudbury.ca" email domain will take place in Q1 of 2019. The business systems section is providing support to the establishment of the necessary connections between Yardi and Peoplesoft with staff from Finance. The Information Technology infrastructure group has been servicing the former GSHC since housing devolution, so services like the Helpdesk, security services and server infrastructure continue to be provided.

The Manager of Security and By-law Services is currently analyzing security and video camera policies of the former GSHC. Opportunities to streamline CGS policy in this area as well as future security contract economies will be explored moving forward after transition.

Service to Public Housing Tenants and Housing Applicants

The process for tenants and applicants to contact Housing Operations has not changed.

Applicants for Subsidized Housing

The centralized waitlist for provincially funded subsidized housing on behalf of all social housing providers in the City of Greater Sudbury will continue to be maintained by Housing Services. Application forms are available on CGS's website www.greatersudbury.ca/live/housing/apply-for-social-housing and at the Housing Services offices located at Suite 603 , 199 Larch Street.

Social Housing Tenants

Housing Operations will continue to operate out of its current offices located in Suite 401, 10 Elm Street in the Rainbow Mall. Tenants will continue to pay rent and other housing related charges to GSHC. Payment methods include pre-authorized payments, online, or telephone banking and cash or debit payments can be made in person by attending the GSHC office on Elm Street. The process for reporting maintenance issues and non maintenance issues is unchanged. Tenants can report maintenance issues on the housing website <http://www.sudburyhousing.org> or by calling the GSHC offices at 705-674-8323. For all other inquiries or complaints please contact the housing office directly at 705-674-8323.

FINANCIAL IMPLICATIONS

Staff will return to Council to report financial implications. The most significant input into any budget change will be the results of job evaluation for the integration of the twelve (12) non-union staff into the CGS non-union salary administration program and outcomes of 2019 negotiations with CUPE Local 4705. These costs cannot be determined at this point in the transition planning process. Given the timing of the transition, Housing Operations will continue with its existing budget for 2019 and it will be included in the Community Development business plan as it has been in prior years.

The Housing Operations business plan and budget will be fully integrated into the 2020 budget and any additional costs (or benefits) from a financial perspective will be articulated at that time, either in the base budget or as business cases for Council's consideration.

CONCLUSION

The transition team has put together a plan for transition of Housing Operations into the City's corporate structure effective March 31st, 2019. This plan includes staff cross training, finalizing job descriptions and rates of pay, integrating corporate supports such as payroll, human resources, finance, legal support and health and safety, entering into an operating agreement with the GSHC and communicating with the tenants, staff and the public. Staff will return to Council prior to the March 31st, 2019 transition date with reports recommending an operating agreement between the GSHC and CGS and a new tenant relations policy. Moving forward staff will inform Council on transition highlights and seek any necessary direction on regularly scheduled Council meeting dates with notice and agendas for Board or Council meetings as appropriate.