

CITY COUNCIL AGENDA

Consolidated as of November 22, 2013



Council Chambers, Guelph City Hall, 1 Carden Street

DATE November 25, 2013 – 7:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

**O Canada
Silent Prayer
Disclosure of Pecuniary Interest and General Nature Thereof**

PRESENTATION

a) None

CONFIRMATION OF MINUTES (Councillor Van Hellemond)

“THAT the minutes of the Council Meetings held September 25, October 24, 28, November 4, 2013 and the minutes of the Closed Meetings of Council held October 28 and November 4, 2013 be confirmed as recorded and without being read.”

CONSENT REPORTS/AGENDA – ITEMS TO BE EXTRACTED

The following resolutions have been prepared to facilitate Council's consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Reports/Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Consent Reports/Agenda will be approved in one resolution.

Consent Reports/Agenda from:

Audit Committee			
Item	City Presentation	Delegations	To be Extracted
AUD-2013.17 Overtime Audit: Management's Response	<ul style="list-style-type: none">Ann Pappert, Chief Administrative Officer		✓

Adoption of balance of Audit Committee Fifth Consent Report - Councillor Guthrie, Chair

Community & Social Services Committee			
Item	City Presentation	Delegations	To be Extracted
CSS-2013.30 Guelph Community Sports Lease and Agreement			
CSS-2013.31 Older Adult Strategy First Year Corporate Action Plan			
CSS-2013.32 Affordable Bus Pass Fourth Quarter Report and Program Sustainability Recommendations			
CSS-2013.33 Parks Horticulture Operations – 2013 Budget Reduction Impact			

Adoption of balance of Community & Social Services Committee Ninth Consent Report - Councillor Dennis, Chair

Corporate Administration, Finance & Enterprise Committee			
Item	City Presentation	Delegations	To be Extracted
CAFE-2013.37 Downtown Renewal Update & Guelph Economic Investment Strategy Discussion	<ul style="list-style-type: none"> Ian Panabaker, Corporate Manager Downtown (revised presentation) 		✓

Adoption of balance of Corporate Administration, Finance & Enterprise Committee Ninth Consent Report - Councillor Hofland, Chair

Operations, Transit & Emergency Services Committee			
Item	City Presentation	Delegations	To be Extracted
OTES-2013.28 Emergency Response Plan and Emergency Management Program			
OTES-2013.29 Establishing Elementary School Speed Zones (revised report)			

Adoption of balance of Operations, Transit & Emergency Services Committee
Seventh Consent Report - Councillor Findlay, Chair

Planning & Building, Engineering and Environment Committee			
Item	City Presentation	Delegations	To be Extracted
PBEE-2013.36 Municipal Property and Building Commemorative Naming Annual Report			
PBEE-2013.39 Properties at 24 Downey Road and 297 Woodlawn Road			

Adoption of balance of Planning & Building, Engineering and Environment Committee Ninth Consent Report - Councillor Piper, Chair

Council Consent Agenda			
Item	City Presentation	Delegations	To be Extracted
CON-2013.35 Extension of Councillor Terms on the Grand River Conservation Authority and the Elliott Board of Trustees			

Adoption of balance of the Council Consent Agenda – Councillor

ITEMS EXTRACTED FROM COMMITTEES OF COUNCIL REPORTS AND COUNCIL CONSENT AGENDA (Chairs to present the extracted items)

Once extracted items are identified, they will be dealt with in the following order:

- 1) *delegations (may include presentations)*
- 2) *staff presentations only*
- 3) *all others.*

Reports from:

- **Audit Committee – Councillor Guthrie**
- Community & Social Services Committee – Councillor Dennis
- Corporate Administration, Finance & Enterprise Committee– Councillor Hofland
- Operations, Transit & Emergency Services Committee – Councillor Findlay
- Planning & Building, Engineering and Environment Committee– Councillor Piper
- Council Consent – Mayor Farbridge

SPECIAL RESOLUTIONS

BY-LAWS

Resolution – Adoption of By-laws (Councillor Wettstein)

“THAT By-law Numbers (2013)-19655 to (2013)-, inclusive, are hereby passed.”

<p>By-law Number (2013)-19657 A by-law to amend By-law Number (2002)-17017 (to remove the No Parking Anytime zone on Short Street, east side, from 20m north of Toronto Street to 3m north thereof; to remove the No Parking Anytime zone on Toronto Street, north side, from Neeve Street to 105m west of York Road; to add a No Parking Anytime zone on Toronto Street, north side, from Neeve Street to York Road; to add a No Parking Anytime zone on Freshmeadow Way, both sides, from Elmira Road to 18m west thereof; to add a No Parking Anytime zone on Abbeywood Crescent, north side, from 148m west of Deerpath Drive to 36m west thereof; to add a No Parking Anytime restriction on Spring Street, north side, from King Street to 18m east thereof; to add a No Parking Anytime zone on Yorkshire Street, west side, from 33m south of Foster Street to 31m south thereof; and to add a No Parking Anytime zone on Ferndale Avenue, south side, from 75m east of Blackbird Crescent to 46m east thereof in the No Parking in Schedule XV; to remove the 2-hour, 9am-9pm, Monday-Saturday, once per day restriction on Wyndham Street, west side, from Carden Street to Cork Street; and to add a 2-hour, 9am-9pm, Monday-Saturday, once per day restriction on Wyndham Street, west side from 23.5m north of Carden Street to Cork Street in the Restricted Parking in Schedule XVII; to add a 15-Minute/Public Loading Zone on Wyndham Street, west side, commencing 15.5m north of the north curb of Carden Street for a distance of 8m northerly in the 15 Minute/Public Loading Zones in Schedule XVIII; and to add Stevenson Street, both sides, from Eramosa Road to Speedvale Avenue in the Designated Bicycle Lanes in Schedule IV) and to adopt Municipal Code Amendment #502, amending Chapter 301 of the Corporation of the City of Guelph’s Municipal Code.</p>	<p>To amend the Traffic By-law.</p>
<p>By-law Number (2013)-19658 A by-law to authorize the execution of the Contribution Agreement between The Corporation of the City of Guelph and Metrolinx.</p>	<p>To authorize the execution of a contribution agreement.</p>

<p>By-law Number (2013)-19659 A by-law to dedicate certain lands known as Block 53, 61M85, designated as Part 1, Reference Plan 61R20031 and Block 52, 61M85, designated as Part 2, Reference Plan 61R20031, City of Guelph as part of Frasson Drive.</p>	<p>To dedicate land as part of Frasson Drive.</p>
<p>By-law Number (2013)-19660 A by-law to remove: Lot 40, Plan 61M181, designated as Parts 20 and 21, Reference Plan 61R20071, in the City of Guelph from Part Lot Control. (43 and 45 Oakes Cres.)</p>	<p>To remove land from part lot control to create separate parcels for semi-detached dwelling units to be known municipally as 43 and 45 Oakes Cres.</p>
<p>By-law Number (2013)-19661 A by-law to adopt an Emergency Management Program and an Emergency Response Plan for the protection of public safety, health, the environment, critical infrastructure and property.</p>	<p>To adopt an Emergency Management Program and Emergency Response Plan as per the Operations, Transit & Emergency Services Committee 7th Consent Report Clause OTES-2013.29.</p>
<p>By-law Number (2013)-19662 A by-law to authorize the conveyance of Block 220, Plan 61M18, City of Guelph to Dunmill Homes Inc.</p>	<p>To authorize the conveyance of land in accordance with the subdivision agreement and assignment agreement.</p>
<p>By-law Number (2013)-19663 A by-law to authorize the re-conveyance of Lots 11 and 12, Plan 61M18, City of Guelph to Guelph Grangehill Developments Limited.</p>	<p>To authorize the re-conveyance of land in accordance with the subdivision agreement.</p>
<p>By-law Number (2013)-19664 A by-law to confirm the proceedings of meetings of Guelph City Council. (November 5, 18 and 25, 2013)</p>	<p>To confirm the proceedings of meetings of Guelph City Council held November 5, 18 and 25, 2013.</p>

MAYOR'S ANNOUNCEMENTS

Please provide any announcements, to the Mayor in writing, by 12 noon on the day of the Council meeting.

NOTICE OF MOTION

ADJOURNMENT

CONSENT REPORT OF THE AUDIT COMMITTEE

November 25, 2013

Her Worship the Mayor and
Councillors of the City of Guelph.

Your Audit Committee beg leave to present their FIFTH CONSENT REPORT as recommended at its meeting of November 19, 2013.

If Council wishes to address a specific report in isolation please identify the item. The item will be extracted and dealt with immediately. The balance of the Consent Report of the Audit Committee will be approved in one resolution.

AUD—2013.17 OVERTIME AUDIT: MANAGEMENT'S RESPONSE

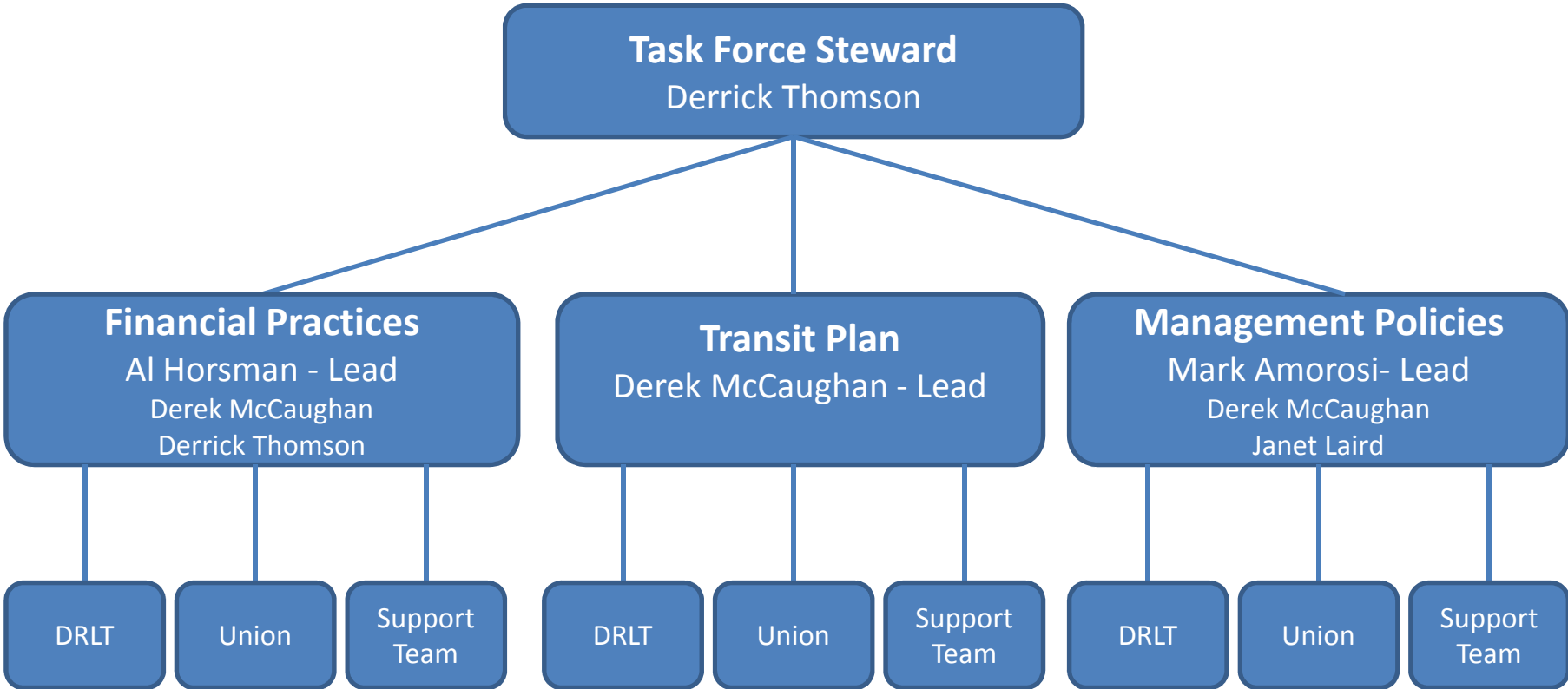
1. That report CAO-C-1307 "Overtime Audit: Management's Response", including Attachment #1 "Summary of Management's Response" be received.
2. That staff report back to members of Council as soon as possible with the number of full time employees, part time employees, casual employees and contract employees by department over the past five years.
3. That the Internal Auditor report back to the Audit Committee with a framework to provide appropriate ongoing oversight of the use of overtime (eg. key performance indicators).
4. That a practice be established of the Internal Auditor to report back on a quarterly report on outstanding recommendations on previously completed audits.

All of which is respectfully submitted.

Councillor Cam Guthrie, Chair
Audit Committee

**PLEASE BRING THE MATERIAL THAT WAS DISTRIBUTED WITH THE
AGENDA FOR THE NOVEMBER 19, 2013 MEETING.**

OT Taskforce



Where is \$3M?

Overtime paid \$4.1M (Actual)

Lieu + 0.9M (Banked)

Total overtime worked = 5.0M

2013 Budget - 2.0M (Budget)

OT in excess of budget = \$3.0M(Unbudgeted/
Unallocated)

How has it been funded?

Unbudgeted/Unallocated	\$ 3.0M
Unspent compensation-budgeted (continuity of service)	- 1.0M
Unpaid lieu banked	- <u>0.9M</u>
Net unfavourable variance*	\$ 1.1M

* Reported in the Q3 2013 Tax Supported Operating Variance Report

What are contributing factors?

Uncontrollable

- Known unfunded activity (e.g. mechanical maintenance, admin, increased regulation)
- Unknown/unplanned (e.g. emergencies, severe storms)

Controllable

- Attendance management
- Improper oversight

STAFF REPORT

TO Audit Committee

SERVICE AREA CAO Administration, Internal Audit

DATE November 19, 2013

SUBJECT Overtime Audit Report

REPORT NUMBER CAO-A-1309

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide the results of the Overtime audit as part of the Internal Auditor's 2013 work plan.

KEY FINDINGS

The City of Guelph is one of the first municipalities to conduct a corporate-wide audit of overtime demonstrating its commitment to transparency and accountability.

While the audit has identified some major issues in specific service areas it is important to note that no substantial issues were identified in the majority of service areas.

The audit report presents 39 "Key Findings and Recommendations" and the "Management Response" is also being presented to the Committee with this report.

The Internal Auditor is confident that management will undertake a rigorous implementation plan to realize the efficiencies identified in the audit.

FINANCIAL IMPLICATIONS

Potential savings of actual expenditures have been identified through the audit and recommendations include a two-phased zero-based budget approach going forward.

ACTION REQUIRED

Audit Committee to receive the Internal Auditor's report CAO-A-1309 "Overtime Audit Report".

STAFF REPORT

RECOMMENDATION

1. That the Audit Committee Report CAO-A-1309 Overtime Audit Report dated November 19, 2013 be received.

BACKGROUND

As part of the development of the Internal Audit Annual Work Plan, Council proposed that an audit of overtime be considered. The Internal Auditor agreed to conduct the audit in 2013. The audit was conducting between June and October 2013 and is now completed.

REPORT

The use of overtime (hours worked by full-time staff in addition to their regularly scheduled hours of work) is a fundamental means to manage fluctuations in workload and staff resources. The discretionary use of overtime can be effective in balancing workloads and capacity to ensure seamless delivery of services.

The overall position of the audit is that overtime expenditures can and should be controlled using a zero-based approach that assumes nothing until the business imperatives for using overtime are clearly defined and quantified. This can be achieved using a phased approach that establishes a one-year target for essential overtime (for 2014) with a mandate to develop a zero-based overtime target before the next fiscal year (2015).

CORPORATE STRATEGIC PLAN

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Provide accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

All departments have been consulted in the development of this report

STAFF REPORT



COMMUNICATIONS

A formal communications plan has been developed by Corporate Communications staff and the Executive Team.

ATTACHMENTS

Appendix "A": Internal Audit Report – Overtime (October 31, 2013)

A handwritten signature in cursive script, appearing to read "Loretta Alonzo".

Report Author
Loretta Alonzo
Internal Auditor
519-822-1260, ext. 2243
loretta.alonzo@guelph.ca

A handwritten signature in cursive script, appearing to read "Ann Pappert".

Approved By
Ann Pappert
Chief Administrative Officer
519-837-5602
ann.pappert@guelph.ca



APPENDIX "A" – REPORT # CAO-A-1309

INTERNAL AUDIT REPORT

OVERTIME

FINAL

October 31, 2013

Prepared by: Loretta Alonzo, Internal Auditor, City of Guelph

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EXECUTIVE SUMMARY

The use of overtime (hours worked by full-time staff in addition to their regularly scheduled hours of work) is a fundamental means to manage fluctuations in workload and staff resources. The discretionary use of overtime can be effective in balancing workloads and capacity to ensure seamless delivery of services.

While some service areas appear to manage their overtime costs very well, others have little or no awareness of the factors driving overtime costs and have made modest efforts to seek efficiencies to reduce these costs. Within some service areas, the use of overtime has become the default option as opposed to examining the scheduling of work or reviewing the business processes and decisions that drive workload and capacity.

There is a broad range of management practices across the organization that could be described as "legacy" issues that have been perpetuated over the years thereby creating a culture that views overtime as obligatory. One such practice is the lack of active attendance management. In some specific service areas, a culture of entitlement is apparent.

The challenge in managing the use of overtime is complicated by factors such as collective agreements that may be restrictive, unpredictable events such as weather-related emergencies, extended sick leave or absences and legislated minimum service requirements such as Fire and Emergency Services among others.

Total overtime costs are not easily visible to managers. With poor support from the tools with which to manage labour costs and only modest effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

The "tone at the top" also impacts the culture of the organization and how overtime is perceived. If it appears that overtime is receiving tacit approval it will flourish. This is demonstrated in several ways. In some operating areas, analysis of base service levels, resource requirements and labour cost analysis has been inadequate. Further, senior management has not provided adequate guidance to make these issues a priority and to ensure that the systems and reporting tools are in place to enable the service areas to effectively run their business units by making these costs visible.

The City of Guelph ranks among the highest municipalities in overtime costs and the audit presents substantial data that illustrates where and how these costs have occurred. Total actual overtime cost projected for 2013 is \$4,219,667 in cash plus banked overtime taken as time off in lieu projected at \$850,000 totalling \$5,069,667 or 6.1% of base salary and wages.

Using the municipal benchmark data collected for the audit, a reasonable overtime target for actual overtime expenditures (cash only) would be approximately 2.0% to 2.5% of total base salary and wages. The City is currently at 5.1% of total base salary and wages (on cash payments only).

The projected 2013 total base salaries and wages is approximately \$82,750,450. With target actual overtime expenditure calculated at 2.5% of base the annual overtime costs (cash only) would be approximately \$2,068,761. This would represent a reduction in actual expenditure of approximately \$3,000,906.

The audit has also reinforced conclusions drawn by KRONOS in its 2012 Utilization Report that significant savings potential exists within the timekeeping and payroll processes if the City makes the necessary investment in system and process upgrades.

While the potential to reduce actual overtime expenditure would present a challenge to manage costs and maintain service levels, it also forces a “reset” of the current culture and compels management to evaluate business processes, service delivery options, base line labour costs and the justification of overtime.

The overall position of the audit is that overtime expenditures can and should be controlled using a zero-based approach that assumes nothing until the business imperatives for using overtime are clearly defined and quantified. This can be achieved using a phased approach that establishes a one-year target for essential overtime (for 2014) with a mandate to develop a zero-based overtime target before the next fiscal year (2015).

While the audit has identified a number of opportunities for the City to improve its management of overtime costs, it must be acknowledged that changes in culture and past practice take time to fully evolve.

Management has the responsibility for implementing the audit recommendations but it will require the full commitment of staff, union leaders and Council to realize the maximum benefit of these changes

Executive Summary - Key Findings and Recommendations

A selection of Key Findings and Recommendations are contained in the Executive Summary. The complete list of all Corporate-level Findings and Recommendations may be found on page 21.

There is substantial reduction in expenditure to be gained if management takes control of the use of overtime at the City. The primary recommendations from this audit include:

1. Commit to implementing a zero-based approach to developing the corporate-wide overtime target for actual overtime expenditures for 2015.
2. Use 2014 as a pilot year to develop the various decision criteria, service level standards and work scheduling practices that will inform the zero-based approach.
3. Set a target of 2.5% of base salaries for corporate-wide overtime for 2014. Create an approval process that enables departments to “make the case” to the Executive Team for transferring a share of the overtime target to their departments to cover weather-related events, prolonged absences, unexpected strategic opportunities, etc.
4. Set an annual cap on all overtime banks.
5. Create and implement a 90-day plan to kick-start the transformation of Guelph Transit.

AUDIT OBJECTIVES

The purpose of this Value for Money Audit is to assess corporate-wide use of overtime (either paid in cash or banked and taken as time off in lieu of cash) and standby pay to evaluate the following:

- Compliance with existing policies and collective agreements
- Proper authorization levels and controls for approval of overtime
- Efficient and effective use of overtime
- Financial impact by service area
- Adequacy of management oversight
- Potential abuse

SCOPE

The following areas are in-scope for this audit:

- All service areas have been included; detailed analysis is limited to areas with significant overtime costs.
- All union and non-union staff have been included
- Compliance testing
- Control and authorization testing
- Audit of documentation and payroll inputs
- Financial analysis
- Attendance management effectiveness
- Municipal benchmarking and comparators
- **Out of Scope**
 - Payroll and timekeeping processes
 - Analysis of service area resources and work scheduling processes
 - Service Areas with minimum overtime expense have been excluded from the audit

AUDIT TEAM

- Loretta Alonzo, Internal Auditor
- Ingrid Pregel, iPCi Consulting

METHODOLOGY

The following research and analysis was undertaken for this audit:

- Internal document review
 - Collective agreements
 - Existing policies and procedures
 - Payroll and employee files
 - Timekeeper records and systems
- External literature review
- Benchmarking – Municipal Comparators
- Kronos timekeeping reports – 2009 to 2013

- Staff-Stakeholder interviews – 38 interviews in total
- Financial statements including budget to actual variance reports
- Field – Site visits

The report is presented in sections, by department, as follows:

- Current Environment including Interview Summary data
- Financial Analysis
- Key Findings and Recommendations
 - ❖ Corporate Overview
 - ❖ Community and Social Services
 - ❖ Public Works, Transit and Emergency Services
 - ❖ Planning, Building, Engineering and Environment
 - ❖ Corporate and Human Resources
 - ❖ Finance and Enterprise

The reader should take note of the years for which data is presented. For trend analysis the report uses 2009, 2010, 2011, 2012 and 2013 year to date as of August 31st. In some cases a forecast to the end of 2013 is provided. In other cases where a full year of data is useful, the report uses 2012 data. In other situations data is only available for specific years and these are noted in the report.

PAYROLL PROCESS AND TERMINOLOGY

Time reports for each employee are entered either weekly or bi-weekly into the City's timekeeping system "KRONOS". The information is uploaded to the City's financial system (JD Edwards). Monthly financial reports generated from JD Edwards show all wages that have been paid in cash. Overtime that has been banked in KRONOS to be taken off as time in lieu of cash at some future time does not appear in monthly financial reports.

Although reports can be run from KRONOS to identify overtime bank balances and total productive time lost because of banked overtime taken as time off in lieu of cash, there is no process at the City that regularly generates standard reports from KRONOS for management's review and analysis.

It is important to note that the financial reporting system does not easily identify all the overtime wages paid. Historically, management's philosophy was to manage to the bottom line for actual expenditures for every department rather than by individual financial reporting account codes. Therefore overtime expenditures were covered by a variety of financial reporting account codes in addition to overtime wages. For this reason, KRONOS is a more reliable source of information on total overtime expenditures.

CORPORATE OVERVIEW

Current Environment / Interview Summary

The use of overtime (hours worked by full-time staff in addition to their regularly scheduled hours of work) is a fundamental means to manage fluctuations in workload and staff resources. The discretionary use of overtime can be effective in balancing workloads and capacity to ensure seamless delivery of services.

While some service areas appear to manage their overtime costs very well, others have little or no awareness of the factors driving overtime costs and have made modest efforts to seek efficiencies to reduce these costs. Within some service areas, the use of overtime has become the default option as opposed to examining the scheduling of work or reviewing the business processes and decisions that drive workload and capacity.

There is a broad range of management practices across the organization that could be described as “legacy” issues that have been perpetuated over the years thereby creating a culture that views overtime as obligatory. One such practice is the lack of active attendance management. In some specific service areas, a culture of entitlement is apparent.

The challenge in managing the use of overtime is complicated by factors such as collective agreements that may be restrictive, unpredictable events such as weather-related emergencies, extended sick leave or absences and legislated minimum service requirements such as Fire and Emergency Services among others.

Total overtime costs are not easily visible to managers. With poor support from the tools with which to manage labour costs and only modest effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

The “tone at the top” also impacts the culture of the organization and how overtime is perceived. If it appears that overtime is receiving tacit approval it will flourish. This is demonstrated in several ways. In some operating areas, analysis of base service levels, resource requirements and labour cost analysis has been inadequate. Further, senior management has not provided adequate guidance to make these issues a priority and to ensure that the systems and reporting tools are in place to enable the service areas to effectively run their business units by making these costs visible.

The City of Guelph ranks among the highest municipalities in overtime costs and the audit provides substantial data that illustrates where and how these costs have occurred.

The audit findings indicate that in many areas, overtime budgets have been based on historical data rather than justification of the actual business needs. Therefore, actual overtime cost meeting budgeted overtime has been an indicator of success when in fact; the overtime may not have been requisite if processes had been reviewed for efficiencies or the business rules that govern overtime decisions had been thoroughly examined.

Not all service areas have an overtime budget account line and therefore must use the funds from other budget lines to cover the costs associated with overtime when they are faced with staff absenteeism or peak workloads. These costs are not always transparent in the financial reporting for these areas and thus, not easily tracked. The use of temporary

staff as opposed to overtime is often appropriate but these costs are also not easy to identify.

The audit also examined the use and cost of overtime banked and taken as time off in lieu of cash. *The loss of productive time when an employee takes time off is quantifiable in terms of costs but this is not transparent in the financial reporting for each area.* Using KRONOS data, the audit findings indicate that banked overtime accounts for more than \$574,000 for the period from January 1, 2013 to August 31, 2013. Annual costs will likely reach \$850,000. An additional \$500,000 was accrued for 2012 in "unused time banks" and 2013 figures will likely be similar. When overtime must be used to cover these "lieu time" absences, the actual labour costs are increased as replacement workers are often paid at time-and-a-half.

There are significant variations in management practices with respect to overtime, lieu time and standby protocols. Even within the same collective agreement there are different interpretations and practices with respect to the scheduling of work and standard hours. In some areas, managers have made "arrangements" with their staff and other staff are frustrated by these inequities. Employee engagement is negatively impacted when conditions are perceived to be unfair. Details concerning the collective agreements and in-depth analyses are presented in the "Collective Agreements" section of this report.

The audit has identified that attendance management is a significant issue in many areas of the organization contributing to high overtime costs. In some service areas, the daily absentee rate is as much as 25% of the workforce. Until recently, there has been little focus on this issue. A formal attendance management program was introduced by Human Resources in October 2012 to help management deal with chronic offenders and provide reports that identify pattern absences and possible abuse of sick leave. A detailed analysis by department is presented in this report under each department heading.

Corporate Financial Analysis

The first level of financial analysis taken by this audit is corporate wide. The chart below represents a 5-year history of overtime costs and standby pay for the City. The information is drawn from KRONOS reports developed by payroll staff in Human Resources for the specific use of this audit.

As a percentage of base salary & wages, overtime costs have clearly risen over this 5-year period.

Overtime Costs - 5-Year History				
YEAR	BASE SALARY & WAGES	OVERTIME	STANDBY	OT % of BASE
2009 Total	\$ 77,418,245	\$ 2,726,364	\$ 165,595	3.52%
2010 Total	\$ 77,844,447	\$ 2,353,306	\$ 165,831	3.02%
2011 Total	\$ 84,676,851	\$ 3,021,705	\$ 165,751	3.57%
2012 Total	\$ 89,209,331	\$ 3,622,356	\$ 172,514	4.06%
2013 YTD Total	\$ 57,288,773	\$ 2,921,308	\$ 127,704	5.10%
2013 Full Year Forecast	\$ 82,750,450	\$ 4,219,667	\$ 184,462	5.10%

These figures do not include the costs of banked overtime taken as time off in lieu of being paid. These costs are shown below for the years 2011, 2012, 2013 year to date and 2013 projected for the full year.

Banked Overtime – Historical Actual Costs			
DOLLAR VALUE OF BANKED OVERTIME – TAKEN IN LIEU			
2011	2012	2013 to August 31	2013 Projected Full Year
\$904,309	\$828,778	\$574,337	\$850,000

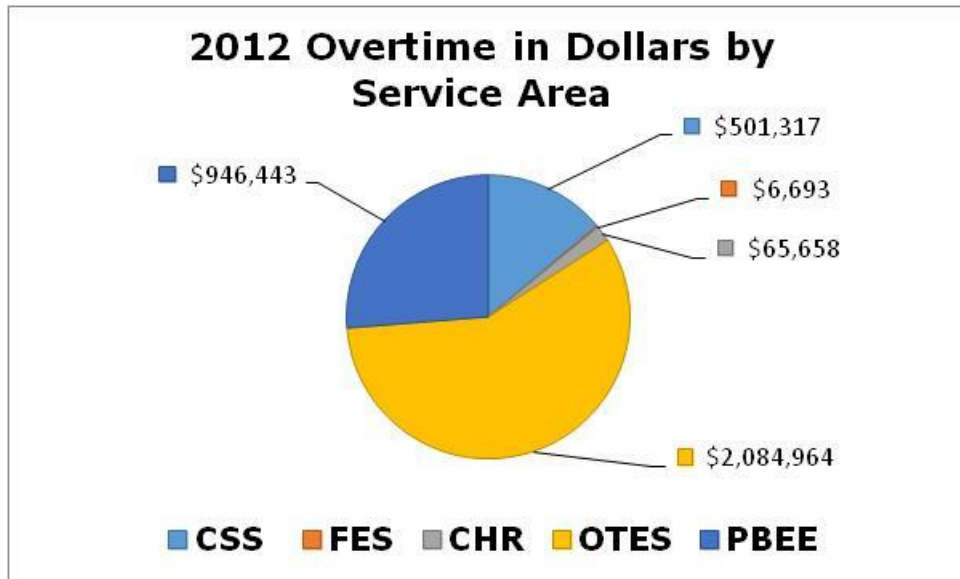
In total, overtime costs (cash and lieu time) for 2013 are projected to be \$5,069,667, or 6.1% of base salary & wages.

The chart below presents financial data comparing overtime costs actual to budget for the 8 months ending August 31, 2013.

OVERTIME ACTUAL TO BUDGET - AT AUGUST 31, 2013				
		YTD	YTD	YTD
		Actual	Budget	Variance
Service Area	Category	August	August	\$
CAO	Salary & Wages	\$ 780,100	\$ 764,829	\$ 15,271
	Overtime	\$ 2,184	\$ -	\$ 2,184
Operations, Transit & Emergency Services	Salary & Wages	\$ 29,018,668	\$ 29,392,707	\$ (374,039)
	Overtime	\$ 1,731,614	\$ 760,245	\$ 971,369
Planning, Building, Engineering, Environmental	Salary & Wages	\$ 12,468,483	\$ 13,225,616	\$ (757,133)
	Overtime	\$ 650,730	\$ 499,174	\$ 151,556
Community & Social Services	Salary & Wages	\$ 8,289,292	\$ 8,211,376	\$ 77,916
	Overtime	\$ 278,237	\$ 160,245	\$ 117,992
Corporate & Human Resources	Salary & Wages	\$ 4,822,077	\$ 5,496,628	\$ (674,551)
	Overtime	\$ 61,528	\$ 17,185	\$ 44,343
Finance & Enterprise	Salary & Wages	\$ 1,960,231	\$ 2,244,755	\$ (284,524)
	Overtime	\$ 2,137	\$ 10,050	\$ (7,913)
TOTAL SALARY/WAGES		\$ 57,338,851	\$ 59,335,911	\$ (1,997,060)
TOTAL OVERTIME		\$ 2,726,430	\$ 1,446,899	\$ 1,279,531
NOTE The figures presented in this chart will not necessarily agree with figures presented in other areas of the report taken from the payroll system. These discrepancies are the result of different cut-off periods and accrual reporting between Finance and the Kronos payroll system. They are reconciled throughout the year but will never reflect identical data on any given day.				

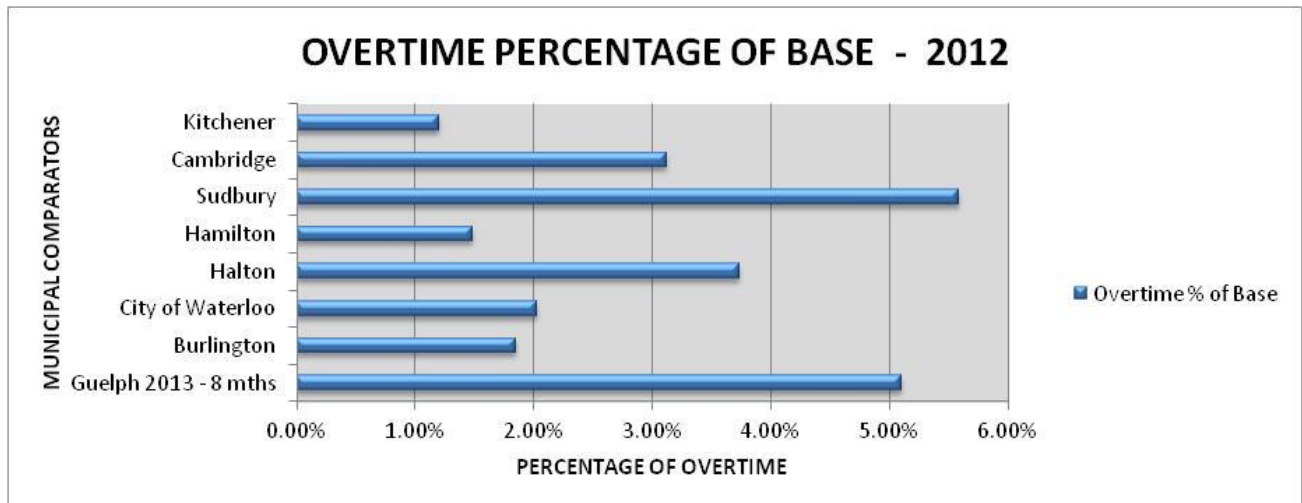
Financial projections based on the data available at the time of this audit forecast that the overall City budget may meet the salary targets while overtime will be over budget by approximately \$2.5 million.

The chart below illustrates overtime costs by Service Area for the full year 2012. Data from previous years show a similar proportional pattern among the service areas and are therefore not depicted.



Corporate Benchmarking

The following chart illustrates the municipal comparators gathered for this audit. Not all municipal and regional contacts were willing to share this data and therefore the analysis includes all single, lower and upper tier data that was available for 2012.



The following chart presents the municipal comparator data collected for this audit.

MUNICIPAL BENCHMARK DATA

	Total Salaries & Wages	Total Overtime	OT % of Base Pay	Total Standby	Standby % of Base Pay
Guelph 2012 Pop. 121,688	\$89,209,331	<u>Cash</u> \$3,622,356 <u>Non-Cash</u> \$828,779	4.06%	\$172,514	.19%
Guelph 2013 – 8 months	\$57,288,772	<u>Cash</u> \$2,921,308	5.10%	\$184,462	.32%
Full Year Forecast	\$82,750,449	<u>Non-Cash</u> 574,337	5.10%		
Full Year Forecast	\$4,219,666				
Burlington Pop. 164,415	\$72,086,085	<u>Cash</u> \$1,330,961 <u>Non-Cash</u> \$682,637	1.85%	\$444,933	.62%
City of Waterloo Pop. 129,100	\$43,915,540	\$889,278	2.02%	\$121,206	.28%
Halton Region Pop. 505,678	\$235,313,129	\$8,771,369	3.73%	\$881,396	.37%
Hamilton Pop. 535,234	\$533,300,330	\$7,898,743	1.48%	\$1,929,327	.36%
Sudbury Pop. 160,274	\$71,881,024	\$4,013,385	5.58%	\$228,312	.36%
Cambridge Pop. 132,900	\$44,658,942	\$1,393,432	3.12%	\$257,628	.58%
Wellington County Pop. 94,628	\$34,512,297		.61%		
Kitchener Pop. 234,100	123,482,679	<u>Cash</u> 1,480,728 <u>Non-Cash</u> 882,931	1.20%	247,607	.20%

Note that the full year 2013 forecast for the City is for cash paid out only.

This audit recognizes the value of comparators at an overall corporate level and not for specific departments or service areas because of differences in contracting out practices.

Timekeeping and Payroll Processing

The City uses KRONOS as its Work Force Management system. Departments (and individual sites or work groups as appropriate) do one of the following:

- Load a standard work schedule for each employee at the beginning of the year, requiring only that exceptions (sick time, leaves of absence, vacation and overtime) be recorded weekly
- Track daily time manually and administrative person enters into electronic time cards in Work and Asset Management [WAM] section of JD Edwards or workers enter time into electronic time cards directly to record time against work orders (Public Works, Building Maintenance, Fleet) to track and allocate labour cost or connect to other profession-specific information tracking requirements (Fire, EMS). This same information is subsequently either uploaded/rolled over or re-entered by timekeepers into KRONOS weekly.

Timekeepers are responsible for ensuring the payroll file is correct and spend inordinate amounts of time checking against manual master lists of employees with hand-written notations on it to ensure accurate and on-time pay for all employees in their group. This time involves checking with supervisors on exceptions, deciphering handwritten Overtime Certificates noting beginning and ending times and looking for standing rules regarding paying or banking overtime. Clearly the accuracy and timeliness of pay at the City has more to do with the diligence and experience of timekeepers than the systems and business processes in place.

Only paid overtime reported in the monthly financial reporting has visibility. It would be useful to periodically create a full picture of labour usage, perhaps quarterly, including paid overtime, time taken in lieu and overtime bank balances across the organization. This information is best reported from KRONOS.

Payroll staff is intimately familiar with existing policies and standard organizational practices. However they have no authority to ensure consistent compliance across all departments. On occasion, management within departments overrides the rules and instructs payroll to proceed, regardless. Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process transactions that are non-compliant.

It would also be helpful to know norms for overtime from other municipalities on an annual basis so that this information can be tracked and reported in the CHR Annual Report. This audit has provided a useful comparator base from which to begin this work.

There is little visibility for overtime and absenteeism considered together. In some service areas absences must be covered by fellow workers being paid overtime. If this information were easily available, reported regularly and acted upon by management, overtime costs would be reduced.

There is another practice that encourages the use of sick days. Available sick days are reported on pay stubs. Giving this balance visibility makes it more likely that it will reduce to zero by year-end.

This audit randomly accessed the hard copy payroll files for 2012 and 2013 for three departments and held extensive interviews with timekeepers in 5 departments to understand the detailed business processes associated with timekeeping and payroll processing. The hard copy file review was intended to support and illustrate the overall

messages received during interviews about the procedures followed. It became clearly apparent during the field work that any type of compliance audit would be extremely time-consuming. In one site visit a two hour time period yielded review of the hard copy file for only two weeks in each of the years under review.

The City engaged KRONOS in August 2012 to undertake an Optimization Analysis with respect to the City’s use of the KRONOS timekeeping and payroll processing system. The resulting analysis describes the current reality as “tactical”. 195 timekeepers use manual paper based processes to conduct their activities. KRONOS concludes there are significant opportunities to improve business processes.

Many hands touch the activities associated with payroll. In addition to the 195 timekeepers (each spending from 15% to full-time on this work), supervisors and managers spend time doing activities associated with informing timekeepers of the hours of work or exceptions to a standard schedule for employees. Clearly there are business improvement opportunities with the likely outcome of efficiency gains and improved quality of payroll outcomes.

KRONOS identified the ideal future state for the City’s timekeeping and payroll processes.

The slide below describes how the City can move to an optimized future state.

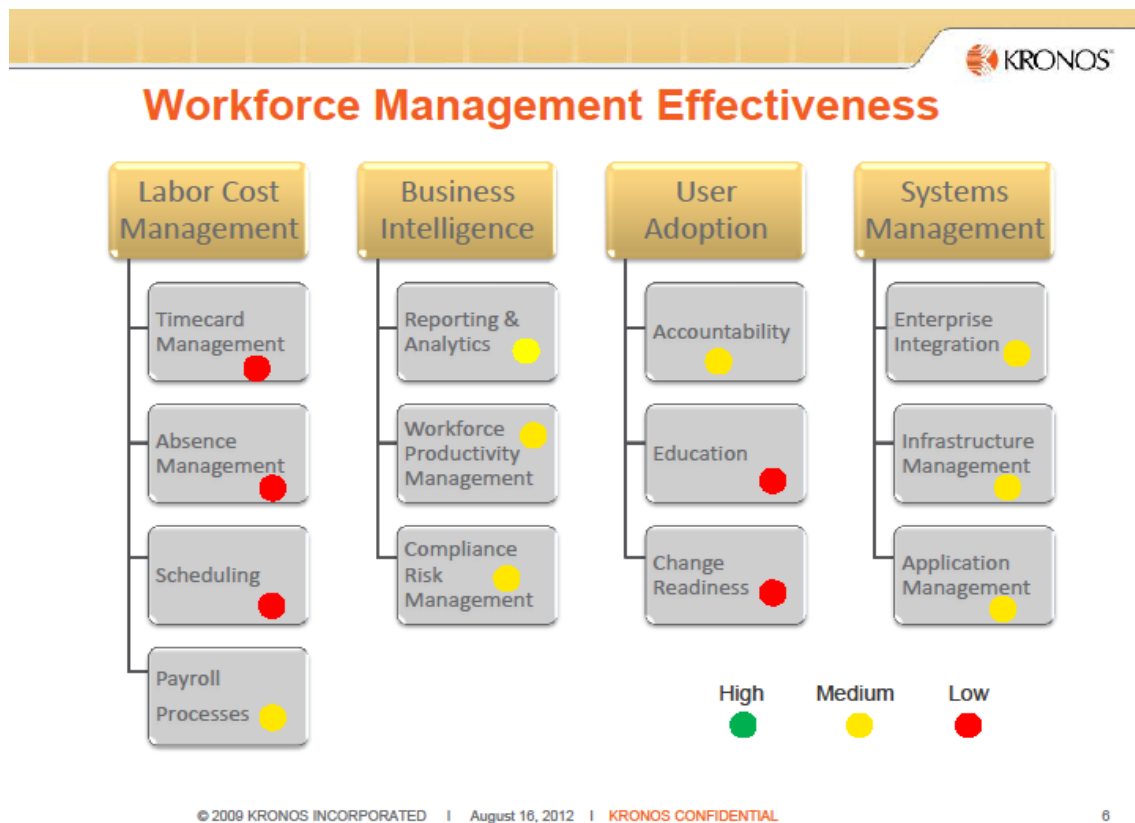


After additional automation and system improvements have been implemented, it will be possible to save some of the time currently spent by managers, supervisors and timekeepers. Conservatively focusing only on the time currently spent by Timekeepers,

significant savings are possible. If we assume that 195 timekeepers could save approximately 15% of their time through centralized or improved payroll processes, there are potentially significant savings or the opportunity to redirect substantial dollars for better use. Even if Human Resources requires additional resources to assist with new processes, net savings are evident.

It must be noted that *these potential savings cannot be realized* until the City has achieved the "Optimized Workforce" phase as defined by the Kronos report recommendations.

This audit has noted repeatedly that management does not have comprehensive labour-use data, readily available and easily visible upon which to make operating decisions. The slide below from the KRONOS report explains the impact of current KRONOS system usage effectiveness on management's work.



With poor support from the tools with which to manage labour costs and only medium (and arguably rated too high) effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

To illustrate the difficulty in accessing this data and running Kronos reports for the purpose of this audit, the auditor had to enlist the services of payroll staff after hours and fund the overtime costs from the internal audit budget. Management faces the same challenge in both system training and staff capacity to create and manage this complex data and fully utilize the system.

Collective Agreements

The workforce at the City of Guelph is represented by six union locals:

- CUPE 241 – essentially outside workers in Public Works, Corporate Building Maintenance, Recreation Facilities, Solid Waste Material Recycling Plant
- CUPE 973 – essentially inside workers across many City departments
- ATU 1189 – Guelph Transit workers
- GPFPA – Fire department workers
- OPSEU – EMS department workers
- IATSE 357 – stage technicians at River Run Centre and Sleeman Centre

Exempt workers are known as NUME (non-union management exempt). In total, seven sets of policies, rules, procedures or guidelines with respect to overtime and standby pay apply to the City's workforce. Within the Collective Agreements for CUPE 241 and CUPE 973 there are variations for different departments, sites or classes of employees creating additional complexity and variation in the applicable rules.

There is no centralized corporate oversight to ensure consistent application of the rules governing the City's seven employee groups. There is also little oversight in service areas or departments, leaving individual managers and supervisors to make interpretations and judgments based on one of the following:

- Specific business requirements
- The history of "how we do things around here", or
- The strength and tone of the supervisors' relationships with employees.

It is not surprising that employees look at how other employees within their own department and in other departments are treated and perceive lack of consistency and unfairness.

During interviews across the Corporation, we identified many examples of practices, apparently drawn from collective agreements or policies that were perceived to lead to unnecessary overtime costs. These can be sorted into three kinds of practices:

1. Clearly result from clauses and phrases found in one of 6 collective agreements and the NUME policy
2. Appear to result from interpretations or "loose" applications of clauses and phrases found in one of the 6 collective agreements and the NUME policy
3. Bear no relationship to clauses and phrases found in one of the 6 collective agreements and the NUME policy

Following are some of the examples cited of each type of practice.

1. Clearly result from clauses and phrases

- Specific language identifying regular hours or shifts and therefore providing boundaries for when overtime will commence. There is no doubt that the more flexible the definition of regular hours, the lower the overtime costs the City will incur. Significant numbers of programs and services are delivered to residents outside the traditional 8:30 to 4:30 weekday hours. Better aligning regular hours with the business requirements of programs and services will support residents' service level expectations.

The City of Cambridge has recently negotiated a contract to provide for shifts commencing and ending anytime between 5:00am and 1:00am. Pursuing shift schedules mutually agreed between employees being hired and the City would assist with the alignment of staff availability and the business process requirements of residents.

CUPE 241 and CUPE 973 collective agreements both identify specific changes in working schedules for specific departments or classes of workers. These schedules do not apply across the City. In some instances, such as Information Technology support for after regular hours Council and Committee meetings, there is a specific Letter of Understanding requiring these hours to be considered overtime rather than a shift in working schedule. Further demonstrating the lack of consistency across employee groups, staff from Clerk's attending these same meetings do not receive overtime pay.

- Transit workers call in sick during the week and claim "sick no pay". They then work a shift later in the week that was not their scheduled shift and claim overtime even though they have not worked the regular 40 hours in the week.
- All collective agreements explicitly permit banked overtime to be taken off as time in lieu, unintentionally resulting in overtime costs being much less visible to decision makers because they do not automatically receive regular KRONOS reports.

2. Interpretations or "loose" application of clauses and phrases

- Sorters in the Solid Waste Material Recovery Plant or Transit Drivers being paid overtime in the same week that they have taken vacation or personal time off and not worked a full 40 hour schedule. This should be examined carefully in the language of the collective agreement to validate the current practice.
- NUME Managers make decisions for their work unit whether to apply the 2.0 hour rule for classes 5-6. Some Executive Directors have approved standby pay of classes 7-14, explicitly against the NUME policy.
- CUPE 973 rules for Community and Social Services have long been understood to permit longer hours to be worked one day with a shortened work day occurring later in the same week. This interpretation is not clear in the collective agreement (indeed seems to specify hours to be between 7:30 am and 5:00 pm week days unless agreed by Manager, employee and the union) and the union is questioning these practices. The City is currently addressing this matter with the union and has negotiated hours of work outside the collective agreement language in Recreation facilities. Significant overtime cost implications could result if this practice were to be changed.
- Collective agreements expressly identifies management role in deciding when overtime is required. Some departments require management (usually Supervisor or occasionally Lead Hand) to approve overtime required in advance but many do not, either because philosophically they believe workers can decide for themselves, or they believe their subsequent signoff of payroll in KRONOS on Mondays is sufficient or because they pay no attention to this perceived administrative detail.

3. Bear no relation to clauses or phrases

- CUPE 241 facility operators have long understood that whoever works the long weekend also has priority to work the statutory holiday Monday with its commensurate compensation.
- Transit drivers call in "sick no pay" and claim overtime shifts later in the same week. There is no language in the collective agreement supporting the practice of "sick no pay" and the City has informed the union of this.
- NUME requirement to carry a City issued communications device and the expectation to respond to after regular hour's calls is not supported in policy.
- Maximum overtime banks identified in all collective agreements do not explicitly state that the maximum is a one-time annual limit. Actual practice across the City is to assume the overtime banks are rolling, permitting substantial amounts of overtime to be banked and productive time to be lost as time is taken off in lieu. Such lieu time may be convenient during a "quiet" time for service but may also result in other workers receiving overtime pay to cover the lost time.
- Many departments use casual or part-time workers to accommodate both base load work requirements (seasonal such as parks and recreation) and to handle what would otherwise be overtime for full time staff. Although ATU and OPSEU specifically address the use of part-time workers, the other agreements and NUME policy do not.

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EMPLOYEE UNION GROUPS – SUMMARY OF OVERTIME CONDITIONS

Union	Std. Hours	Overtime	Exceptions	Standby	Max. OT Bank	OT Assignment Process
CUPE 241	40	1 ½ times first 6 hrs; 2 times thereafter & Sunday	If no notice or unacceptable reason for absence, no O/T pay until 40 hours reached	\$1.25 + communication device + Vehicle	40 rolling	Rotation
CUPE 973	35 & alternate work schedules available for some departments only	1 ½ times; 2 times Sunday		\$1.25 + communication device + City Vehicle	70 rolling	
ATU 1189	40	1 ½ times over 40 hours, or in excess of 10 hours per day or on scheduled day off			40 rolling	Monthly OT Request form completed and "marks" system applied; Fleet follows seniority
GPFFA	7 X 24 every 4 weeks = 42	1 ½ times no less than 4.0 hours for call backs, training, meetings, etc			84 rolling	Rotation by Platoon
OPSEU	40 or 42	1 ½ times for call backs for minimum 40 hours and after 80 or 84 every 2 weeks		\$3.00	42	Seniority
NUME	35	Gr 1-4 1 ½ times; Gr 5-6 1 ½ times after 2 hours; Gr 7-14 one week in lieu	No O/T for phone from home, working through lunch	\$1.20	70 Gr 1-6	Position specific and rotation
IATSE	Minimum call is 4 hours	2 times between 24:00 & 8:00; 1 ½ times for load outs 1 ½ times after 40 hours per week or 8 hours per day				

Corporate Key Findings and Recommendations

The audit has identified the following corporate-wide findings and recommendations. They have been grouped with similar or related findings and recommendations under overall theme headings.

FINDING	RECOMMENDATION
Leadership	
The “tone at the top” does not support the management of overtime and standby pay.	1. Reset the tone at the top and commit to making overtime cost reduction one of the primary priorities for the ET in 2014.
Management does not typically monitor actual overtime costs, overtime hours or the overtime bank during the year. Many General Managers do not have sufficient free time to “manage” their business units. As the Organizational Assessment recommended, fewer meetings and administrative duties would provide all managers more time to attend to their core duties.	2. Implement the recommendations from the Organization Assessment Report related to the use of management resources and hold managers accountable for monitoring and controlling their overtime costs.
Managers across the corporation are not held accountable to manage employee attendance and overtime.	3. Managers need to be held accountable for implementing the attendance management program and these results should be visible to the ET on a regular basis.
Managers across the corporation do not use KRONOS reports regularly to manage their businesses.	4. Implement the recommendations found in the Kronos Optimization Report and centralize the creation and distribution of management reports.
Some departments ignore the existence of rules such as incurring paid overtime expenses when the department budget has no overtime budget account line. These Managers understand their accountability is to manage to a bottom line and not within individual budget lines.	<ul style="list-style-type: none"> • See recommendation # 8
There is no corporate-wide visibility for the quantity of productive time lost due to time taken in lieu of overtime pay.	5. Costs of lieu time taken should be transparent in the financial reporting for each service area.
Overtime is routinely approved after the fact without specific business requirements.	6. ALL overtime should be approved by Supervisor, Manager, or Executive Director in advance.

Corporate Culture	
The requirement for NUME class 5-6 to “donate” the first two hours of overtime each week is perceived to be unfair and creates difficulty attracting candidates for call outs	7. Eliminate the two-hour rule.
The rules that govern overtime and standby pay are different among employee groups. The same rules for a given employee group are interpreted differently in different departments.	8. The overall objective, within the constraints of the collective agreements, should be to achieve consistent practices within employee groups. Management should commit to consistent practices within employee groups.
There is no corporate-wide standard agreement on the overtime hours expected and paid in base compensation for management roles over and above those expected in exchange for one week additional vacation time.	9. Ensure that base pay differentials at the management level accurately reflect expectations for emergency call outs and after hour availability.
There is a commonly held perception across the corporation that service level standards are expected to remain high without the commitment of necessary resources.	<ul style="list-style-type: none"> • See recommendation # 13
There is no corporate-wide understanding that support departments, such as Payroll, have the authority to enforce both Council and Corporate policies. Executive Directors overrule policies to accomplish the objectives of their service areas.	10. Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process the transaction.
There is a general belief across the organization that policies approved by the Executive Team (not by Council) are guidelines only. The ET is not serving as a mechanism to ensure consistent adherence to policies.	11. The ET should commit to uphold corporate policies
There is a corporate-wide perception that employees doing user-fee based work have more latitude in overtime practices.	12. The corporate-wide overtime policy should address this practice specifically.
Policy	
There is no corporate-wide policy, set of procedures or operational practices with respect to overtime and standby pay. There are no high level values statements, principles or guidelines that would provide direction to managers making decisions with respect to overtime and standby pay.	<p>13. Create a corporate-wide policy for the use of overtime and standby pay as tools for managing the City’s business.</p> <p>14. Implement a zero-based target approach to overtime for 2015.</p> <p>15. Use 2014 as a trial period to test and refine service level standards and overtime rules.</p>

There is no corporate-wide policy to identify expectations for after-hours response by those carrying corporate communication devices such as Blackberries.	16. Develop a corporate-wide policy that defines which staff are required to respond to after-hours business and whether the base salary and collective agreements reflect this expectation.
There is no corporate-wide labour relations strategy to negotiate changes to collective agreements to reduce overtime costs.	17. Develop a corporate-wide labour relations strategy with short and long-term objectives to reduce overtime costs.
There is no corporate-wide policy or criteria to guide the use of casual or part-time staff to accomplish City work.	18. Develop a corporate-wide policy that sets out the criteria for the use of casual and part-time staff to accomplish City work.
There is no corporate cap on time banks or time in lieu.	19. Establish an annual one-time limit for banked overtime.
Systems and Processes	
There are no corporate-wide targets for overtime pay as a percentage of base pay, either based on history at Guelph or considering municipal comparators.	20. Establish a baseline overtime target of 2.5% of base salary and wages for 2014. Mechanisms to achieve this could include establishing a reserve fund from the projected savings and drawing down actual, valid overtime costs.
There is no corporate-wide system or requirement to identify a baseline labour requirement to accomplish the agreed service level standard and other work plan priorities for the department. As a result, overtime is used to accomplish baseline work.	21. Develop a business model that identifies service level standards, baseline labour requirements and drivers for overtime in 2014 in order to establish the overtime target for 2015.
There is no reporting mechanism to provide a single view of all the labour costs being incurred at the City i.e. base pay, overtime paid, overtime banked and taken in lieu, part-time/casual and contractors.	22. Create a tracking and reporting system that makes all sources of overtime drivers visible to management.
Not all service areas have an overtime budget account line.	23. Every service area should have its own overtime budget account line so that financial reporting enables visibility and control.
There is no corporate-wide time-keeping process. Individual departments and City locations use their own forms, procedures, processes and systems to input to the City's payroll system.	<ul style="list-style-type: none"> • See recommendation # 25
There is no tracking system to report the frequency of overtime drivers such as weather, equipment breakdown, complaints, accidents etc.	24. Departments should track annual frequency for overtime drivers relevant to their business units.
Timekeeping and payroll processes are sub-optimal resulting in substantial inefficiencies and quality concerns.	25. Implement the recommendations found in the KRONOS Optimization Report.

COMMUNITY AND SOCIAL SERVICES

CSS Current Environment / Interview Summary

Community and Social Services comprises Corporate Building Maintenance, Administration and Customer Service, Community Engagement and Social Services Liaison, Arts, Culture and Tourism and Parks and Recreation. There are no service area wide policies or practices with respect to overtime and standby pay. Different departments have different business drivers resulting in overtime pay including time sensitive programming in facilities such as River Run Centre, weather-dependent work in parks and seasonally intense work such as recreation.

CSS Corporate Building Maintenance:

Overtime is usually scheduled if maintenance work that is required will disrupt City operations from 8:30 to 4:30. Public events also trigger overtime.

Staff is represented by CUPE 241. Collective agreement rules are followed when scheduling staff for overtime hours. Overtime hours are recorded on an Overtime Request Form.

Management is working to improve the completeness of the information provided on the form regarding the work task completed during the overtime hours.

NUME staff occasionally has overtime hours supervising after hours work. They bank this overtime after the first two hours every week at 1.5 times rate. There is no overtime budget for NUME staff and they draw down the overtime bank with time off in lieu.

All overtime is approved in advance by a Director. Supervisors approve overtime in KRONOS each week.

CSS Corporate Building Maintenance - Opportunities for Improvement

No specific opportunities for improvement were identified.

CSS Administration and Customer Service (including Service Guelph)

Staff provides service at the Customer Service Counter at City Hall as well as completing administrative tasks for the CSS service area.

Workers (14) are represented by CUPE 973. The agreement allows changes in shift scheduling to accommodate extended hours beyond 8:30 to 4:30. Staff learned that workers in other departments are not required to shift their schedules and are paid overtime for the extra evening hours. As a result, management has decided to permit staff to choose whether to shift their work schedule or to book overtime hours and that they can choose whether to be paid for the hours or bank them to take time off in lieu.

NUME (3) staff often handle escalation of customer service issues during the day and require extra hours to complete other supervisory tasks. They bank hours in KRONOS up to a maximum of 70 hours and beyond 70 hours management makes a note on the calendar. NUME staff must take the overtime as time off in lieu because there is no overtime budget. This creates a problem with perceived fairness amongst staff since 973 staff can be paid for

overtime. Staff also believes it is unfair that they cannot bank the first 2 hours of overtime worked each week.

Casual staff is used cost effectively to help with workload. Since much of the full time work can easily be accomplished by casual staff, it is likely they will be used more frequently in the future.

Overtime is approved in advance. Actual overtime cost is monitored against the budget every month but KRONOS reports are not reviewed or monitored regularly. If Human Resources ran the reports and distributed them, it is more likely they would be reviewed regularly.

CSS Administration - Opportunities for Improvement:

It is inefficient to have staff working standard office hours 8:30 to 4:30 when programs and services would more effectively serve residents with evening and weekend hours.

CSS Community Engagement and Social Services Liaison:

Work in the community during evenings and on weekends is the most frequent driver of overtime.

Staff is represented by CUPE 973 and CUPE 241. The 973 Collective Agreement allows for shift changes to meet the frequent requirement for community meetings in the evenings. There is no budget for overtime and NUME staff bank any overtime hours after the first 2 hours every week and take the time off in lieu. Overtime is approved in advance but is not subsequently monitored in KRONOS.

CSS Community Engagement and Social Services - Opportunities for Improvement

It is perceived to be unfair that staff must "donate" the first two hours of overtime every week. There should also be a policy to define who must be available by Blackberry afterhours and ensure compensation for the position reflects this requirement.

CSS Arts, Culture and Tourism

Programs and Services are provided to residents, often in the evenings and during weekends both inside City owned facilities (River Run Centre, Sleeman Centre, and Guelph Museum) and externally in the downtown (Market Square).

Revenue is generated when public spaces are booked for use by private groups. Staff who work overtime during these bookings are helping to generate additional revenue for the City.

The Sleeman and River Run centres often incur overtime which revolves around major events. Technical staff and management typically carry and respond to Blackberries without standby pay but overtime costs (time in lieu) can be significant. In 2012 several staff took over \$3,000 in lieu time.

CUPE 973 staff change their working schedules to accommodate evening or weekend hours as often as possible. If they do work overtime, they can choose to be paid or take time off

in lieu. There is a small overtime budget and staff prefers to take the time off in lieu during slower programming periods.

973 staff have to date balanced their time over a working week – working longer hours one day (for instance technicians doing set up and tear down at River Run Centre) and then beginning work later on another day. It appears the union is now requiring that the schedule shift occur in one day, resulting in overtime.

The Sleeman Centre has CUPE 241 staff.

Using casual staff is a very effective means of minimizing overtime hours.

The first choice in scheduling work is changing the shift schedules. Secondly, casual staff will be assigned and overtime for full time staff is a last choice.

Previous years' actual experience for events and programs helps to establish current year budgets. Actuals are monitored every month by Managers.

CSS Arts, Culture and Tourism - Opportunities for Improvement

Collective Agreements offer a longer term opportunity to better match regular work hours with service level standards and the time and day of the week for programming schedules.

The flexibility in the CUPE 973 agreement to change shift schedules is a tremendous benefit in reducing the need for overtime.

Cross-training would help reduce overtime costs where unique skills are concentrated in a few areas such as electrical, heating and air-conditioning and lighting.

CSS Parks and Recreation:

Overtime fluctuations in Parks are mainly weather-related and unavoidable. Council-approved maintenance standards mandate that turf is cut on a 5, 10 and 15 day cycle and waste receptacles are emptied weekly. Inclement weather forces staff to work overtime in order to maintain these service standards.

Equipment break-downs are another significant driver of overtime in Parks. Trucks, mowers and tractors may be down for a significant period of time and staff is expected to work overtime to resume the maintenance schedules.

Staff tenure is another factor impacting overtime in Parks and many other service areas in the City. With many long-tenured staff taking 5-6 weeks' vacation, lieu time that is not capped annually and short-term illness due to the aging workforce, management is challenged to balance workload and capacity without the use of overtime.

Staff is represented by CUPE 241 (facility operators) and CUPE 973. Some historic practices should be resolved and encoded in policy. For example, if staff work in a facility and work a long weekend, they are entitled to the overtime shift for the statutory holiday Monday.

Facility operators prefer to bank their overtime and take time off in lieu. Because the maximum overtime bank can be depleted and then built up again, there is a considerable issue in having enough available hours to fill the schedule when they are needed.

NUME staff follow the rules provided for NUME staff corporate wide. There are no different interpretations in this service area although staff is aware this is not the case across the corporation.

Each facility and work group follows their own practices. One recreation facility requires the Manager to approve all overtime in advance and a second facility does not follow this practice. Casual staff is used to cover scheduled peaks in service for tournaments.

CSS Parks and Recreation - Opportunities for Improvement

There needs to be a corporate resolution about who is required to carry and respond to a Blackberry call after hours.

Altering the CUPE 241 agreement to set a one-time annual limit on banked overtime and required any remaining to be paid out would result in a significant reduction in overtime taken in lieu. This applies to ALL service areas with CUPE 241 staff.

Establishing eight-month instead of six-month contracts would better match workload.

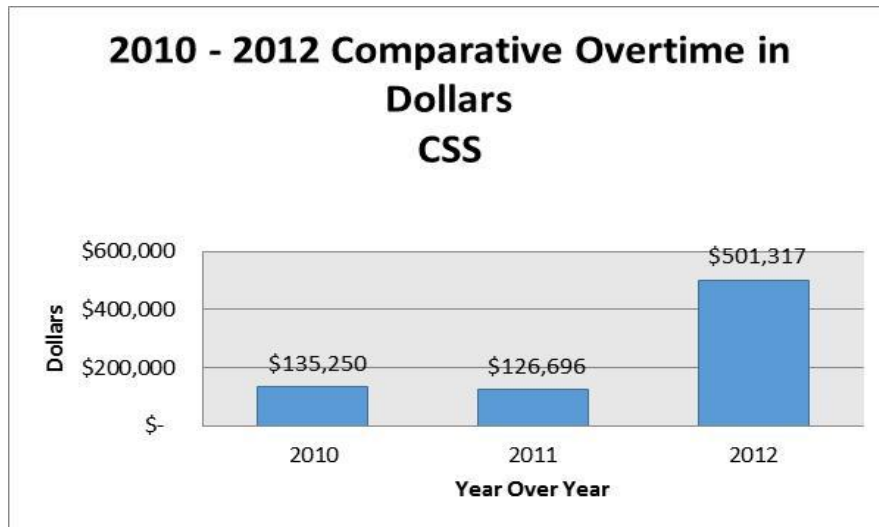
This department is working with Public Works to discuss the potential to create a full time complimentary work cycle to increase full time roles and reduce the significant effort expended each year to hire seasonal workers.

Being able to change shift hours for CUPE 241 workers in facilities would reduce overtime costs. The City of Cambridge has recently agreed to three shifts running between 5:00 am and 1:00 am.

Setting a threshold for part-time hours that would automatically trigger a request for a new full- time position would also help to bring a focus on the use of overtime versus regular time.

CSS Financial Analysis

The chart below shows the 3-year historical costs of overtime for the CSS service areas with the highest overtime usage. 2012 figures reflect the first full year after organizational restructuring that moved Parks to CSS, from Public Works.



The chart below presents a 4-year history of overtime costs for CSS.

OVERTIME - HISTORICAL COMMUNITY AND SOCIAL SERVICES					
	Overtime Hours	Service Area/Department	Base Salary	Overtime	OTas a % of Base Salary
2009	905	REC. FACILITIES	\$ 2,528,292	\$ 63,860	2.5%
2010	502	REC. FACILITIES	\$ 2,332,658	\$ 14,410	0.6%
2011	466	REC. FACILITIES	\$ 2,525,786	\$ 12,320	0.5%
2012	525	REC. FACILITIES	\$ 2,548,780	\$ 58,187	2.3%
2009	2,044	PARKS	\$ 2,190,108	\$ 85,228	3.9%
2010	2,048	PARKS	\$ 2,111,664	\$ 55,773	2.6%
2011	4,705	PARKS	\$ 2,612,771	\$ 156,794	6.0%
2012	5,615	PARKS	\$ 2,637,986	\$ 231,392	8.8%
2009	2,247	SLEEMAN & RIVER RUN	\$ 2,106,377	\$ 101,294	4.8%
2010	1,392	SLEEMAN & RIVER RUN	\$ 1,958,682	\$ 79,856	4.1%
2011	2,036	SLEEMAN & RIVER RUN	\$ 2,033,527	\$ 61,213	3.0%
2012	3,095	SLEEMAN & RIVER RUN	\$ 2,042,035	\$ 129,959	6.4%

CSS Key Findings and Recommendations

FINDING	RECOMMENDATION
Admin/Customer Service – Follows practices for overtime that are not consistent with NUME policy and the CUPE 973 policy.	26. Management should commit to adhering to rules governing employee groups.
Arts/Culture - Standard office hours result in overtime costs in order to support after-hour and weekend programming.	27. The City should develop a long-range labour relations strategy to support CSS programming and services to align workers' schedules with customer service requirements.
Arts/Culture - There is confusion about the interpretation of approved work schedules for CUPE 973 staff in CSS.	28. Resolve this with staff and union.
Arts/Culture - Unique skills concentrating in a few individuals results in overtime costs.	29. Consider cross-training staff or using external contractors.
Parks/Rec – Some overtime practices are followed that are not entrenched in policy such as assigning overtime for statutory holiday Monday shifts.	30. Management should commit to adhering to rules governing employee groups.
Parks/Rec - Each facility and work site determines their own timekeeping and payroll practices e.g. whether to approve overtime in advance or not.	31. All overtime needs to be approved in advance.
Parks/Rec – There is no system to trigger cost/benefit analysis of adding new full time roles to reduce overtime costs.	32. Consider setting a threshold for overtime costs incurred beyond which cost/benefit analysis is required.

OPERATIONS, TRANSIT AND EMERGENCY SERVICES

Operations, Transit and Emergency Services comprises Public Works, Bylaw Compliance and Security, Guelph Transit and Emergency Services.

OTES Current Environment / Interview Summary

As of August 31st, the 2013 total OTES overtime costs are nearly \$2,000,000 comprising almost one-half of the City's total overtime costs to date. Transit accounts for approximately \$1,000,000 of this total with Fire, EMS, and Public Works accounting for the balance.

OTES Public Works:

The approximate overtime costs for Public Works as of August 31, 2013 are \$464,000. This includes Parking, Public Works, Fleet, Traffic and Forestry.

Fleet overtime is primarily driven by increases in the number of vehicles and equipment without increases in maintenance staff. This has been the case for several years and fleet mechanics represent over \$150,000 of the total overtime costs this year.

Public Works overtime is significantly impacted by weather-related emergencies. Storm clean-up and snow events require staff to respond on a 24-hour basis to meet established service standards. While City budgets have been set using historical data for winter control they are impossible to accurately predict.

150 full time and 20 part-time staff are represented by CUPE 241, CUPE 973 and ATU 1109. Supervisors have occasional overtime and this time is banked and taken as time off in lieu. Fleet follows a seniority list to schedule overtime. CUPE 241 uses a rolling list.

Management approves an overtime schedule in advance for snow and weather related events. Supervisors approve all other overtime.

OTES Public Works - Opportunities for Improvement

Although there are clearly service level standards and weather conditions that drive the need for overtime, it is also the case that staff doing these jobs come to expect some level of overtime pay as part of their total compensation.

The primary concern in this area is the lack of tracking systems to analyze resources, hours, and events that support overtime decisions. This issue is not limited to Public Works as very few service areas have developed these systems or done this type of analysis.

OTES By-law Compliance and Security:

Staff is scheduled 24/7/365 in two twelve hour shifts. They are on call for other departments as first responders. They are also required to support special city events.

A minimum of 2 by-law officers must attend to noise complaints. Overtime is often driven by unplanned absences when the shift complement drops from 4 people to 2.

This department is actively working with the new attendance management program.

Overtime is also driven by the need to attend court on scheduled days off and the need to complete a call beyond the end of a shift. Specialized skill sets and knowledge in one instance results in overtime whenever the position incumbent returns from time away from work.

Staff is represented by CUPE 973. Officers are able to trade shifts among themselves.

When overtime is required, the first choice is to call a contract security company as this is least expensive. The second choice is to draw on the part-time pool of security staff. This pool is increasingly difficult to maintain and the department is working with Human Resources to redesign these roles to make them more attractive to candidates seeking an intermediate step to a full time position. The last choice is to provide overtime to full time staff using a rotation process.

OTES By-law Compliance and Security - Opportunities for Improvement

The department has dollar amounts in the budget line for contract security companies and for part-time staff but no budgeted amount in the overtime budget line. Inevitably the overtime costs show as over-budget and the part-time labour costs are under. Increased vigilance on attendance management and a larger part-time pool will help to control overtime costs.

Guelph Transit:

The service level standard is set by the bus routes, frequency of trips and hours of operation. Attendance management is the single largest issue that drives overtime. The daily average absenteeism can be 25%. The Transit Growth Strategy and changes in Fleet Maintenance have also been drivers for overtime.

It is the Auditor's opinion that this service area is facing critical overtime and attendance issues that are unacceptable. Employee actions with respect to absenteeism and overtime are not in the best interest of the City and are inconsistent with corporate values.

It is important to note that while a significant number of employees are contributing to these issues, not all transit employees are implicated nor should these comments reflect on them.

Staff is represented by ATU. Current practices include the following:

- Many drivers calling in as "sick with no pay" some as many as 40-50 days in one year
- Drivers may trade shifts with one another

- When drivers call in "sick", the "extra board" pool is not sufficient which results in full-time drivers working excessive overtime
- Pattern absenteeism is apparent with extra days being taken before and after statutory holidays
- Drivers call in "sick no pay" *and in the same week earn overtime*
- Drivers receive sign in and sign out bonuses during split shifts

New management has recognized that the current practices are unacceptable. Historically, there has not been any visibility for attendance or overtime monitoring and management.

These long-standing abuses of sick leave, absenteeism and overtime claims have resulted in a culture that supports behaviour bordering on misappropriation.

Until recently, financial reports were not being requested and management had not made attendance management or overtime costs a priority.

OTES Transit - Opportunities for Improvement

The collective agreement has no specific language sanctioning the "sick no pay" practice that exists at Guelph Transit.

New management is now beginning to direct timekeepers to code "sick no pay" with vacation or other available time banks for individual employees in accordance with the collective agreement. Anticipated grievances should ensure existing collective agreement clauses are implemented as intended. This should also stop the practice of paying overtime to drivers who have been absent during the same week until they have worked in excess of 40 hours.

Management is now aggressively pursuing attendance management to reduce the extremely high number of non-driving hours.

The culture and work ethic of this service area must be transformed through management accountability for improved employee relations, clearly defined performance expectations and control of operating costs.

OTES Emergency Services – Fire:

Staff work in four platoons. There is currently a Letter of Understanding with the union to trial 24 hour shifts. Overtime occurs when required training and vacation or sick leave bring platoon numbers below minimum staffing levels (from 39 to 28 in a platoon). A major event could also trigger overtime.

There is a clear procedure to follow when the duty officer identifies a minimum staffing situation. The first decision is which Platoon is eligible and then rotation is used.

This service area has a rigorous system for monitoring absenteeism and assigning overtime. Since before the formal attendance management program was introduced, management in this area has been actively dealing with pattern absenteeism and irregular attendance by meeting with employees and documenting these discussions.

The duty officer identifies the need to trigger overtime. Overtime may also be triggered by the Platoon Chief or on call Chief or Deputy Chief for major events. Overtime is approved in advance and is reported and monitored monthly by the Chief and Deputy Chiefs. All overtime is documented on a hard copy form that is signed by the Deputy Chief. Information from each shift is recorded in Firehouse (a recognized industry specific system that coordinates key information with the Fire Marshall's office). It is also recorded by administrative staff in KRONOS.

OTES Emergency Services – Fire - Opportunities for Improvement

A more rigid approach to vacation scheduling would enable management to better meet service levels without the use of overtime.

OTES Emergency Services – Guelph/Wellington EMS

There is a set schedule of staffing. Some ambulances are staffed 24/7, others are staffed 12/7 or 8/7. Overtime may result from shifts being extended because ambulance and staff are waiting to hand off a patient to hospital staff (15 minute increments) or from absences. Planned absences can be filled by part-time staff. When not available, full time paramedics are used.

OPSEU represents staff.

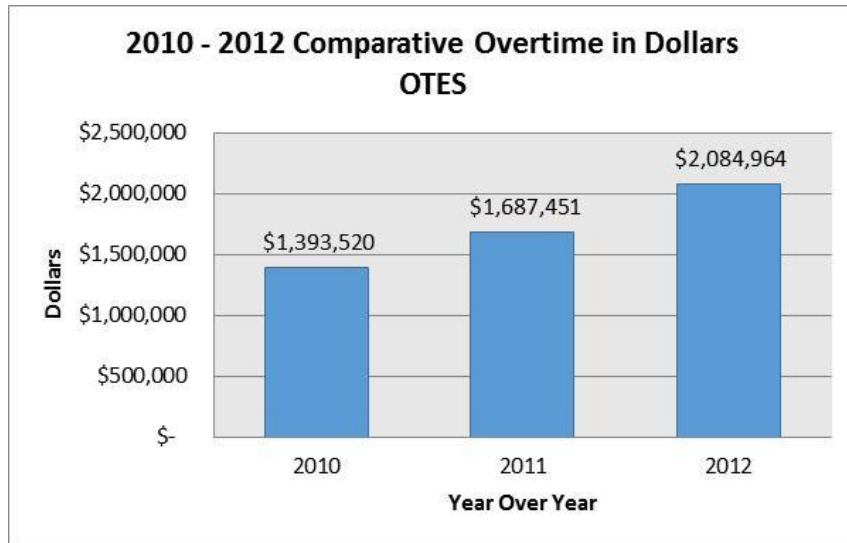
Overtime is not approved in advance when maintaining ambulance service to normal levels. For extended shift overtime a separate time entry is required. The Supervisor approves the entry after checking call logs to ensure overtime was required.

Management monitors overtime monthly and completes a comparison with other EMS services annually.

OTES Emergency Services – Guelph/Wellington EMS Opportunities for Improvement

Management is attempting to reduce overtime by more strictly enforcing the scheduling of vacations to ensure part-time staff is available to replace staff calling in sick. This will require discussions with the union.

OTES Financial Analysis



The chart above depicts overtime dollars spent in OTES over the last three full years. An upward trend is apparent.

The following chart presents a 5-year history of overtime costs in OTES.

OVERTIME AND STANDBY - HISTORICAL OPERATIONS, TRANSIT, EMERGENCY SERVICES							
	Overtime Hours	Service Area/Department	Base Salary	Overtime	Standby By	OT as a % of Base Salary	OT as a % of City OT Total
2009	11,630	TRANSIT	\$ 8,828,563	\$ 351,430		4.0%	12.9%
2010	11,713	TRANSIT	\$ 8,649,294	\$ 420,248		4.9%	17.9%
2011	11,380	TRANSIT	\$ 9,509,954	\$ 354,388		3.7%	11.7%
2012	19,043	TRANSIT	\$ 9,754,897	\$ 697,081		7.1%	19.2%
2013 - 8 months		TRANSIT		\$ 953,621			
2009	2,977	EMS GUELPH	\$ 3,202,013	\$ 180,314	\$ 7,691	5.6%	6.6%
2010	2,940	EMS GUELPH	\$ 3,528,274	\$ 163,371	\$ 8,613	4.6%	6.9%
2011	3,665	EMS GUELPH	\$ 3,644,900	\$ 171,169	\$ 6,274	4.7%	5.7%
2012	4,215	EMS GUELPH	\$ 4,060,001	\$ 259,855	\$ 6,199	6.4%	7.2%
2009	3,933	EMS WELLING.	\$ 3,230,725	\$ 211,261		6.5%	7.7%
2010	3,121	EMS WELLING.	\$ 3,508,718	\$ 144,236		4.1%	6.1%
2011	3,480	EMS WELLING.	\$ 3,729,625	\$ 157,422		4.2%	5.2%
2012	4,180	EMS WELLING.	\$ 4,004,453	\$ 252,398		6.3%	7.0%
2009	5,952	FIRE	\$ 12,259,996	\$ 326,662	\$ 11,491	2.7%	12.0%
2010	5,415	FIRE	\$ 12,307,112	\$ 302,277	\$ 12,449	2.5%	12.8%
2011	5,825	FIRE	\$ 13,688,924	\$ 325,056	\$ 12,449	2.4%	10.8%
2012	5,011	FIRE	\$ 14,801,789	\$ 304,660	\$ 8,507	2.1%	8.4%
2013 - 8 months		FIRE		\$ 372,701			
2009	6,517	OPS-PW&BYLAW	\$ 6,037,691	\$ 277,573	\$ 31,463	4.60%	16.3%
2010	3,534	OPS-PW&BYLAW	\$ 6,495,297	\$ 203,106	\$ 41,570	3.13%	16.4%
2011	6,803	OPS-PW&BYLAW	\$ 6,712,395	\$ 305,189	\$ 30,236	4.55%	10.6%
2012	6,893	OPS-PW&BYLAW	\$ 6,958,335	\$ 281,620	\$ 31,936	4.05%	9.1%
2009	1,058	OPS.FLEET	\$ 975,580	\$ 44,292	\$ 400	4.5%	1.6%
2010	1,719	OPS.FLEET	\$ 1,290,752	\$ 57,389	\$ 1,910	4.4%	2.4%
2011	3,138	OPS.FLEET	\$ 1,294,507	\$ 137,784	\$ 1,365	10.6%	4.6%
2012	2,843	OPS.FLEET	\$ 1,427,437	\$ 115,925	\$ 1,301	8.1%	3.2%
2009	2,674	FLEET-TRANSIT	\$ 1,422,331	\$ 88,270	\$ 1,555	6.2%	3.2%
2010	1,554	FLEET-TRANSIT	\$ 1,476,601	\$ 47,115	\$ 1,364	3.2%	2.0%
2011	2,362	FLEET-TRANSIT	\$ 1,447,292	\$ 79,646	\$ 624	5.5%	2.6%
2012	4,219	FLEET-TRANSIT	\$ 1,454,510	\$ 173,422	\$ 691	11.9%	4.8%

OTES Key Findings and Recommendations

FINDING	RECOMMENDATION
<p>Transit: It is the Auditor’s opinion that this service area is facing critical overtime and attendance issues that are unacceptable. Employee actions with respect to absenteeism and overtime are not in the best interest of the City and are inconsistent with corporate values and border on misappropriation.</p>	<p>33. Management should urgently develop and implement a 90-day plan to transform this business unit.</p>
<p>Bylaw/Security - Increased vigilance on attendance management and a larger part-time pool will help to control overtime costs.</p>	<p>34. Continue work with HR to redefine part time roles.</p>
<p>Public Works – In recent years the Fleet staffing budget has not kept pace with the increase in the number of City vehicles.</p>	<p>35. Do the cost benefit analysis to determine value of additional FTEs vs overtime costs.</p>
<p>Public Works – It is impossible to accurately budget for winter control.</p>	<p>36. Using data from the yet to be implemented reporting system for major weather events, re-establish contingency funds in a reserve to smooth overtime costs for winter control.</p>
<p>Emergency Services – Vacation schedules are creating unnecessary overtime.</p>	<p>37. Enforce rigorous scheduling of vacation time.</p>

PLANNING, BUILDING, ENGINEERING AND ENVIRONMENT

PBEE Current Environment / Interview Summary

Planning, Building, Engineering and Environment comprises engineering services, planning services, building services, waste water services, water services and solid waste resources.

PBEE Planning:

After reviewing data on overtime costs, this audit did not include Planning Services as their overtime costs are minimal.

PBEE Engineering Services:

Work is scheduled in accordance with the number of contracts and working hours allowable in the Noise Bylaw. Contractor schedules, workload and holidays create peaks in overtime required. Service level standards require Inspectors to directly supervise contractors.

Staff is represented by CUPE 973. Article 22 provides overtime rules. The general policy for NUME is that if the department is short staffed, other positions will "take up the slack".

PBEE Engineering Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Building Services:

Overtime is modest in this department. When it occurs it is due to absences and workload requirements that cannot be pushed back. This department is primarily funded through user fees. About half the overtime in any year is to support user-fee based work.

Managers must approve all overtime in advance, based on a business requirement that cannot be changed.

PBEE Building Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Waste Water Services:

Overtime is driven by after-hours calls received through the after-hours call centre provider, "Extend". Calls can be for sewer backups, spills and plant maintenance alarms. Because the department's work is guided by the Ministry of the Environment and a City bylaw that requires "any discharge to the environment" to be mitigated, there is a perception that every event must be considered serious, requiring trained staff to attend the event, even in the frequent cases when Public Works staff is also called in.

Within the City's Corporate Emergency Plan there is a "Spills Contingency & Release to the Environment Plan" (April 2010). This document defines non-reportable and reportable

spills, course of action for containment and clean-up, notifications procedures, as well as roles and responsibilities. Specific language in Section 3. B "Reportable Spill" states:

"Vehicle accidents that require containment, cleanup and / or disposal that the responding towing company is unable to facilitate".

The current practice is that EPOs are called to every spill and this may explain the significant difference in Guelph's overtime costs compared to other EPO divisions.

It would be prudent for management to review both the by-law and the relevant section of the Corporate Emergency Plan to confirm that current practices are appropriate, effective and efficient.

"Extend" contacts the on-call EPO directly when there is a "spills" event. The EPO is paid 4 hours on standby and when called out they receive 1 1/2 times the standard rate for the first 2 hours and then 2 times the standard rate after 46 hours. Overtime is not approved by a supervisor in advance. Total overtime for the EPO position accounts for 26% of the overtime in this area. In 2012 this represented \$51,952 and 2013 year to date is \$42,099.

The overtime costs for EPOs are a serious cause for concern. Some of these employees are presently earning 30% more than their base salary in overtime and in the past five years some have reached as much as 40% of their base salary in overtime earnings. No cost-benefit analysis has been conducted to determine if additional staff would be more efficient than using overtime or whether EPOs should be working shifts to avoid overtime costs.

It is instructive to consider comparator municipalities who also must meet stringent Ministry of the Environment requirements. The City of Hamilton employs 4 EPOs and they report that their overtime costs for last year were less than \$15,000 because staff works on rotating shifts. The Region of Halton employs 6 EPOs and they report that their overtime costs for last year were \$5,130.

The management rationale for these high overtime costs has been guided by the philosophy that the organization must mitigate *any possible risk*, however minor, in order to ensure the compliance with the Ministry of Environment legislation for this service.

There is also a perception by management that because a portion of these overtime costs are charged back to the party responsible for the spill, when possible to determine, that the City is not paying the costs therefore it is acceptable. In fact, the total recovery of overtime expenses for 2012 was less than \$10,000.

PBEE Waste Water Services - Opportunities for Improvement

The audit municipal comparator research indicates that other municipal wastewater operations have almost no overtime for their EPOs. What are we doing differently? How can we improve?

A cost-benefit analysis should be completed to determine whether additional staff is required to reduce overtime.

Management should research other wastewater operations in detail to evaluate their current service delivery model and assess whether staff should be working different shifts, changing the spill response criteria, training public works staff to handle minor spills or other changes.

Although management has business processes and decision-making rules in place (Environmental Protection Byand Corporate Emergency Plan), these should be reviewed and validated to determine the criteria for staff overtime. Management is planning to conduct a service level review to assist with these evaluations.

PBEE Water Services:

Service is mandatory 24/7/365. The majority of overtime is driven by severe weather extremes. When power outages occur, staff must attend on site at 22 facilities. Overtime is also related to repairing water main breaks. Because it costs more to repair a water-main break after hours, staff consider the public optics of letting a road flood or freeze before scheduling overtime.

CUPE 241 staff represents the majority of overtime.

Staff is represented by CUPE 973 and CUPE 241. For NUME staff, employees must work 2 hours before they are paid overtime.

Employees must have Supervisory approval before working any overtime. If an emergency occurs that requires overtime work without advance approval, the Supervisor must sign the overtime form after the event. Management screens all overtime and all after hours call outs. Overtime is assigned using a roster. All employees, including the General Manager and Managers are in rotation for call outs.

PBEE Water Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Solid Waste Resources:

The solid waste plant operates from 7:00 am to 6:00 pm. Flextime clauses in the contract support this working schedule. Eastview has a methane cogeneration system that is staffed for 8 hours. After hours alarms generate overtime. High water alarms result in calls directly to maintenance staff in rotation. The City's Environmental Compliance Certificate from the Ministry of the Environment requires 24/7/365 on-call system. Overtime is also driven by the need to repair and build parts and assemblies in house.

Collection staff works overtime to meet the service standard of collection on statutory holidays and when equipment breaks down. Public service depot staff works overtime to cover absences.

Sorters at the material recovery plant have high rates of absenteeism, necessitating overtime.

Staff is represented by CUPE 241 and CUPE 973. The department also has NUME staff across most classification levels. Therefore, the department is familiar with the full range of rules and policies governing overtime and standby pay.

Management monitors actual overtime cost against the budget monthly but does not see KRONOS data. Absenteeism reports are reviewed quarterly to recognize perfect attendance and to initiate actions under the new attendance management program.

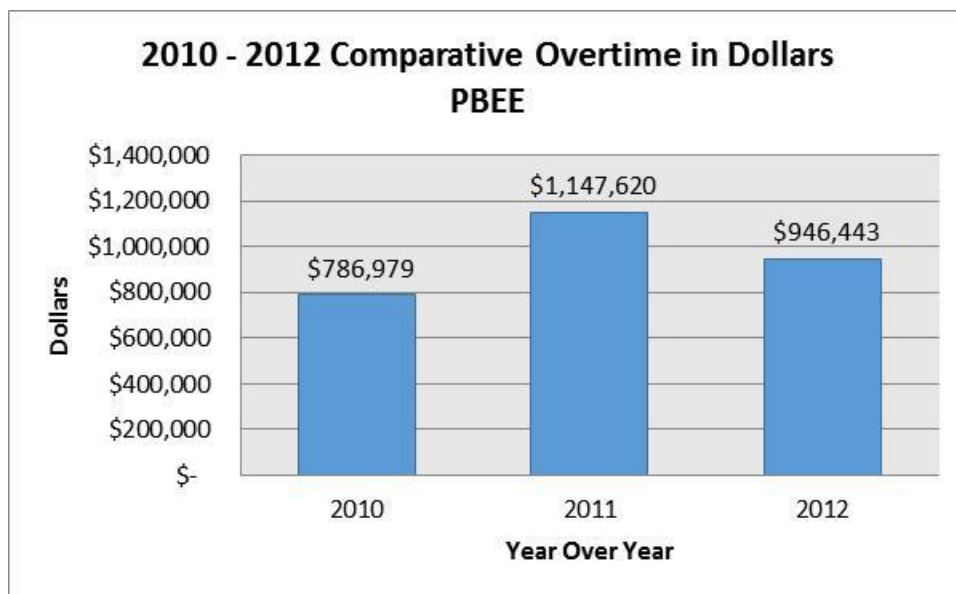
PBEE Solid Waste Resources - Opportunities for Improvement

Management is pursuing a rigorous attendance management program to address chronic absenteeism in some areas of the operation.

Overtime and standby pay could be reduced by having only one person on standby instead of three as is the current practice. The on-call staff could notify the Manager or Supervisor if additional resources were required to respond to a complaint or operational issue. More stringent management is required of Sorters and vehicle Drivers who are being paid overtime in the same week that they have taken vacation or personal time off and not worked a full 40 hour schedule. . This should be examined carefully in the language of the collective agreement to validate the current practice.

PBEE Financial Analysis

The chart below presents the 3-year historical overtime costs for PBEE.



The chart below presents a 4-year history of overtime costs in PBEE.

OVERTIME AND STANDBY - HISTORICAL PLANNING, BUILDING, ENGINEERING AND ENVIRONMENTAL						
	Overtime Hours	Service Area	Base Salary	Overtime	Standby	OT as a % of Base Salary
2009	5,157	WASTEWATER	\$ 2,197,828	\$ 229,002	\$ 33,793	10.4%
2010	5,252	WASTEWATER	\$ 2,263,400	\$ 249,265	\$ 32,693	11.0%
2011	7,066	WASTEWATER	\$ 2,597,501	\$ 352,882	\$ 42,172	13.6%
2012	6,444	WASTEWATER	\$ 2,919,453	\$ 343,997	\$ 49,558	11.8%
2009	4,788	WATER SUPPL	\$ 3,029,592	\$ 197,391	\$ 26,032	6.5%
2010	4,899	WATER SUPPL	\$ 3,411,150	\$ 204,978	\$ 24,718	6.0%
2011	5,759	WATER SUPPL	\$ 3,636,258	\$ 271,426	\$ 28,754	7.5%
2012	4,140	WATER SUPPL	\$ 3,562,141	\$ 203,927	\$ 25,130	5.7%
2009	8,232	SOLID WASTE	\$ 4,936,330	\$ 239,823	\$ 25,298	4.9%
2010	5,796	SOLID WASTE	\$ 4,966,655	\$ 178,841	\$ 24,886	3.6%
2011	10,686	SOLID WASTE	\$ 5,422,792	\$ 364,029	\$ 25,410	6.7%
2012	7,486	SOLID WASTE	\$ 5,638,578	\$ 252,375	\$ 30,532	4.5%
2013 - 8 months				\$ 199,564		
2009	2,399	ENGINEERING	\$ 2,498,665	\$ 125,396		5.0%
2010	2,294	ENGINEERING	\$ 2,458,669	\$ 120,169		4.9%
2011	1,712	ENGINEERING	\$ 2,737,061	\$ 111,871		4.1%
2012	1,712	ENGINEERING	\$ 2,956,116	\$ 94,579		3.2%

PBEE Key Findings and Recommendations

FINDING	RECOMMENDATION
Wastewater – While existing policies “Spills Contingency and Release to the Environment Plan” and the Environmental Protection By-Law define spills and response criteria it is unclear why the EPO division’s overtime costs are significantly higher than other municipal EPO divisions. .	38. Conduct a business process review to evaluate the service delivery model. Research EPO and spill response operations in other regions or municipalities to compare Guelph practices and implement opportunities for efficiencies that are identified through this process.
Solid Waste – More than one individual is paid standby for the same time period.	39. Reduce the number of individuals on standby for each week.

CORPORATE AND HUMAN RESOURCES

CHR Current Environment / Interview Summary

Corporate and Human Resources comprises Legal and Realty Services, Court Services, City Clerk's Office, Human Resources, Information Technology and Corporate Communications. Initial review of corporate wide overtime costs resulted in a decision to exclude from the scope of this audit Legal and Realty Services and Court Services because of minimal overtime costs.

CHR City Clerk's Office:

This department supports Council and Committee meetings, among other duties, necessitating working frequent evening hours. Adhering to legislative requirements such as the Planning Act drives workload. Deadlines to create Council and Committee packages result in difficulty shifting work schedules in exchange for the evening hours.

Staff is represented by CUPE 973. Historically this department had no overtime budget and management did not allow any overtime hours to be banked. The working culture supports getting the work done on time regardless of working hours. Currently, staff is encouraged to report actual work hours. Overtime hours are usually banked and time in lieu is taken in August when Council and Committees do not meet.

The current \$7,000 overtime budget is monitored against actual results monthly. Overtime is known in advance based on the annual schedule established by Council. In addition, numerous additional unscheduled meetings arise during the year that must be supported by Clerk's staff.

CHR City Clerk's Office - Opportunities for Improvement

It is difficult to manage staff when other departments interpret rules differently, even for NUME staff e.g. whether to waive the requirement to "donate" the first 2 overtime hours each week, permitting staff to self-manage make up time for absences less than 2 hours (honour system), etc. Ideally, the organization would treat ALL union and NUME staff equally and management would be required to apply the rules consistently.

CHR Human Resources:

Some overtime occurs in Payroll because deadlines must be met. Flextime is permitted so long as deadlines are met.

Overtime is approved in advance.

CHR Human Resources: - Opportunities for Improvement

No significant opportunities for improvement were identified.

CHR Information Technology:

Information Technology supports infrastructure for 911 and EMS 24/7/365 and the department incurs standby pay and overtime as a result. Currently, applications are not supported beyond 8:30 to 4:30. Information Technology maintenance is scheduled every two weeks from 3:00 am to 6:00 am, resulting in overtime.

Staff are mostly 8:30 to 4:30 office workers and do not see themselves as shift workers. Extra hours are booked and paid as overtime. Staff are not permitted to bank overtime and take time off in lieu because management feels they do not have sufficient capacity to reduce available staff hours.

The IT department has approval to waive the 2.0 hour NUME rule for class 14 and under because their call outs are often only 2 or 3 hours and they had difficulty getting staff to agree to be on call knowing they will not get paid for the first 2.0 hours.

CHR Information Technology: - Opportunities for Improvement

No significant opportunities for improvement were identified.

CHR Corporate Communications:

Work is mostly project based and unless there are clear deadlines to be met, project deadlines are pushed out rather than incur overtime. Current discussions about supporting the use of social media may have implications for overtime by Communications staff.

CUPE 973 and NUME rules apply.

There is no budget set for overtime and there is no monitoring. Any overtime is banked and taken as time off in lieu.

CHR Corporate Communications: - Opportunities for Improvement

No significant opportunities for improvement were identified.

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CHR Financial Analysis

The overtime costs for CHR are minimal and no further analysis was conducted for the audit.

FINANCE AND ENTERPRISE

F&E Current Environment / Interview Summary

F&E Finance and Enterprise:

After reviewing corporate wide overtime cost data, the scope of this audit was changed to remove Community Energy, Downtown Renewal and Economic Development departments because overtime costs were minimal.

F&E Finance Services:

Some work is deadline driven and overtime may be required to meet these. Staff is represented by CUPE 973. There is a department policy for overtime for all employee groups.

Managers determine if there is a business need for overtime and approve it in advance. Actual overtime cost is compared with the budget and monitored monthly.

No significant opportunities for improvement were identified.

F&E Financial Analysis

The overtime costs for F&E are minimal and no further analysis was conducted for the audit.

CONCLUSIONS

It is important to note that the overtime issues facing the City are not unique to Guelph and that all municipalities face similar challenges.

While the audit has identified a number of opportunities for the City to improve its management of overtime costs, it must be acknowledged that changes to culture and past practice take time to fully evolve.

Management has the responsibility for implementing the audit recommendations but it will require the full commitment of staff, union leaders and Council to realize the maximum benefits of these changes.

In its Corporate Strategic Plan, the organization has committed to "Organizational Excellence" and "Innovation in Local Government" as two of its strategic focus areas. This commitment is further defined in the specific Strategic Directions:

- 1.3 Build robust systems, structures and frameworks aligned to strategy
- 2.3 Ensure accountability, transparency and engagement

It is incumbent on the organization to meet these goals and demonstrate that "Doing Business Differently" means that the status quo is no longer good enough. As the City continues to improve its fiscal performance, improving the management of overtime will only enhance the City's financial position and standing.

The auditor would like to acknowledge the full cooperation and support of all staff in completing this audit.

NEXT STEPS

Management is required to provide a response to the auditor by November 12th 2013 in order to accommodate the deadlines for presentation to audit committee on December 5, 2013.

This audit is a corporate-wide audit and therefore there is no specific "auditee".

As such, Executive Team members are required to respond to the specific Service Area recommendations within their portfolios. Executive Directors will require the approval of the CAO for their individual responses.

The Executive Team should provide their collective response to Corporate-wide recommendations. It is the responsibility of the CAO to sign off on all of the responses and to present the organization's position to the Audit Committee at the same time that this audit report is presented.

STAFF REPORT



TO Audit Committee

SERVICE AREA Office of the Chief Administrative Officer

DATE November 19, 2013

SUBJECT Overtime Audit: Management's Response

REPORT NUMBER CAO-C-1307

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide Management's response to the Overtime Audit dated October 31, 2013; to describe actions taken to assert direct and immediate control of overtime expenditures; and to describe the key changes required to re-design the administration and accountability for overtime on a corporate wide basis.

KEY FINDINGS

An audit of overtime appears to be among the most difficult for municipalities. Guelph is a leader in this regard as the research conducted during the audit did not discover another Ontario municipality other than Ottawa that has undertaken a comprehensive corporate wide audit of the subject.

The findings and recommendations of this Overtime Audit are challenging and being shared openly.

Guelph must re-design its overtime system taking action in the following five areas:

1. Implementing a zero-based overtime budget
2. Establishing a corporate-wide Overtime Policy
3. Ensuring consistency in practices across employee groups
4. Improving business models and alignment of information systems
5. Management leading with accountability and clear direction

In taking these actions, there may be a potential reduction in actual expenditures of as much as \$3,000,000 subject to the financial costs of acting on the Overtime Audit recommendations.

There is clearly a need for change. The audit states that "*some service areas appear to manage their overtime costs very well.*" It also reveals the inconsistent management of overtime on the part of our leadership; segments of employee behaviour that is- at its worse - is not in the City's interest and is

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inconsistent with corporate values; and a lack of transparent reporting when it comes to overtime decisions and practices.

It identifies areas of unacceptably high uses of overtime, deficiencies in management's tools and systems of control, and the absence of a corporate-wide overtime policy that clearly defines the necessary principles and practices to administer its use.

The Auditor's report sets forth 39 recommendations, which as CAO I fully support. The Executive Team agrees and is fully committed to action all corporate and service area recommendations.

Immediate actions have been taken by leadership to respond to the findings of this report.

FINANCIAL IMPLICATIONS

There is a potential reduction in actual expenditures of as much as \$3,000,000 subject to the financial costs of acting on the Overtime Audit recommendations.

Immediate action has been directed to address the current use of overtime and to provide a full implementation plan including detailed timelines, financial implications and implications of actions within 90 days through the Executive Team to Council.

ACTION REQUIRED

Audit Committee to receive the management's response as per CAO-C-1307 "Overtime Audit: Management's Response."

RECOMMENDATION

1. That CAO-C-1307 "Overtime Audit: Management's Response" including Attachment #1 "Summary of Management's Response" be received.

BACKGROUND

In 2011 during its strategic planning process Council created a list of service reviews it wanted to explore. Overtime was identified. This City Council established an Audit Committee to improve its governance.

In 2012, City Council authorized the Internal Audit function and funded a professional position giving the organization the expertise and authority to undertake specific audits. This function provides assurance to Council and management that the organization has appropriate systems and internal controls in place and that they are acted upon.

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An audit of overtime was planned for 2013 as approved by the Audit Committee. Examining the use of overtime and making findings understandable and transparent has been an elusive goal for municipalities. Management embraced and supported the Internal Auditor's work resulting in this report.

REPORT

Guelph citizens expect the City to manage its finances and operations competently and in their best interest. Residents expect value for their tax dollars and want municipal operations that continuously improve by embracing better ways to deliver service and work efficiently.

Three of nine strategic directions included in Guelph's Corporate Strategic Plan direct employees to deliver public service better; ensure accountability and transparency; and build robust systems, structures and frameworks to meet our shared vision and mission.

As a management tool, the use of overtime has its place. It is a fundamental means to manage fluctuations in workload and in staff resources. It provides flexibility to respond to unexpected issues that arise, ensuring a seamless delivery of service.

The application and administration of overtime must also be done in a manner that is accountable, transparent, fair and consistent to ensure that decisions reflect our corporate values.

While the Overtime Audit states that "*some service areas appear to manage their overtime costs very well*" it also reveals inconsistent management of overtime on the part of our leadership; segments of employee behaviour that at its worse - is not in the City's interest and is inconsistent with corporate values; and a lack of transparent reporting when it comes to overtime decisions and practices.

The report identifies the sources and causes of overtime in each service area and corporate-wide. It identifies the unacceptable use of overtime in some areas, a deficiency in management tools and systems of control, and the absence of a corporate-wide overtime policy that defines the necessary principles and practices to administer overtime.

There is a potential reduction in actual expenditures of as much as \$3,000,000 subject to the financial costs of acting on the Overtime Audit recommendations.

The Auditor's report sets forth 39 recommendations, which as CAO I fully support.

The Executive Team agrees and is fully committed to take action on all corporate and service area recommendations.

Attached to this report is a chart entitled 'Summary of Management's Response' which summarizes the Overtime Audit findings, 39 recommendations and management's general response.

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Immediate Action

There is compelling evidence in the Overtime Audit that requires immediate action to gain a reduction in operating expenditures and to correct behaviour that negatively impacts all employees and our corporate culture. Overtime must be brought into direct and immediate control and a re-design of its use must be undertaken.

While system wide changes take time to design and implement, the primary recommendations that ensure control of overtime will be acted upon immediately.

The Executive Team is directed to lead and report back to Council in 90 days regarding:

1. A **Guelph Transit Transition Plan** to address the critical use of overtime and attendance issues (rec.# 33)
2. An **Overtime budget framework** to implement primary recommendations highlighted in the Executive Summary specific to expenditures including:
 - a. 2.5% corporate wide target budget in 2014 (rec.#20)
 - b. approval, allocation process and tracking system to pilot the budget change in 2014 (rec.#15)
 - c. cap on all annual overtime banks (rec.#19)
 - d. zero-based approach to overtime budgeting in 2015 (rec.# 14)
 - e. a training program for all management staff on the administration of overtime to ensure both accountability and consistency during this transition period until a corporate overtime policy is approved.
3. An expedient approach to developing a **Corporate-wide Overtime Policy** including a review of other municipal policies and comparators and their alignment of respective collective bargaining agreements and administrative practices (rec #13).
4. A **Complete Overtime Audit Implementation Plan** – as per our Audit practice, staff must now detail necessary time and resources required to respond to the recommendations including an acknowledgement of key inter-dependencies between recommendations.
5. A **Series of meetings with Bargaining Units** to involve union leadership in options and actions related to labour related recommendations around the shared goal of increasing fairness, consistency, transparency and accountability in the use of overtime.

Further, the Executive Team has placed a **moratorium on all overtime and lieu time accrual** with the exception of approved legislated or safety/emergency

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matters e.g. winter storms. These exceptions will be granted with approval of management in advance of or at the immediate time of need, and must be in compliance with collective agreements.

The Executive Team will receive and review a series of corporate wide reports related to Attendance Management, Overtime and Lieu Time banks on a monthly basis.

General Comments: Current Context

The Overtime Audit report should be read in its entirety to appreciate both corporate issues (e.g. policy and control) and administration issues (e.g. systems, practices, business models).

The following provides organizational context to the findings of the audit.

Improving Local Government

Guelph's municipal government is transforming to do public service better. Guelph is committed to sound financial planning and balances quality public services with affordability for Guelph taxpayers. Our financial position is strong and healthy yet there continues to be pressure to modernize our systems and old practices.

The findings of the Overtime Audit are an example of our need to change.

For example, the report identifies a deficiency in the instruments that inform and control overtime e.g. business modelling and coordinated reports sourced from financial and human resource information systems. This must be corrected in 2014.

Incremental Practice

Service area management administer their annual operating expenditures and revenues using a practice called 'managing to the bottom line.' During the year managers may increase or decrease specific line expenditures (e.g. decreasing supplies to offset shortfalls in program revenues) to achieve either zero or a positive operating variance at the end of the year.

This is an accepted practice that provides flexibility to respond to issues throughout the year. The Overtime Audit states that Guelph has done well in managing within this practice.

Leadership must ensure that expenditures are clearly reported. A past practice did not allow for the midyear addition of new object codes which serve to track unanticipated expenditures. Some business units incurred overtime without the ability to make it transparent.

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In the absence of a corporate wide overtime policy, managers address collective agreements, mitigate growth and service demands, and respond to legislation and technical advances. The accumulation of incremental decisions has resulted in the establishment of practices and norms that must now be examined.

Within this context, some management has done extremely well in its oversight of overtime. However, some actions are totally inconsistent with the values of the organization and are not in the interests of the community.

Impact of Attendance Management

The use of overtime is an issue for municipalities. Recently, attendance management was identified as a measure to mitigate overtime costs in Guelph. Council was advised in 2012 that a 10% reduction in absenteeism would save approximately \$500,000. Staff implemented a formal attendance management program in 2013 and we have experienced a year to date reduction of 6.7% in overtime. This is evidence that the new program and reporting tools are working.

Of particular note, the Fire Department is embracing the new Attendance Management program and supporting employees for regular attendance at work; an action that will assist in their solid efforts to manage costs related to fire operations, including overtime.

This system is beginning to show the expected results in reducing overtime costs.

Key Recommendations

The Overtime Audit report is a timely challenge for the organization. It is indicative of the potential of future audits considered by the Audit Committee and approved by City Council each year.

Breaking new ground

An audit of overtime appears to be among the most difficult for municipalities.

Guelph is a leader in this regard as the research conducted during the audit did not discover another Ontario municipality other than Ottawa that has undertaken a comprehensive corporate wide audit of the subject.

We're proud that the management has embraced the work of this audit and the work of our Internal Auditor. We are also proud to be presenting this information openly and transparently.

Being one of the first, it is fair that we should be somewhat cautious about drawing deep comparisons with other municipalities as none we benchmarked against have undertaken their own comprehensive overtime audits.

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The recommendations of the audit are logical. The lack of other municipal overtime audits presents a challenge in assessing the implications and feasibility of successfully implementing a redesign of Guelph's overtime systems, within the proposed timelines.

We are breaking new ground. This has been discussed with the Internal Auditor. We will require 90 days to detail the interaction, inter-dependencies and timelines for specific recommendations. A re-allocation of corporate work priorities and resources will also be signalled.

There are 39 recommendations to implement. They are best organized under the heading of five key changes. If these key changes are undertaken, we will entrench significant and systemic change in the culture and use of overtime, in Guelph. They are highlighted as follows.

Key Change 1: A Zero-Based Overtime Budget

Recommendations # 14, 15, 20

The ultimate goal is to implement a 'zero-based budget for overtime costs' for the 2015 budget using the 2014 operating year to pilot and test a system "*based on service level standards and overtime rules.*"

Success is equally dependant on two significant key recommendations, namely:

- a) Applying principles of Corporate-wide Overtime Policy; and
- b) Confirming service level standards as identified in business models and cases. The models and cases are informed by systems and tools that confirm the baseline labour required to meet the service levels and the drivers of overtime.

Similar to the caution about undertaking immediate change (Organizational Assessment, September 2013) the successful implementation of a zero-based approach requires system improvements and tools that are currently not available across the organization.

Management must decide if this proposed timeline can be successfully achieved or if a phased-in approach towards zero based overtime budgeting is more prudent. For the purpose of ensuring information is aligned, the following recommendations are linked to this change: # 2,3,4,5,7,10,19,21,22,23,24,25,33,35,36,38.

Key Change 2: A Corporate –Wide Overtime Policy

Recommendation #13

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Like the Organizational Assessment, the Overtime Audit asserts the need to establish corporate-wide policies and procedures to align and where necessary, to supersede the service area approach of the past.

The benefit of a corporate wide overtime policy is well-described by the audit report. Through clear policy, the principles and practices expected of employees are made transparent; accountability can be delegated through management.

The challenge of creating this corporate wide policy will be both ascertaining and assessing Guelph's current 'Overtime Profile' and understanding the business model for service and program delivery.

It requires the identification of what is:

- a) agreed to be essential to the safety and security of our residents;
- b) required to ensure proper customer service;
- c) non -essential but serves to achieve other values and benefit.

Factors limiting success include securing agreement around language, specifically the definitions of essential and non-essential which form a basis for the consistent application of overtime across the organization.

This work will require a review of other municipal approaches to overtime; addressing the current language of collective bargaining agreements; and pulling apart the related administrative practices which have incrementally developed over the years, for review.

Recommendations linked to this change are: #6 ,7 ,9 ,10 ,11 ,12 ,16 ,18 ,19 ,27 33,34,38.

Key Change #3: A Consistent Practice across employee groups

Recommendation #8

A corporate wide overtime policy that identifies "*high level value statements, principles or guidelines that provide direction to managers making decisions*" is required. It must include the rules that govern overtime, stand by pay, lieu time and scheduling. The policy and rules should be consistent, fair and transparent across employee groups.

The challenge for 2014-2015 will be recommending changes and improvements that optimize current systems and processes in concert and within the constraints of current collective agreements.

Management is reviewing all collective agreements.

It is committed to working with all Bargaining Agents to institute consistency in overtime language and to address operational differences.

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Recommendations linked to this change are: #17, 18, 19, 21, 24, 27, 28, 33, and 37.

Key Change #4: Business Models and System Improvements

Recommendation #21

Business models and cases inform the allocation of labour required to achieve service standards. Business cases are the foundation for achieving Key Changes #1-3. The information that informs the business model and cases must be valid and relevant.

The Overtime Audit identifies a significant gap. Specifically, *"there is no corporate-wide system or requirement to identify a baseline labour requirement to accomplish agreed service level standards and other work plan priorities for the department. As a result, overtime is used to accomplish baseline work."*

Technology deficiencies are identified in the audit and reinforce recommendations sited in recent studies. The Overtime Audit echoes the Organizational Assessment in recommending improvements to Kronos, business system mapping and better coordination and oversight of capital and/or strategic projects and programs management. Management has recommended hiring a Business System Specialist and a contract Program Manager: Corporate projects in 2014.

It is unacceptable that baseline work is being achieved at an overtime rate of pay. Management must understand of labour necessary to meet service levels and determine the most cost effective approach to deliver the service.

With regard to the efficient use of labour, Guelph City Council expects to receive solid business cases before approving new funding either at budget time or upon the recommendation of the CAO during the year. Recently staff presented business cases that justify staffing changes in the area of Legal, Information Technology and Finance. The CAO may also authorize an increase to the staff count as long as there is no change in Council approved levels of service or impact on future operating budgets. Senior management reviews requests and makes recommendations based upon efficiencies, affordability and priorities.

While current information systems hamper business case development, the findings of the Overtime Audit speak to historical thinking, fear, norms and in some cases, behaviour that is directly opposed to our values.

Our approach to addressing growth and demands for existing services must be better quantified and debated.

While this is changing, in some areas the default position seems to be requesting new base funding instead of reducing existing positions (part time, casual and contract). There may be a reluctance to lose the flexibility of casual and part time workers given some scheduling constraints or difficulty in securing increased base operating support to fund growth in existing services. Further review is required.

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An unintended outcome of addressing volume may be to have full time employees work significant amounts of overtime and/or through the hiring of additional part time and casual staff.

The Internal Auditor rightly advises that *"changes in culture and past practices take time to fully evolve ... it will require full commitment of staff, union leaders and Council to realize the maximum benefit of these changes."* This will be the most pressing point to keep in mind as management works to implement the recommendations of the Overtime Audit.

Recommendations linked to this change are: #2, 4, 18, 20, 24, 27, 32, 33, 34, 35, and 36,37,38, 39.

Key Change #5: Leadership & Accountability

Recommendation #1

Leadership is highlighted in the Overtime Audit. Findings and recommendations echo observations and recommendations included in the recent Organizational Assessment and Employee Engagement Survey. The significant challenges facing municipal government – and government in general - requires an extraordinary commitment of those in leadership positions. Leadership roles are changing and the expectations for performance are now transparent.

Both the Overtime Audit and the Organizational Assessment speak to the necessary 'tone at the top' in holding each other and employees accountable for performance and consistently holding management to the corporate wide application of policies, procedures and directions.

A CAO roundtable is completing action meetings focused on defining new leadership expectations for this transforming municipal culture and on increasing leadership visibility and skills training. These findings will be shared with Council in the new year.

Specific to the oversight and accountability for overtime, the Executive Team will immediately establish and lead the Task Forces required to complete the 90 Day plans outlined in this report.

Reports called for in the next 90 days may include: overtime profile (required vs. non essential); feasibility of a moratorium on non-essential overtime for 2014; zero-based overtime budget for 2015; internal training program; and a comparator review for approaches to the management of overtime demands and policy.

A moratorium on all overtime and lieu time accrual is in place and ET will receive and review a series of corporate wide reports related to Attendance Management, Overtime and Lieu Time banks on a monthly basis.

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Recommendations linked to this change are: #2,3,5,8,11,17,26,28,30,31, 33,34, 37, 39.

Financial Implications

Evidence included in the Auditor's report estimates the *'total overtime projected for 2013 is \$4,219,667 in cash plus overtime taken in lieu projected at \$850,000 totalling \$5,069,667'*.

The report represents a potential reduction in the actual expenditure of overtime of as much as \$3,000,900. The actual overtime cost projected exceeds the budgeted allocation for overtime.

A further loss of productive time is quantifiable and a concern given our challenges with 'capacity'. These costs are currently not easily transparent to each service area. The cost of unused time banks and lieu time is a liability for the Corporation. Providing staff coverage when colleagues are taking lieu time can driving up overtime costs.

In the immediate , an Overtime Financial Strategy for 2014-2015 will action how to implement the following actions with the focus on reducing actual overtime costs and making their expenditures transparent:

1. Reduce all unit overtime account lines to zero at start of 2014.
2. Centralize the 2014 overtime budgets to account for, and capture all projected savings from expenditures.
3. Design an interim process to allocate overtime funding to business units based on the units making the business case for overtime costs.
4. Establish intermediate criteria for the oversight and allocation of overtime in 2014 within the current collective agreements for implementation.
5. Address access to object codes for recording overtime use.
6. Deliberate on the feasibility and options to set 2.5% budget of base salary and wages within existing resources of the 2014.
7. Identify requirements to implement a zero based budget approach for overtime by 2015.
8. Address issues in the provision of a winter control contingency reserve.

We should anticipate short term costs to implement the recommendations of the Overtime Audit. The following recommendations are currently before Council in the 2014 Operating budget:

- Hire a permanent Business System Improvement specialist and a contract Program/Project Management Specialist to resolve capacity issues and re-define the allocation labour and resources. (Recommendation # 2) *This is*

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recommended directly in the Organizational Assessment presented to Governance Committee in September 2013.

- Expedite a Timekeeping Review of payroll and finance systems to address capacity issues and improved management reports from the Kronos system. (Recommendation 4 & 25) *Originally the Organizational Assessment estimated the need for an additional 10+ FTE's for administrative support. However, the Executive Team and the Overtime Audit proposed that this Timekeeping Review may serve to free up existing staff capacity to achieve a similar result.*

The Task Force will outline potential costs related to the following recommendations:

1. Eliminate the 2 hour rule (Rec #7)
2. Ensure base pay differentials accurately reflect expectations for emergency call outs and after hours availability (Rec #9)
3. Clarify user fee based work and relationship to scheduling (Rec#12)
4. Address Scheduling and its impacts (Rec #21,24,34,35)
5. Address Standby pay (Rec #13, 39)
6. Set criteria for the use of casual and part time staff (Rec #18)
7. Cap banked Overtime and Lieu Time (Rec#19)
8. Training (Rec # 29 and general rollout of changes)

Council will receive a further report in 90 days outlining the detailed financial implications of acting on the recommendations of the Overtime Audit.

CORPORATE STRATEGIC PLAN

- 1.3 Build robust systems, structures and frameworks aligned to strategy.
- 2.2 Do public service better.
- 2.3 Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION

All members of the Executive Team participated in reviewing the Overtime Audit report and in writing management's response to the recommendations.

COMMUNICATIONS

The Overtime Audit and accompanying staff reports are available on guelph.ca

Employees will have received a summary communication of the findings of the Overtime Audit and Management's response.

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Presidents of all Bargaining units have been invited to receive the results of the Overtime Audit and Management's Response upon release of the findings to Council, the community and organization. Representatives will be invited to participate in roundtables to explore options with management as part of the 90 day period overseen by the ET Task Force.

A Communication Plan has been developed to assist all leaders and stakeholders in communicating on the highlights of the Overtime Audit.

ATTACHMENTS

ATT-1 Summary of Management's Response



Approved & Recommended By

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Corporate Overtime Audit

Summary Management Response

SUMMARY OF MANAGEMENT'S RESPONSE - Overtime Audit 2013

FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	
Leadership			
		Executive Team Response	Notes – Key Change Links
The “tone at the top” does not support the management of overtime and standby pay.	1. Reset the tone at the top and commit to making overtime cost reduction one of the primary priorities for the ET in 2014.	Agreed. Immediate action has been taken to assert ET direct oversight over the management of overtime and standby pay and to make it a significant priority.	Leadership & Accountability
Management does not typically monitor overtime budgets, overtime hours or the overtime bank during the year. Many General Managers do not have sufficient free time to “manage” their business units. As the Organizational Assessment recommended, fewer meetings and administrative duties would provide all managers more time to attend to their core duties.	2. Implement the recommendations from the Organization Assessment Report related to the use of management resources and hold managers accountable for monitoring and controlling their overtime costs.	Agreed. Management continues to work through the recommendations from the OA. ET has identified priority work to significantly improve business process to optimize resources to free up capacity and reassign to areas where there is identified need. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Leadership & Accountability Zero Based Overtime Budget Business Models & Systems
Managers across the corporation are not held accountable to manage employee attendance and overtime.	3. Managers need to be held accountable for implementing the attendance management program and these results should be visible to the ET on a regular basis.	Agreed. The Executive Team will now review monthly reports related to overtime, standby and lieu time data and ensure management is immediately controlling costs as per the moratorium on overtime.	Leadership & Accountability Zero Based Overtime Budget
Managers across the corporation do not use KRONOS reports regularly to manage their businesses.	4. Implement the recommendations found in the Kronos Optimization Report and centralize the creation and distribution of management reports.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Business Models & Systems Zero Based Overtime Budget
Some departments ignore the existence of rules such as incurring paid overtime expenses when the department budget has no overtime budget line. These Managers understand their accountability is to manage to a bottom line and not within individual budget lines.	<ul style="list-style-type: none"> • See recommendation # 8 	See recommendation #8	Zero Based Overtime Budget Corporate Wide Overtime Policy Consistent Practices Leadership & Accountability
There is no corporate-wide visibility for the quantity of productive time lost due to time taken in lieu of overtime pay.	5. Costs of lieu time taken should be transparent in the financial reporting for each service area.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Leadership & Accountability Zero Based Overtime Budget
Overtime is routinely approved after the fact without specific business requirements.	6. ALL overtime should be approved by Supervisor, Manager, or Executive Director in advance.	Agreed. All overtime will be approved in advance or approved at the time of assignment by management. Legislated and emergency situations provide some discretion as outlined in the staff report.	Corporate Wide Overtime Policy

Corporate Overtime Audit Summary Management Response

FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	
Corporate Culture			
The requirement for NUME class 5-6 to “donate” the first two hours of overtime each week is perceived to be unfair and creates difficulty attracting candidates for call outs	7. Eliminate the two-hour rule.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy Zero Based Overtime Budget
The rules that govern overtime and standby pay are different among employee groups. The same rules for a given employee group are interpreted differently in different departments.	8. The overall objective, within the constraints of the collective agreements, should be to achieve consistent practices within employee groups. Management should commit to consistent practices within employee groups.	Agreed.	Consistent Practices Across Employee Groups Leadership & Accountability
There is no corporate-wide standard agreement on the overtime hours expected and paid in base compensation for management roles over and above those expected in exchange for one week additional vacation time.	9. Ensure that base pay differentials at the management level accurately reflect expectations for emergency call outs and after hour availability.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy
There is a commonly held perception across the corporation that service level standards are expected to remain high without the commitment of necessary resources.	<ul style="list-style-type: none"> See recommendation #13 	See Management Response to recommendation #13	Business Models & Systems
There is no corporate-wide understanding that support departments, such as Payroll, have the authority to enforce both Council and Corporate policies. Executive Directors overrule policies to accomplish the objectives of their service areas.	10. Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process the transaction.	Agreed.	Corporate Wide Overtime Policy Zero Based Overtime Budget
There is a general belief across the organization that policies approved by the Executive Team (not by Council) are guidelines only. The ET is not serving as a mechanism to ensure consistent adherence to policies.	11. The ET should commit to uphold corporate policies	Agreed.	Leadership & Accountability Corporate Wide Overtime Policy
There is a corporate-wide perception that employees doing user-fee based work have more latitude in overtime practices.	12. The corporate-wide overtime policy should address this practice specifically.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy
Policy			
There is no corporate-wide policy, set of procedures or operational practices with respect to overtime and standby pay. There are no high level values statements, principles or guidelines that would provide direction to managers making decisions with respect to overtime and standby pay.	13. Create a corporate-wide policy for the use of overtime and standby pay as tools for managing the City’s business. 14. Implement a zero-based budget approach to overtime for 2015. 15. Use 2014 as a trial period to test and refine service level standards and overtime rules.	13. Agreed 14. Agreed 15. Agreed Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy Zero Based Overtime Budget
There is no corporate-wide policy to identify expectations for after-hours response by those carrying corporate communication devices such as Blackberries.	16. Develop a corporate-wide policy that defines which staff are required to respond to after-hours business and whether the base salary and collective agreements reflect this expectation.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy Zero Based Overtime Budget

Corporate Overtime Audit Summary Management Response

FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	
There is no corporate-wide labour relations strategy to negotiate changes to collective agreements to reduce overtime costs.	17. Develop a corporate-wide labour relations strategy with short and long-term objectives to reduce overtime costs.	Agreed.	Consistent Practices Across Employee Groups
There is no corporate-wide policy or criteria to guide the use of casual or part-time staff to accomplish City work.	18. Develop a corporate-wide policy that sets out the criteria for the use of casual and part-time staff to accomplish City work.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy Consistent Practices Across Employee Groups Business Models & Systems
There is no corporate cap on time banks or time in lieu.	19. Establish an annual one-time limit for banked overtime.	Agreed. For bargaining unit employees, this will require negotiation during each collective bargaining round. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Zero Based Overtime Budget Consistent Practices Across Employee Groups
Systems and Processes			
There are no corporate-wide targets for overtime pay as a percentage of base pay, either based on history at Guelph or considering municipal comparators.	20. Establish a baseline overtime target of 2.5% of base salary and wages for 2014. Mechanisms to achieve this could include establishing a reserve fund from the projected savings and drawing down actual, valid overtime costs.	Agreed and see recommendation #14.	Zero Based Overtime Budget Business Models & Systems
There is no corporate-wide system or requirement to identify a baseline labour requirement to accomplish the agreed service level standard and other work plan priorities for the department. As a result, overtime is used to accomplish baseline work.	21. Develop a business model that identifies service level standards, baseline labour requirements and drivers for overtime in 2014 in order to establish the overtime budget for 2015.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Business Models & Systems Zero Based Overtime Budget Consistent Practices Across Employee Groups
There is no reporting mechanism to provide a single view of all the labour costs being incurred at the City i.e. base pay, overtime paid, overtime banked and taken in lieu, part-time/casual and contractors.	22. Create a tracking and reporting system that makes all sources of overtime drivers visible to management.	Agreed.	Business Models & Systems Zero Based Overtime Budget
Not all service areas have an overtime budget line.	23. Every service area should have its own overtime budget line so that financial reporting enables visibility and control.	Agreed.	Zero Based Overtime Budget
There is no corporate-wide time-keeping process. Individual departments and City locations use their own forms, procedures, processes and systems to input to the City's payroll system.	<ul style="list-style-type: none"> • See recommendation # 25 	See managements response to #25	Business Models & Systems
There is no tracking system to report the frequency of overtime drivers such as weather, equipment breakdown, complaints, accidents etc.	24. Departments should track annual frequency for overtime drivers relevant to their business units.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Business Models & Systems Zero Based Overtime Budget Consistent Practices Across Employee Groups
Timekeeping and payroll processes are sub-optimal resulting in substantial inefficiencies and quality concerns.	25. Implement the recommendations found in the KRONOS Optimization Report.	Agreed. A payroll audit will be done; it is a requirement for this recommendation to be implemented.	Business Models & Systems Zero Based Overtime Budget

Corporate Overtime Audit Summary Management Response

CSS Key Findings and Recommendations

FINDING	RECOMMENDATION	SERVICE AREA MANAGEMENT RESPONSE	NOTES - KEY CHANGE LINKAGES
Admin/Customer Service – Follows practices for overtime that are not consistent with NUME policy and the CUPE 973 policy.	26. Management should commit to adhering to rules governing employee groups.	Agreed. Service Area develop a communication strategy for all managers and supervisors.	Leadership & Accountability
Arts/Culture - Standard office hours result in overtime costs in order to support after-hour and weekend programming.	27. The City should develop a long-range labour relations strategy to support CSS programming and services to align workers' schedules with customer service requirements.	Agreed. Service Area will work with Labour Relations to further explore these opportunities.	Corporate Wide Overtime Policy Consistent Practice Across Employee Groups Business Models & Systems
Arts/Culture - There is confusion about the interpretation of approved work schedules for CUPE 973 staff in CSS.	28. Resolve this with staff and union.	Agreed.	Consistent Practice Across Employee Groups Leadership & Accountability
Arts/Culture - Unique skills concentrating in a few individuals results in overtime costs.	29. Consider cross-training staff or using external contractors.	Agreed. Service Area will looking for opportunities to cross train staff within operational, technical and collective agreement limitations.	
Parks/Rec – Some overtime practices are followed that are not entrenched in policy such as assigning overtime for statutory holiday Monday shifts.	30. Management should commit to adhering to rules governing employee groups.	Agreed. Service Area will develop a communication strategy for all managers and supervisors.	Leadership & Accountability
Parks/Rec - Each facility and work site determines their own timekeeping and payroll practices e.g. whether to approve overtime in advance or not.	31. All overtime needs to be approved in advance.	Agreed.	Leadership & Accountability
Parks/Rec – There is no system to trigger cost/benefit analysis of adding new full time roles to reduce overtime costs.	32. Consider setting a threshold for overtime costs incurred beyond which cost/benefit analysis is required.	Agreed. Service Area work with Finance and Human Resources to develop a cost benefit matrix to trigger management decisions.	Business Models & Systems

Corporate Overtime Audit Summary Management Response

OTES Key Findings and Recommendations

FINDING	RECOMMENDATION	SERVICE AREA MANAGEMENT RESPONSE	NOTES - KEY CHANGE LINKAGES
Transit - It is the Auditor's opinion that this service area is facing critical overtime and attendance issues that are unacceptable. Employee actions with respect to absenteeism and overtime are not in the best interest of the City and are inconsistent with corporate values and border on misappropriation.	33. Management should urgently develop and implement a 90-day plan to transform this business unit.	Agreed.	Leadership & Accountability Consistent Practice Across Employee Groups Business Models & Systems Corporate Wide Overtime Policy Zero Based Overtime Budget
Bylaw/Security - Increased vigilance on attendance management and a larger part-time pool will help to control overtime costs.	34. Continue work with HR to redefine part time roles.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Corporate Wide Overtime Policy Business Models & Systems Leadership & Accountability
Public Works – In recent years the Fleet staffing budget has not kept pace with the increase in the number of City vehicles.	35. Do the cost benefit analysis to determine value of additional FTEs vs overtime costs.	Agreed. Service Area has completed this work. Findings indicate we are short approximately 2 FTE's, assuming the 2 FTE's proposed in the 2014 Operating Budget are approved.	Business Models & Systems Zero Based Overtime Budget
Public Works – It is impossible to accurately budget for winter control.	36. Using data from the yet to be implemented reporting system for major weather events, re-establish contingency funds in a reserve to smooth overtime costs for winter control.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Business Models & Systems Zero Based Overtime Budget
Emergency Services – Vacation schedules are creating unnecessary overtime.	37. Enforce rigorous scheduling of vacation time.	Agreed.	Business Models & Systems Leadership & Accountability Consistent Practice Across Employee Groups

PBEE Key Findings and Recommendations

FINDING	RECOMMENDATION	SERVICE AREA MANAGEMENT RESPONSE	NOTES - KEY CHANGE LINKAGES
Wastewater – While existing policies “Spills Contingency and Release to the Environment Plan” and the Environmental Protection By-Law define spills and response criteria it is unclear why the EPO division's overtime costs are significantly higher than other municipal EPO divisions.	38. Conduct a business process review to evaluate the service delivery model. Research EPO and spill response operations in other regions or municipalities to compare Guelph practices and implement opportunities for efficiencies that are identified through this process.	Agreed.	Zero Based Overtime Budget Business Models & Systems Corporate Wide Overtime Policy
Solid Waste – More than one individual is paid standby for the same time period.	39. Reduce the number of individuals on standby for each week.	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Business Models & System Zero Based Overtime Budget Leadership & Accountability

Finance & Enterprise Services

Downtown Renewal Update & Guelph Economic Investment Strategy Discussion

CAFE Committee, November 12, 2013

Updated for: Council, November 25, 2013



POLICY CONTEXT

Provincial

Growth Strategy
Energy Strategy

City of Guelph

- Prosperity 2020
- Community Energy Plan
- Secondary Plans: Downtown, GID, Future South-End
- Integrated Operational Review Implementation Strategy

ENTERPRISE STRATEGY

City Building, Growth, Resiliency, Prosperity

EXPANDED ROLES FOR THE CITY

- Collaborator**
- Facilitator**
- Developer**
- Investor/Entrepreneur**
- Delivery Agent**
- Negotiator**

INITIATIVES

**DOWNTOWN
REVITALIZATION**

**GUELPH
INNOVATION
DISTRICT**

**EMPLOYMENT
LANDS**

**COMMUNITY
ENERGY**

**REGIONAL
TRANSPORTATION**

SUPPORTS

Client / Stakeholder Services [Facilitating outside investment interests and needs]

Economic Development Framework [BRE; Marketing; Investment Readiness & Support; FDI]

Economic Investment Strategy [Downtown, IMICO, GID, South-End]

Guelph Municipal Holdings Inc

Downtown -- Where We've Been

We've developed a vision:

Prosperity 2020

→ *Invest in the Downtown: target icon status for a vibrant, transit connected, mixed use centre*

Downtown Secondary Plan

We've created momentum:

Public Infrastructure Investments

Downtown Community Improvement Plan Investments

Early private-sector projects

We've started detailed initiatives:

Baker Street Redevelopment

Parking Master Plan

Streetscape & Built Form Guidelines

Downtown Thermal Network

But we have yet to fully frame the big goal...

Downtown -- What We've Learned



What does a 'greatly intensified' Downtown Guelph mean to the City and the Community?

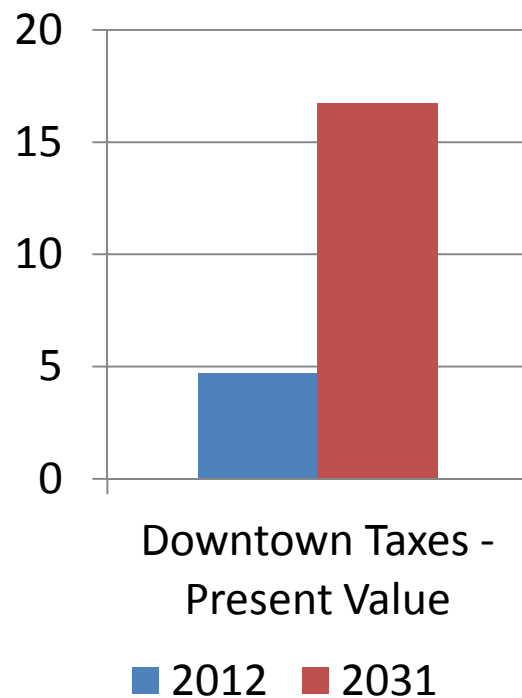
The plans call for adding a subdivision's worth of residential development all the while growing its employment and cultural value

It's about achieving a significant spoke in our economic development strategy

→ its transformational change

Downtown -- What We've Learned

We need to start talking about the project as economic development.

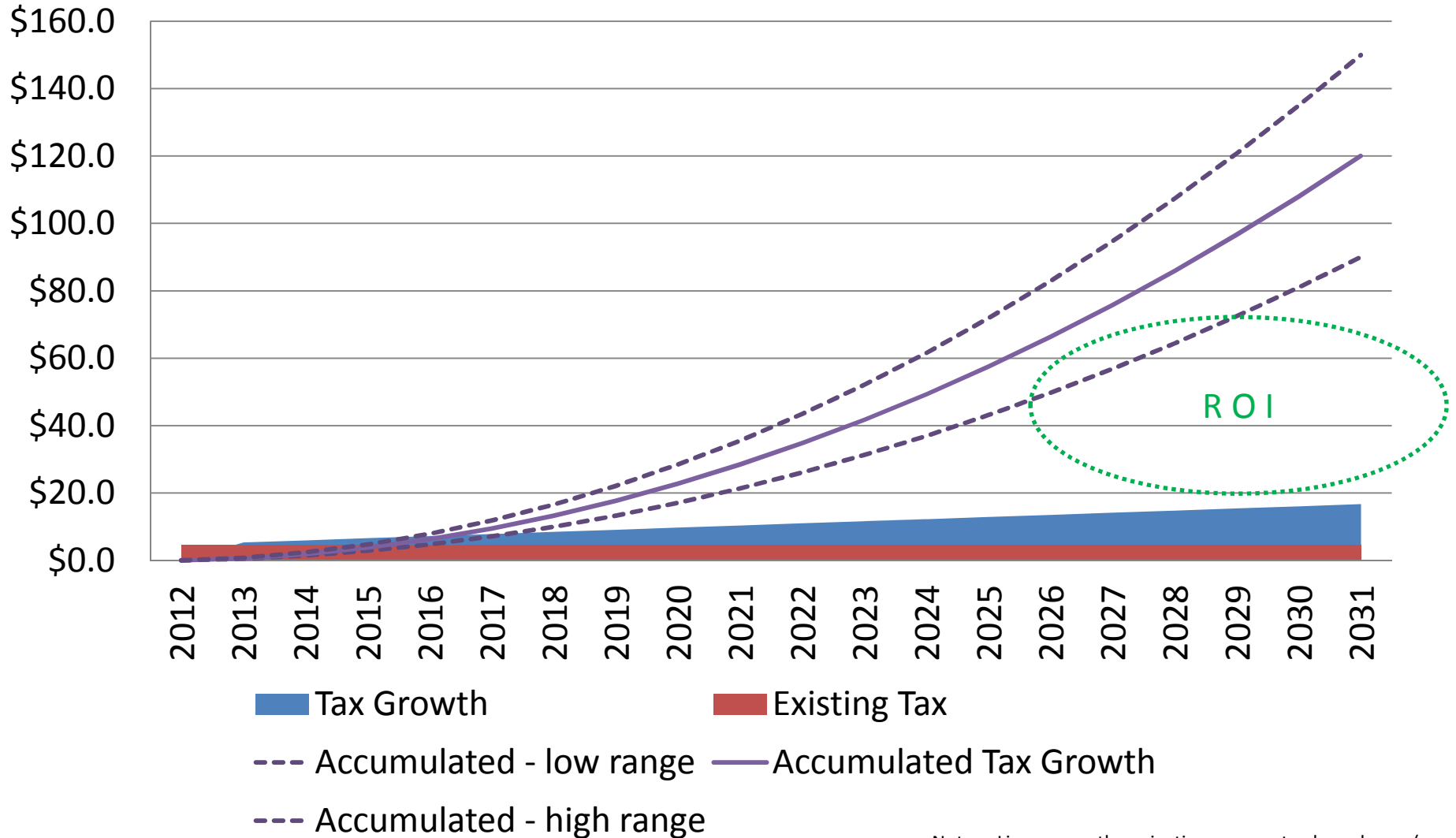


- Its long-term and ambitious – like nothing Guelph has done before
- A fully built-out downtown is **3-4X** more valuable an asset producing **\$3-4X** more taxes.
- A vital downtown is fundamental to **attracting** and **retaining talent** as well as **significant investors** in our community
- Individual **projects need to be tested** against the overall business plan goals

- the downtown project is valuable to the entire City
- It's economic development

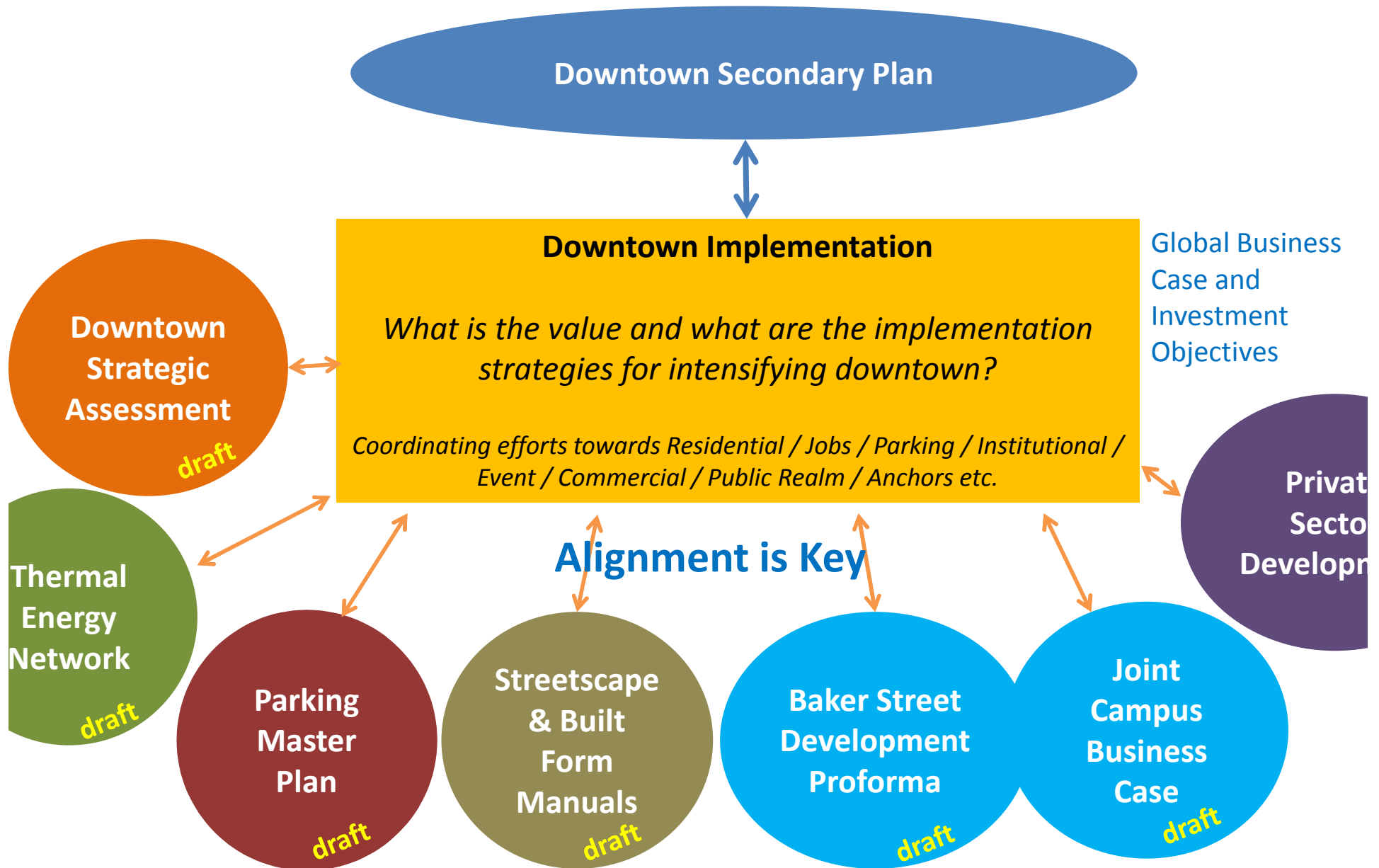
Downtown -- What We've Learned

Downtown Renewal – Projected Tax Income



Notes: Linear growth projection, present values shown (no escalation or appreciation) , range is 25% either side

Downtown -- What We've Learned



Downtown -- What We've Learned

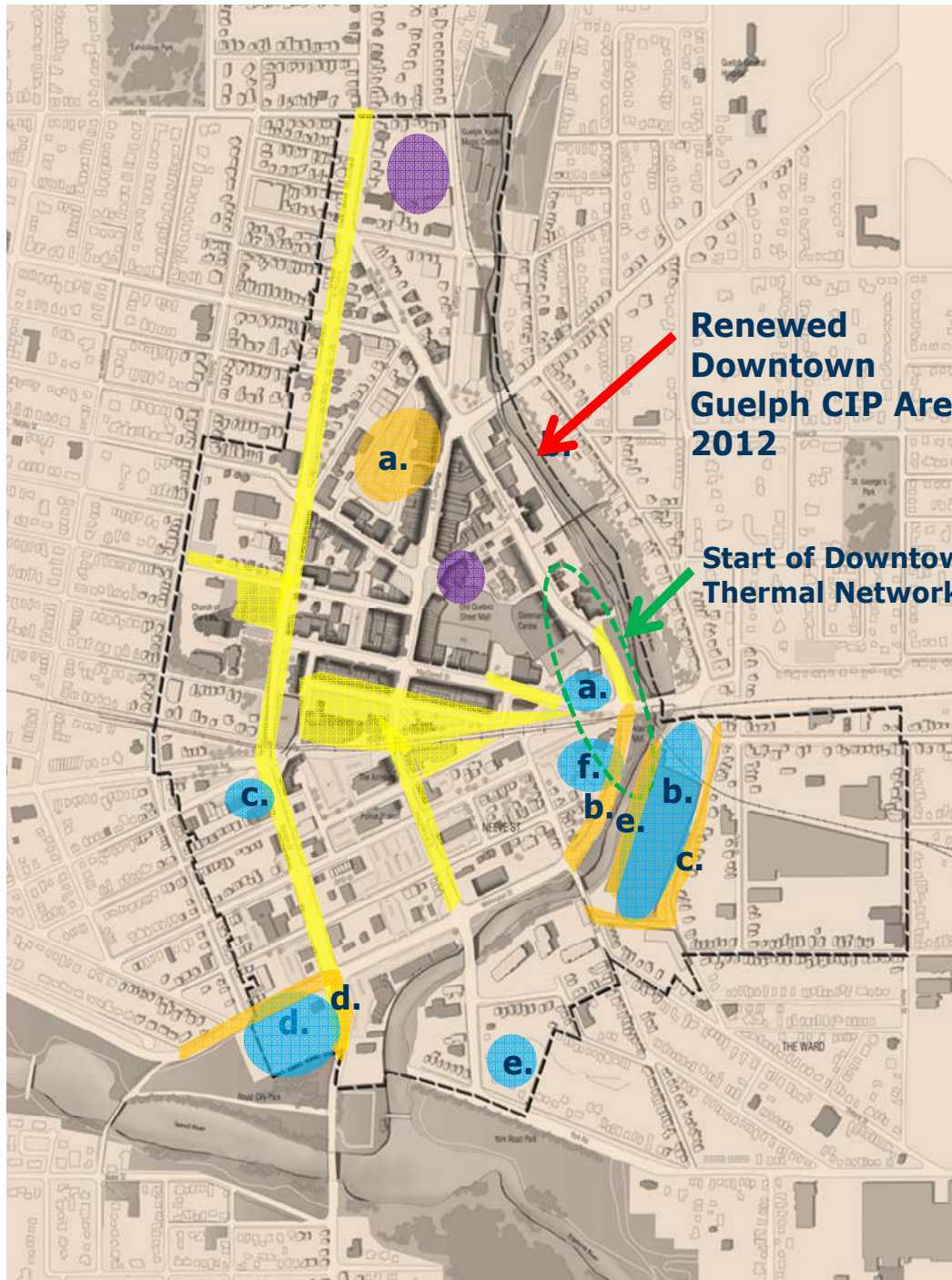


Private Sector Development

- Private Sector investment continues in the Downtown:

- 5 Arthur Street (Kilmer/Fusion) – up to 750 units + Commercial: development recommendations upcoming
- 150 Wellington Street (Tricar) – up to 160 units + Commercial: development recommendations upcoming
- 40 Wellington Street (Belmont Equity) – 35,000 sqft Commercial: under construction
- York/Wyndham Townhouses (TerraView) -- 24 units: construction in 2014
- Other sites emerging

- All sites present unique challenges to staff, budgets and practices
- Market looking for ongoing commitment & confidence



Public



Complete



In Progress

- a. Baker Street (land acquisition phase)
- b. Wellington Street E
- c. Arthur/Cross Street
- d. Wellington/Gordon
- e. Riverwalk / GJR Bridge

Private



Complete



In Progress

- a. Tricar: MacDonnell
- b. Fusion: Arthur St.
- c. Market Commons
- d. Belmont: 40 Wellington
- e. TerraView: Townhouse infill
- f. Tricar: 150 Wellington E

Downtown -- What We've Learned

The projects:

- are complex
- are interdependent
- each appear to require public investment
- will leverage public investments to achieve the larger business case outcomes
- require champions

→ uncoordinated or ad hoc decisions put the overall project at risk

The Emerging Opportunity

While we've seeded early momentum, its time to start talking about a comprehensive investment strategy:

Investment Strategy = (Baker + Streets + Parking + Anchors + CIP + Land + BRE/A) = ROI

... We're where Kitchener was in 2003 – seeing a convergence of opportunities up ahead and figuring out how to seize them...

→ we need to provide predictability and sustained leadership to continue the momentum

The Enterprise Strategy:

Research

- Due diligence underway: parking, asset management, thermal energy plan, Library partnerships etc.
- Existing and ongoing examples of leveraging city investments or assets – TIBGs, Envida, IMICO
- Strong inter-governmental work underway
- Development of GMHI will play a key role

Guelph Economic Investment Strategy (GEIS)

- Identifying the unfunded priorities and business case values (due diligence)
- Identify our contributions – money?, assets?, process?
- Confidently project strategy to the private sector and partner “marketplace”

→ Strategy Implementation supported through Investment

The Enterprise Strategy:

Next Steps:

- Special Council Meeting on financial framework – January 2014
- Continue to work with partners on Baker anchor development
- Presentation and refinement of individual project findings & financial implications – January thru March
- Comprehensive Investment Strategy recommendation -- End of Q1/2014

Feedback / Discussion

STAFF REPORT



TO Operations, Transit & Emergency Services Committee

SERVICE AREA Operations, Transit & Emergency Services

DATE November 6th, 2013

SUBJECT Establishing Elementary School Speed Zones

REPORT NUMBER OTES111332

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To propose an alternative approach to establishing Elementary School Speed Zones.

KEY FINDINGS

The financial impact of fulfilling Council's resolution to implement reduced speed zones in front of elementary schools is significant, beyond the ability to accommodate in the current budget cycle;

Reduced speed limits (in effect at all hours of each day) on arterial-classed roadways in front of elementary schools may not receive the level of voluntary compliance desired.

Motorists utilizing collector/local roadways likely live within the local neighbourhood and are more likely to comply with a reduced speed limit adjacent to elementary schools.

Schools, particularly on collector/local roadways, are more often used by a neighbourhood outside of school hours, year round. This supports implementing a reduced speed limit that is in effect at all times.

Achieving Council's objective of reducing speed limits in front of elementary schools can be achieved in a more affordable manner through implementing reduced speed zones using a different approach.

STAFF REPORT

FINANCIAL IMPLICATIONS

Fulfilling Council's direction is estimated at approximately \$766,000.

The 2014 Operating Budget that will be recommended by staff on November 5th contains only \$70,000 for this initiative.

In discussion with the Guelph Police Service, they will continue to employ a priority based enforcement strategy when responding to requests to enforce these new speed zones. However, as an outcome of the creation of these zones, the public may expect a greater degree of police presence than can be provided with current resources. This may lead to future requests for additional police resources, including the need for increased speed enforcement equipment.

The proposed alternative contained in this report can be implemented for approximately \$210,000.

ACTION REQUIRED

Recommend to Council an alternate means of establishing elementary school speed zones.

Action by Council will be required to augment recommended funding for this initiative when the 2014 Operating Budget is considered.

RECOMMENDATION

1. THAT the Operations, Transit & Emergency Services Report #OTES111332 Establishing Elementary School Speed Zones, dated November 6th, 2013 be received;
2. AND THAT the alternative approach to establishing reduced speed zones adjacent to elementary schools as set out in Operations, Transit & Emergency Services Report #OTES111332 Establishing Elementary School Speed Zones, dated November 6th, 2013 be recommended for Council's consideration when it deliberates upon the 2014 Operating Budget.

STAFF REPORT



BACKGROUND

At the Council meeting of September 30, 2013, the following resolution was approved:

THAT 30km/h speed zones be established in front of elementary schools located on all two lane roadways;

AND that 40km/h speed zones be established in front of elementary schools located on all four lane roadways;

AND THAT all school speed zones be in effect only when children are walking to and from schools;

AND THAT funding to create school speed zones be considered during the 2014 Operating Budget deliberations.

Staff have prepared the necessary budget documentation and have determined to satisfy this resolution will require a capital investment of approximately \$766,000. Given established priorities and economic environment, staff are of the opinion this amount is beyond what can be accommodated in the current budget cycle. This report proposes a different approach to address Council's objective to reduce speed limits on roadways adjacent to elementary schools, at a reduced cost.

REPORT

The driving cost associated with implementing Council's direction to establish reduced speed limits adjacent to elementary schools is the aspect of **time of day** (TOD) speed zones. The technology associated with this type of device is significant and is estimated at approximately \$15,000 per school location. To address the cost associated with this initiative and to develop possible alternatives that could reduce costs, staff gave consideration to the rationale behind the need to have time of day zones in front of all elementary schools.

Reduced speed limit zones adjacent to schools are common in a number of Ontario municipalities. Further, it is also common on major roadways to have these reduced zones only in effect during hours when children are walking to and from schools. Not only does this acknowledge the primary function of the roadway (to move traffic) but it also reinforces to motorists the rationale for the need to reduce speed (safety of children). This consistency of messaging is important if it is expected motorists will voluntarily comply with a reduced speed zone.

STAFF REPORT

Alternatively, collector or local classed roadways serve a different purpose. They are internal to local neighbourhoods and serve to gather and channel traffic from the neighbourhood to our arterial street system. It could be argued many motorists using these roadways have a vested interest in creating a safer environment for children walking to and from school. For this reason, staff have fewer concerns regarding the creation of a reduced speed limit zone that would be *in effect at all times*.

Given the financial implications of this initiative, staff offer the following scenarios as alternatives to Council's existing resolution for the consideration of Committee:

- 1)** to have reduced speed limits ***in effect at all times*** in front of all elementary schools, *regardless of roadway classification*. Cost \$70,000.

Implications:

- Meets original resolution of Committee
- May lead to other challenges because need to reduce speed at all hours of the day and throughout the year isn't readily apparent to motorists.
- Compliance on arterial roadways may become an issue.
- may experience push back from motorists who believe the reduced speed limit at all hours of the day is arbitrary in nature.

- 2)** to establish reduced speed zones **operating on TOD basis** adjacent to elementary schools *located on arterial roadways only* AND to establish reduced speed zones, **in effect at all times**, adjacent to elementary schools *located on all other roadways*. Cost \$210,000.

Implications:

- \$140,000 additional funding will need to be added to the staff recommended funding level of \$70,000 during budget deliberations.
- Constituents having children using those schools located on arterial roadways may be concerned the roadway has reduced speed only when their children are walking to and from school, not when they may go to the school grounds to play.

- 3)** to have reduced speed limits **in effect at all times** in front of all elementary schools *on only collector/local classed roadways*. (No action to establish reduced speed zones in front of schools located on arterial roadways.) Cost \$70,000.

STAFF REPORT

Implications:

- Meets funding levels recommended in the 2014 Operating Budget.
- May have negative reaction from constituents whose children attend schools located on arterial roadways.

4) to undertake a comprehensive communication strategy to influence motorists to obey current speed limits. (take no action to reduce speed limits) Cost \$20,000.

Implications:

- Assumes compliance with the current 50Km/h speed limit would be acceptable.
- Effectiveness of such initiative is unproven.
- Represents a long term strategy to influence speed patterns beyond just school areas

* * * *

After careful consideration of the technical and community issues associated with this initiative, staff recommend option #2 for Council's consideration.

CORPORATE STRATEGIC PLAN

3.1 Build a well designed, safe, inclusive, appealing and sustainable City.

DEPARTMENTAL CONSULTATION

The Executive Team was consulted on the budgetary aspects of this report. The CAO's office was involved in the development of the alternative proposed.

FINANCIAL

Fulfilling Council's direction is estimated at approximately \$766,000. The 2014 Operating Budget that will be recommended by staff on November 5th contains only \$70,000 for this initiative.

In discussion with the Guelph Police Service, they will continue to employ a priority based enforcement strategy when responding to requests to enforce these new speed zones. However, as an outcome of the creation of these zones, the public may expect a greater degree of police presence than can be provided with current resources. This may lead to future requests for additional police resources, including the need for increased speed enforcement equipment.

STAFF REPORT



The proposed alternative contained in this report can be implemented for approximately \$210,000.

Action by Council will be required to augment recommended funding for this initiative when the 2014 Operating Budget is considered.

COMMUNICATIONS

The Chair of OTES has been requested to advise Council at their meeting on November 5th, 2013 wherein the 2014 Operating Budget will be presented that this matter is being considered by the Committee on this date.

Report authored and recommended by:

A handwritten signature in black ink, appearing to read "Derek J. McCaughan".

Recommended By:

Derek J. McCaughan
Executive Director

Operations, Transit & Emergency Services

519 822-1260 ext. 2018

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