



December 6, 2018

Reference No: 41-01Budget.Nov2018

## **Submission to Council: 2019 – 2022 Operating Budget – Proposed Savings**

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### **Recommendation:**

Edmonton City Council to review and consider the attached report from Civic Service Union 52 and Amalgamated Transit Union 569, which identifies substantial potential savings in the proposed 2019-2022 operating budget.

### **Executive Summary:**

The proposed 2019-2022 operating budget identifies the City of Edmonton's (COE) revenues and expenditures. The budget, as proposed by the City Administration, documents the programs and services needed by residents, businesses, community groups and other stakeholders (i.e. civic unions, city employees, etc.). In preparing and approving the budget, City Council is working to ensure taxpayers receive value for their monies, while trying to respect and balance the competing interests and values of the various stakeholder groups.

After considering the information submitted by external groups and organizations and the budget information, we researched potential areas of savings. The results of our research support some of the recommendations by external groups, such as the Chamber of Commerce and our work also identifies additional areas of substantial savings.

The purpose of our initiative is to protect jobs and support our members, while serving the public interest in a time of economic recovery. By identifying opportunities for real savings, we hope the City will be able to enhance services, reduce negative impacts (i.e. FTE cuts or layoffs) and recognize the contributions made by City employees at all levels of the organization.

### **Budget/Financial Implications:**

This report identifies key areas of savings, but does not recommend cuts to front-line programs and services. If accepted the report's recommendations will have direct and dramatic impacts on the organization. The impact of some recommendations will not reach full potential until 2020, as monies would be required to cover additional costs, such as severance payments.

Our recommendations would realize more savings than are currently proposed by the City Administration. The savings identified amount to over \$100 million over the four-year budget cycle. Further analysis by relevant stakeholders may identify other areas of cost savings, but added information and more detailed assessment is required.

**Comparative Information:**

As part of our research, CSU 52 sought to gather known information and facts to ensure its analysis and recommendations are evidence-based. Our research involved analysis of relevant literature, including materials from several reliable provincial and federal sources. Data has also been compiled from documents developed by the City of Edmonton’s Civic Administration.

Further collaboration with other stakeholders will be beneficial to the process, as it will ensure a better exploration of innovative and realistic ideas through comprehensive analysis and open discussions. We also appreciate the initiative by the Edmonton Chamber of Commerce indicating savings are possible. However, we do not support the Chamber’s suggest approach or recommendations for workforce cuts or economic freezes.

**Historical Perspectives:**

As part of our analysis, we considered the historical initiatives of the City of Edmonton (COE) and priorities of past Councils and previous civic administrations (i.e. City ’97 Review). City Council should be able to identify appropriate cost savings. The unionization of management positions where appropriate may also create savings based on wage differential information available to us.

We believe savings can be found, which will allow for a more effective, efficient and economic approach. The end result, if our recommendations are accepted, City Council will be able to maintain services, balance competing interests and support a livable and affordable community.

**Risk Assessment:**

This report is the first attempt by CSU 52 and ATU 569 to review the budget, listen to ideas from other stakeholders (i.e. Edmonton Chamber of Commerce) and provide concrete feedback. We believe our report reflects a balanced and informative approach to finding savings. We are concerned that the City Administration’s approach to resolving issues is one-sided and unbalanced; often reflecting out-dated management approaches and structures.

**Summary:**

We hope Council will open the dialogue with the intent of identifying potential savings without resorting to the approaches of the past (i.e. when in doubt, cut front-line staff, whilst not cutting the top echelons, even if the City clearly has a top-heavy structure). The identified savings may also allow the City to maintain triple E services to the public (i.e. effective, efficient and economical). Our recommendations are designed to identify efficiencies, while allowing the various stakeholders to discuss and assess potential solutions and alternatives.

The attached recommendations (use a combination of evidence-based research data and best practices) to identify potential savings for City Council’s consideration. Our proposals and intent need to be discussed with the various stakeholders to ensure there is an understanding on the specifics. We would appreciate an opportunity to present our recommendations to City Council to ensure the information is understood. Our recommendations are based on “real” data and practical information.

Finally, we hope this report is the beginning of a comprehensive process to identify and create real savings. We acknowledge there will be challenges and differences of opinion. We also believe through collaboration and discussion an improved organization and a more flexible workforce can be shaped. If accepted, our recommendations should bring significant savings while ensuring the taxpayer's monies and the efforts of City employees (as public servants) are valued.

Thank you for your consideration.

Respectfully,



Lanny Chudyk  
President  
Civic Service Union 52



Mark Tettersington  
President  
Amalgamated Transit Union 569  
DW/rm

Attachments:

1. List of Key Recommendations
2. Added Recommendations
3. The Mayor's Plan
4. Comparisons - Other Major Canadian Cities

**Attachment #1**  
**Key Recommendations on Savings for 2019-2022 Budget**

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**1. A. Increase the Span of Control for Management Positions (at levels 1-4):**

The Administration appears to be top-heavy (i.e. too many senior and executive management positions) based on comparisons to other large Canadian municipalities (e.g. Halifax, Toronto, Ottawa, Hamilton, Winnipeg, Surrey, etc.). The City’s span of control (i.e. management positions versus number of union positions) has moved from an estimated ratio of 1:15 in 1983 to 1:10 in 2018. Increasing the span of control will reduce the number of “management” positions and create the potential for significant savings. Severance costs will delay savings until 2020.

**B. Reduce the Number of Management Levels:**

The “City ’97 Review” eliminated one layer of management. However, the Administration has replaced the missing level, and in some areas, added another level of management. By reducing the current number of management levels to a maximum of 4 levels (i.e. City Manager, Deputy City Manager, Branch Manager and/or Director) in larger branches and 3 levels in smaller branches, substantial savings are possible. The City can effectively reduce the number of managers, which potentially results in significant savings. Severance costs will delay the achievement of savings until 2020.

**C. Place Lower-Level Management Positions in the Appropriate Bargaining Unit:**

If the City moves managerial positions (below the 4th organizational level) back into the appropriate bargaining unit the need for the current Jurisdiction Review would cease. Savings occurs because management salaries are being increased through unilateral reclassification of high-level union jobs into management. In some cases, the City has unilaterally (and inappropriately) moved union positions into management, the costs increases have added \$25,000 in salary costs and resulted in added costs due to compression created with management positions. Moving management positions to the appropriate bargaining unit should create significant savings over time. Severance costs will delay the achievement of savings until 2020. Historically, union supervisors reported to Directors (4th level).

**D. Decrease the Total Number of Management Jobs:**

There are approximately 1500 management positions. If the number of management positions are substantially reduced, the City can effectively create savings. It appears the number of management positions have increased significantly. Further analysis and accurate data would identify where reductions could occur. In comparison to other large Canadian cities and using historical data, the City of Edmonton has significantly increased the number of management exclusions. Reducing the number of management positions will create the potential for significant savings. Severance costs will delay the achievement of savings until 2020. Reducing middle to senior management positions saves approximately \$150,000 in salary and benefits per job.

**2. Implement a new Job Evaluation System:**

The City needs to modernize its current Job Evaluation System and eliminate out-dated class specifications. A “proprietary” costing model used by an Alberta-based Human Resources consulting company has identified a potential for up to \$8.0 million in annual savings (after costs) if a new job evaluation system is adopted. Savings potentially double if EEDC, EPL, EPS and EPCOR are included in process. The adoption of a new job evaluation system would need to be negotiated with the appropriate



union(s). A new job evaluation process would be substantially more effective and could support the concept of “equal pay for work of equal value.” Managers would also have more time to perform their “day-to-day” work. Job descriptions would be shorter, more accurate and up-to-date. An integrated HR system would result in substantially less data redundancy and duplication of effort, as well as a more timely response (i.e. hours vs. days).

**3. Expand Shared Services:**

Consider shared services program for all civic organizations (outside the City Administration), such as EPS, EPL, EPCOR, EEDC, FEMCO, etc. Significant savings are potentially possible. Savings from implementing a Shared Services Model across all of the named organizations is based on a reduction in the number of “senior” positions in the areas of finance, human resources, information technology, etc. Allowing shared services to be treated as a business could potentially allow for the development of a revenue model (see “Shared Services – mining for corporate gold” by Barbara Quinn, Robert Cooke and Andrew Kris, 2000).

**4. Civilianize Uniformed Police Positions (Where Appropriate):**

This initiative would examine and approve civilianization of uniformed positions at EPS, a process which has already started (e.g., Dispatch). Significant savings are potentially possible based on moving work currently performed by uniformed police officers to civilian employees. Civilianized union positions would be allocated to CSU 52 where appropriate. Redeployment of current uniformed officers will reduce the need for additional police resources.

**5. Contracting-In and Successor Rights:**

Identify services to be in-sourced, especially where outsourced services can be provided more effectively and efficiently by City employees. In-sourcing expensive contracted services should produce significant savings, while reducing risks and improving management control. This estimate needs to be refined and verified based on the number of contracted services and programs currently out-sourced. Outsourced programs and services need to provide the same high quality of service to taxpayers, while providing a “livable” wage to their employees. Outsourced contracts should also include a clause allowing for successor rights (i.e. out-sourced employees would be members of the appropriate Union).



## Attachment #2

### **Added Recommendations: Improved Processes, Practices and Procedures**

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There is the need to identify and consider areas of potential savings, such as business process reviews and other administrative changes. The following recommendation may result in savings from improving administrative processes, practices and procedures:

**1. Utilize a “Neutral” Citizens Committee to Identify Cost Savings:**

Using an expert and knowledgeable external committee to identify and document potential savings based on best practices, benchmarking and program reviews using a “Neutral” Citizens Committee may allow “citizens” to directly communicate their program concerns and priorities directly through the Committee to council, which may reduce the numbers of presentations to Council.

**2. Reduce Grievances:**

If the number of grievances is reduced through improved labour management relations, the City may be able to reduce the number of senior LR negotiators and LR officers by up to 20%. There is no need for a Senior Negotiator to handle the preparation work for contract negotiations, when the current Senior LR negotiators (assigned to each bargaining unit) should be able to manage the assigned workload. In the past year, the number of LR professionals has increased substantially (i.e. an added \$600,000 in added costs for 4 positions). As well, the COE has spent millions on external investigative services from Deloitte which if transitioned by to Labour Relations will result in significant savings over the next four years.

**3. Develop an Alumni Club for Retirees:**

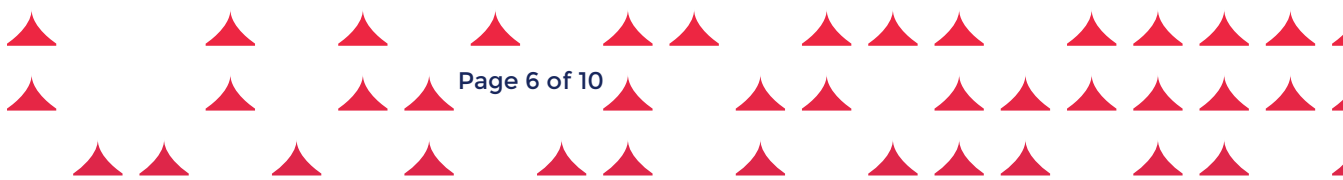
To support knowledge management and succession planning, Council should create an Alumni Club for Retirees to support knowledge transfer and succession based on the job knowledge of the City’s retirees. By understanding the past and by transferring knowledge, the current City Administration should be able to identify potential savings, while improving their understanding of today’s and yesterday’s functions.

**4. Adopt a Career Banding Model with Competencies:**

Setting up a career banding matrix and promoting the use of career ladders may improve and simplify succession planning and job evaluation processes. EPCOR’s current career and classification matrix illustrates one possible model. The use of common competencies across all of the City’s organizations (i.e., Civic Administration, EPS, EPL, EPCOR, EEDC, FEMCO, etc.).

**5. Require Managers to Use Transit and Recreation Facilities:**

All Managers should be provided with a Bus Pass and encouraged to frequently use Transit to better understand conditions and issues involving the Transit System from the view point of riders and Bus Drivers. Using transit, may allow the City to reduce the number of parking stalls available for Managers. In addition, to better understand the needs of employees, customers and community stakeholders, Managers should be asked to regularly participate in recreation facility programs and services.



**6. Create an independent Research Team for City Council:**

Use an independent Research Team to verify actions and activities occurring in other cities and organizations. Research would allow Council to ensure best practices and benchmarking are considered and potentially support reviews and audits conducted by the City Auditor.

**7. Create a Lock-Step Grid (i.e. Salary Schedule):**

A lock-stepped salary grid would reduce the number of salary codes and simplify pay administration. By improving the structure of the salary schedule for CSU 52 through the use of a locked-step grid with 20 salary ranges and 5 steps, the administration of the collective bargaining agreement (CBA) should be improved and potentially result in savings.

**8. Develop a 360° Review Process for Senior and Executive Managers:**

Develop a 360-review process for the performance evaluation of all management staff, including input from local unions, subordinates, peers and supervisors. Integrate performance reviews with online job evaluation and job description systems.



## Attachment #3 The Mayor's Plan

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The Mayor's plan will ensure Edmonton's (economic) momentum continues. In the Mayor's plan, there is the need to:

**... build a new economic future for Edmonton...**by working with business and post-secondary leaders to build a fresh innovation- and export-driven economic plan for Edmonton, building a culture of YES at City Hall, and making sure Edmonton's story is heard across Canada and around the world.

- **Promote Emerging Sectors:** A focus on growing Edmonton's emerging sectors where we can compete and win. These sectors include artificial intelligence, logistics, advanced manufacturing, health innovation, green building technologies, plus food and agricultural technology.
- **Innovation Corridor:** Create an innovation corridor that runs from NAIT to the University of Alberta, through our downtown – a series of places where innovation, entrepreneurship, the arts, creativity and vibrant urban life intersect.
- **Improve the Economy:** Attract new investments, share the costs of growth and create more jobs. Build on the work we've done to unite the region around economic growth and enable us to 'hunt as a pack' to attract new investments, share the costs of growth and create more jobs.
- **New Culture to Support Entrepreneurs:** Create (and develop) a culture of 'yes' with City staff to ensure entrepreneurs have the support they need to build their businesses and export their ideas around the world.
- **Support Business:** Reduce license fees for small businesses to help these businesses thrive, enrich our communities and strengthen our employment base.



## Attachment #4 Comparisons - Other Major Canadian Cities

Level	Typical Position Title	Edmonton	Winnipeg	Regina	Saskatoon	Calgary	Surrey	Vancouver
0	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
1	City Manager	City Manager	Chief Admin. Officer	City Manager	City Manager	City Manager	City Manager	City Manager
2	General Manager	Deputy City Manager	Chief Officer	Executive Director	General Manager	General Manager	General Manager	General Manager
3 (See note 5)	Director	Branch Manager	Director (see note 3)	Director	Director	Director	Manager Division	Director
4 (See note 1)	Manager	Director (See note 9)	Manager	Manager (See note 4)	Manager (See note 4)	Manager	Manager Section	Manager
5	Supervisor	Supervisor (See note 2)	Supervisor	Supervisor	Coordinator (See note 4)	Supervisor	Supervisor	Supervisor

Red Font = City of Edmonton; Blue Font = Management; Green Font = Union

Level	Typical Position Title	Edmonton	Halifax	Montreal	Ottawa	Toronto	Hamilton	Thunder Bay
0	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
1	City Manager	City Manager	Chief Admin. Officer	Director General	City Manager	City Manager	City Manager	City Manager
2	General Manager	Deputy City Manager	N/A (See note 8)	Assistant Director General	General Manager	General Manager (See note 5)	General Manager	General Manager
3 (See note 5)	Director	Branch Manager	Director	(See note 10)	Director	Director	Director	Director
4 (See note 1)	Manager	Director	Manager	(See note 10)	Manager	Manager	Manager	Manager
5	Supervisor	Supervisor (See note 2)	Superint'dt	(See note 10)	Supervisor	Supervisor	Supervisor (See note 2)	Supervisor (non-union)

Red Font = City of Edmonton; Blue Font = Management; Green Font = Union

**Notes:**

1. The City of Edmonton’s titles at organizational levels 2, 3 and 4 are typically not consistent with common management titles found in other major Canadian cities. In most cities, positions below the fourth level may or may not be unionized.
2. In Edmonton, the job title (at the 4th organizational level) is a General Supervisor in a larger organization or a Supervisor in a smaller organization. In Edmonton, the 4th and 5th level was almost always unionized in the period 1980-2010. The City of Hamilton uses the title of Superintendent in lieu of Supervisor.
3. In City of Winnipeg’s smaller departments, the level of Manager exists, but the position of Director does not exist. The City of Winnipeg has 1-2 fewer levels of management versus the City of Edmonton.
4. In Saskatoon, the positions of Manager and Coordinator are included in the Middle Management Association (i.e. Union). In Regina, the position of Manager (level 4) and level 5 positions are included in the Middle Management Association (i.e. Union).
5. In Calgary, there is one Deputy City Manager and six General Managers at the second organizational level. In Edmonton, there are 8 Deputy City Managers and no General Managers at the second organizational level.
6. In Edmonton, titles are not reflective of common titles used by other Cities. It would appear that the numbers of excluded managers (all levels) are higher in Edmonton. In other cities, a Branch Manager would be known as a Director, and a Director would be known as a Manager.
7. Variations exist in most cities for “named” management positions (at the third organizational level), such as City Clerk, City Solicitor, City Auditor, City Archivist, Fire Chief and City Treasurer.
8. Halifax Regional Municipality has no Deputy City Manager or General Manager positions.
9. In most Cities, the appropriate title for this organizational level of management (i.e. level four) position is “Manager.” The use of position title “Director” by the City of Edmonton is atypical.
10. In Montreal, the information on the job titles for management levels below the Assistant City Manager equivalency (i.e. management level two) are not available. Information has been requested.
11. In Manitoba, Saskatchewan and British Columbia, management positions (non-HR) below level 4 of the organization (are usually unionized). These provinces allow for middle management bargaining units.
12. Many large Canadian Cities (i.e. City of Montreal, Toronto, Winnipeg, Surrey, etc.) have fewer executive and management positions at organization levels 1-4 than are found in the City of Edmonton.

