



## STAFF REPORT ACTION REQUIRED

### Development of an Executive Compensation Policy

<b>Date:</b>	August 5, 2015
<b>To:</b>	TTC Human Resources & Labour Relations Committee
<b>From:</b>	Chief Executive Officer

#### Summary

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This report is to provide the Committee with a brief background of, and next actionable steps in response to, a recent City directive for Agencies and Corporations to develop and implement a compensation policy specific to their Executive positions.

In August 2014, City Council adopted EX44.8, *Executive Compensation Policy at City Agencies and Corporations*, which required City Boards to approve a senior executive compensation policy by April 1, 2015, and subsequently forward this policy to City Council through the Executive Committee. This deadline was later extended to October 30, 2015.

The City further outlined several guiding principles for such policies; establishing a base salary range using a relative comparator analysis, limiting variable, incentive, and / or merit pay to a maximum of 25% of base salary, ensuring that the pension plan limits employer contributions to 1.0 times the employee contribution, and a review of senior executive benefits.

TTC staff have procured The Hay Group consultants to conduct this study and deliver an Executive Compensation Policy for Board approval, and information to The City, by October 30, 2015. This will require ongoing meetings between the Human Resources & Labour Relations Committee and The Hay Group between now and the end of October in order to answer questions, provide guidance, and review analyses and recommendations made by the Consultant.

## **Recommendations**

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**It is recommended that the Human Resources & Labour Relations Committee:**

1. Agree to commence meetings with the Consultant immediately in order to meet the October 30, 2015 deadline to deliver an Executive Compensation Policy for the TTC; and
2. Engage in and take responsibility for the steps identified in the implementation points below.

### **Implementation Points**

1. Review and accept project proposal and timelines as presented by the Hay Group consultants – **HR & LR Committee**
2. Update or Draft Job current job descriptions for Chief Executive Officer and direct reports (11 positions) – **TTC Staff**
3. Review and confirm the content of executive job descriptions – **HR & LR Committee**
4. Evaluate job descriptions under the Hay Job Evaluation system – **Hay Group**
5. Develop a relevant comparator group of public sector organizations – **Hay Group**
6. Review and approve recommended comparator group – **HR & LR Committee**
7. Conduct an analysis comparing all components of current total compensation for TTC Executive positions against that of comparator group organizations, and present findings to HR & LR Committee – **Hay Group**
8. Review the appropriateness of implementing a variable incentive program for TTC's executive positions– **Hay Group**
9. Conduct interviews with TTC executives, as required, to gain further understanding of specific job details and corporate culture – **Hay Group**
10. Make recommendations to HR & LR Committee for an Executive Compensation policy for TTC Executives, including, but not limited to, base salary, variable incentives / merit pay, etc. – **Hay Group**
11. Approve recommended program and present to City Council by October 30, 2015 – **HR & LR Committee**

NOTE: Technical support and information will be provided by TTC Staff as required.

## **Financial Impact**

This directive was not part of the TTC's approved budget for 2015. However, the approximate cost of \$60,000, to conduct the work outlined in the *Recommendations* section, can be accommodated within the current budget from under-expenditures.

The exact financial impact of any variable-incentive program that may be implemented as a result of these recommendations is indeterminable at this time.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

## **Decision History**

This action item is the direct result of City Council having adopted item EX44.8, *Executive Compensation Policy at City Agencies and Corporations*, on August 25, 2014.

## **Accessibility/Equity Matters**

Recommendations have no accessibility or equity issues.

## **Contact**

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## **Attachments**

The report EX44.8 ""Executive Compensation Policy at City Agencies and Corporations" including Attachment 1 can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.8>