

**2012 Recommended Operating Budget
Solid Waste Management Services
Reduce Gapping of Staff Positions
from 3.5% to 2%**

Date:	November 28, 2011
To:	City Council
From:	Acting General Manager, Solid Waste Management
Wards:	All
Reference Number:	P:/2011/swms/November/013CC

SUMMARY

To provide additional information to support the 2012 Operating Budget request to reduce the 2011 Approved gapping to 2% as well as provide an overview of the historical gapping trend for Solid Waste Management Services.

Financial Impact

The Recommended 2012 SWMS Operating Budget includes gapping target of \$1.963 million. This is \$1.320 million lower than the 2011 Approved gapping target of \$3.282 million.

If the recommended gapping rate is reduced to 2%, the resultant additional \$1.320 million in the Salaries & Benefits budget will not increase positions above the 2011 approved level. This funding is required to minimize the difference between actual and budgeted expenditures in 2012 and reflect a more realistic gapping rate. No further staff would be hired if the gapping rate is reduced.

Any savings that are generated from vacant positions or staff turnover are used to offset the cost of replacement temporary staff or overtime that is incurred.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its special meeting of February 23 and 24, 2011 City Council adopted the recommendations in Executive Committee reports EX3.2, "Rate Supported Budgets - Toronto Water and Solid Waste Management". The staff report sought approval of the 2011 Solid Waste Rates.

The Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=4428>

As part of the 2011 Approved Operating Budget, the Solid Waste Management gapping rate decreased from 3.5% to 3.2%.

ISSUE BACKGROUND

At its meeting on November 21, 2011, the Executive Committee requested the Acting General Manager, Solid Waste Management Services (SWMS) to provide information staff report to City Council for its meeting on November 29, 2011 on the request to reduce gapping of staff positions:

"The Executive Committee requested the Acting General Manager, Solid Waste Management Services, to report directly to Council on the following motion by Councillor Shiner:

"That City Council not reduce the gapping of staff positions from 3.5% to 2%, for savings of \$1.32 million.'"

COMMENTS

Gapping

Gapping represents the savings that are achieved due to staff turnover as there is a natural lag between an employee departure and replacement of that departure. As a general rule, gapping should be set at 2%. Some Divisions have budgeted a higher gapping percentage to meet their budget reduction targets. This would require them to keep positions vacant longer than the norm and may even result in positions not being filled on a permanent basis. During this year's budget process, efforts were made to eliminate these vacant positions as much as possible and return to a normal gapping range of 2%.

2012 Solid Waste Management Services Operating Budget

Historically, SWMS has been unable to meet the gapping target mainly because positions cannot be held vacant without impacting direct service delivery especially in the collection of waste and recyclables. SWMS does not dedicate specific vacant positions to meet its gapping target. Furthermore, where employees are absent due to illness, leave, and/or injury or because of unanticipated staff turnover, they must often be quickly replaced with either temporary employees or overtime in order not to impact service delivery.

SWMS ability to generate savings from gapping in the Salaries & Benefits budget is also offset by employees on modified duties as well as the 12%-14% absenteeism rate in SWMS (which is higher than the City of Toronto average). Unexpected employee absences are backfilled with overtime in the short-term resulting in additional costs incurred. As a result, the current gapping target is not achievable. Decreasing the gapping rate to 2% would bring SWMS closer to the natural gapping rate.

As outlined in the table below, since 2002, SWMS has been unable to achieve the gapping target with the exception of 2004 and 2006 when funding was received for employees to implement the roll-out of green bin program which was then subsequently delayed.

Table 1: Historical Gapping in (\$000's)					
	Salaries & Benefit Budget	Target Gapping	Achieved Gapping	Target Gapping Rate	Actual Gapping Rate
Year 2001	\$58,057.5	\$0.0	\$1,122.0	0.0%	1.9%
Year 2002	\$56,935.6	\$1,530.2	-\$193.8	2.7%	-0.3%
Year 2003	\$72,273.6	\$1,616.5	-\$2,066.0	2.2%	-2.9%
Year 2004	\$80,589.0	\$1,616.5	\$1,852.5	2.0%	2.3%
Year 2005	\$85,471.7	\$2,044.6	\$1,915.6	2.4%	2.2%
Year 2006	\$93,079.2	\$2,373.2	\$5,319.4	2.6%	5.7%
Year 2007	\$90,102.9	\$2,109.8	\$283.1	2.3%	0.3%
Year 2008	\$93,037.0	\$2,162.5	-\$4,226.0	2.3%	-4.5%
Year 2009	\$99,913.9	\$2,403.4	-\$647.2	2.4%	-0.7%
Year 2010	\$100,177.8	\$3,479.4	-\$2,775.6	3.5%	-2.8%
Year 2011 Forecast	\$102,573.2	\$3,282.4	-\$1,543.6	3.2%	-1.5%
Year 2012 Recommended	\$102,430.4	\$1,962.7		2.0%	

As part of the 2011 Approved Budget, the gapping target was to be reduced from 3.5% to 2% over two years. As a result, the approved gapping rate for 2011 was 3.2%, however, it is expected that SWMS will be \$4.826 million overspent in salaries and benefits for 2011.

Solid Waste Management cannot hold positions vacant for the purposes of meeting the gapping target without impacting the curbside collection of waste & recyclables. SWMS does not have the discretion to amend collection days when unplanned employee absences occur.

Service delivery levels are primarily based on the SWMS waste & recyclable collection schedule of 4 days, as approved by City Council.

CONTACT

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SIGNATURE

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