

REPORT FOR ACTION



Executive Compensation Policy

Date: September 10, 2019

To: Human Resources, Compensation and Labour Relations Committee and the Board of Directors of TO Live

From: Chair of the Human Resources, Compensation and Labour Relations Committee

SUMMARY

The Purpose of this report is to provide an overview of what is required of the Board regarding the development of an executive compensation policy pursuant to directions from Toronto City Council, and to seek Board approval for the Human Resources Committee to secure the necessary resources to develop and report back on an executive compensation policy to the Board of Directors of TO Live.

RECOMMENDATIONS

The Human Resources Committee recommends that the Board of Directors of TO Live:

1. Request the Human Resources Committee to develop and report back to the Board in Q1 of 2020 on an executive compensation policy, such policy to include the parameters set out in the City Council directions and Guiding Principles in Item EX44.8 adopted in August 2014, and in Item EX21.19, adopted by City Council in July 2012, as set out in this report, and to be provided to the City Manager for report to Council.
2. Approve the resources to provide the report required in Recommendation 1, including the retaining of any required consultants, as set out in the financial impact statement.

FINANCIAL IMPACT

The financial impact is unknown at this time. A consultant will be hired to provide the benchmarking requirements as dictated by Council direction.

DECISION HISTORY

At its meeting on August 25, 2014, City Council adopted the following:

- City Council request City agency and corporation Boards to develop a comprehensive senior executive compensation policy, independent of management, applying the guiding principles and practices set out in Attachment 1 to the report (August 6, 2014) from the City Manager and the City Solicitor.
- City Council require City agency and corporation Boards to approve a senior executive compensation policy by April 1, 2015 (excluding restricted Boards), and forward it to the City Manager for report to City Council, through the Executive Committee, for consideration; and in the interim period prior to the approval of a policy be requested to adhere, where possible, to the principles in Attachment 1 to the report (August 6, 2014) from the City Manager and the City Solicitor, including the capping of variable, incentive, and/or merit pay to 25 percent of base salary.
- City Council request that City agency and corporation Board approved executive compensation policies be applied to new employment contracts, and to existing contracts, if any, that permit compensation adjustments, either during an existing term or under renewal.
- City Council direct City agency and corporation Boards to review their executive compensation policy every four years after the initial policy is approved (excluding restricted Boards), with results to be disclosed on public websites and annual reports, and authorize the City Manager to incorporate this requirement and the guiding principles and practices per Attachment 1 to the report (August 6, 2014) from the City Manager and the City Solicitor, into existing and future Relationship Frameworks, Shareholder Declarations and Directions.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.8>
<https://www.toronto.ca/legdocs/mmis/2014/ex/bgrd/backgroundfile-72764.pdf>

City Council on July 11, 2012 in Item EX21.19, adopted the following:

- City Council require all City agencies and corporations, other than the Police Services Board and the Public Library Board to:
 - Report their individual executive compensation and salary ranges to the City Manager in a form and at a time satisfactory to the City Manager as permitted by law; and
 - Take action to ensure that future employment contracts for executives contain a provision providing employee consent to the disclosure of their individual compensation to the City Manager and in a confidential report to City Council in a form and at a time satisfactory to the City Manager.

- City Council direct the City Manager to request the City agencies and corporations, when reviewing any compensation programs that are applicable to their executive employees (i.e. chief executive officer, chief administrative officer, other executive officers or equivalents also known as "C Level" Executives) to consider and base their review on performance measurements that incorporate clear, well-documented individual and organizational objectives and that any incentive variable pay remuneration (one-time lump sums) should not exceed 25% of an Executive employee's base salary.
- City Council request the City Manager to report to City Council on executive compensation of City agencies and corporations once per term of Council commencing in 2015, such report to include:
 - individual salary ranges and aggregate compensation for executives by agency type in a public report; and
 - individual executive compensation, including base salary, bonuses, expenses and the value of benefits, in a confidential attachment.

In this decision, City Council also enacted By-law [953-2012](#) for City Boards to require the disclosure of individual executive compensation in a confidential report to City Council through the City Manager as permitted by law.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.19>.

COMMENTS

TO Live has undergone significant organizational change with the consolidation of the three city owned theatres and amalgamation of the three boards. Developing and adopting an Executive Compensation Policy is a priority item for the City of Toronto and for meaningful management of human and Board resources.

Implementation includes:

- Ensuring that all executive job position descriptions are updated;
- Procuring for an external consultant, as required, to conduct benchmarking against similar functions in comparable public sector organizations; and
- A report back to the Board in Q4 2019.

CONTACT

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SIGNATURE

Kevin Garland
Chair - Human Resources, Compensation and Labour Relations Committee

ATTACHMENTS

Attachment 1 - Guiding Principles