

## **Toronto Building, Fleet Services and Paramedic Services - Employee Retention and Attraction, and Memoranda of Agreement with Local 79 and Local 416**

**Date:** June 26, 2023

**To:** Executive Committee

**From:** Deputy City Manager, Infrastructure Services, Deputy City Manager, Corporate Services, Deputy City Manager Community & Social Services and the Chief People Officer

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

---

This report is about labour relations or employee negotiations.

### **SUMMARY**

---

The purpose of this report is to provide City Council with an overview of the City's actions to address talent and attraction challenges in Toronto Building, Fleet Services and Paramedic Services. This report also seeks ratification and approval for the Memoranda of Agreement negotiated between the City of Toronto and CUPE, Local 79 and TCEU Local 416.

The agreement with CUPE Local 79 applies revised wage grades and/or salary structure to sixteen (16) bargaining unit classifications within the Toronto Building Division. These revised Toronto Building wage grades would be applied retroactively from January 1, 2022 and will increase their hourly rate by an average of approximately 13% to align with current market rates.

This Memorandum was proposed in response to concerns with compensation, complexity of assignments and workload volume in Toronto Building, all of which are negatively impacting the recruitment and retention of staff. Higher or similar salaries offered for less work volume, scope and responsibility in smaller, neighbouring municipalities has presented recruitment and retention issues for the division, especially in competing for top talent in very tight labour market conditions. This coupled with the current state of rising inflation rates, high cost of living and stringent provincial building

code qualifications, places additional pressures with recruitment efforts to find and secure quality applicants. This has presented significant challenges in hiring fully qualified staff. As a result, the Division is hiring more inexperienced candidates and relying on large unsustainable amounts of overtime in an effort meet service demands.

The agreement with TCEU Local 416 applies to three occupations (i.e., mechanics) in two City divisions (Fleet Services and Paramedic Services) that deal with vehicle maintenance and repair. While Toronto Fire Services also employs mechanics, they are not part of TCEU Local 416 bargaining unit.

The agreement with TCEU Local 416 was proposed to address systemic issues related to recruitment and retention of mechanics in Fleet Services and Paramedic Services. In two years, the turnover rate of mechanics in Toronto Paramedic Services and Fleet has increased from 7% to 20% annually. Currently, approximately 23% of mechanic positions are vacant and the divisions are struggling to attract highly-skilled individuals, which is affecting the divisions' service levels. The barriers to attracting and retaining staff are attributable to two systemic issues: below-market wages and a constrained labour market driven by an overall shortage of this skilled trade in Southern Ontario.

The agreement with TCEU Local 416 proposes a higher wage for specific roles within the maintenance teams at Fleet Services and Paramedic Services, as well as an apprenticeship program to pipeline talent into the City.

## **RECOMMENDATIONS**

---

The Deputy City Manager, Infrastructure Services, Deputy City Manager, Corporate Services, Deputy City Manager Community & Social Services and the Chief People Officer recommend that:

1. City Council ratify and approve the Memorandum of Agreement in Confidential Attachment 2 between the City of Toronto and Canadian Union of Public Employees, Local 79, in order to effect a revised union wage schedule for incumbents in the noted classifications in the Toronto Building Division.
2. City Council authorize the City Manager, in consultation with the Chief Building Official, to draw the wage increases payable in 2023 from the Building Code Service Improvement Reserve (XR1305).
3. City Council ratify and approve the Memorandum of Agreement in Confidential Attachment 3 between the City of Toronto and Toronto Civic Employees Union, Local 416 in order to effect a revised union wage schedule for incumbents in the noted classifications in the Toronto Paramedic Services and Fleet Services, subject to the other caveats within the Memorandum.
4. City Council authorize the City Manager, in consultation with the Chief People Officer, to make the necessary amendments to rates of pay and other issues identified as agreed changes in the Memoranda of Agreement for the noted classifications in Toronto Building, Toronto Paramedic Services and Fleet Services.

5. City Council authorize the public release of the confidential labour relations information in Confidential Attachment 1, after the conclusion of collective bargaining with CUPE Local 79 and TCEU Local 416 following the expiry of the 2020-2024 collective agreements, including ratification and approval of the collective agreements, by Council, and the completion of all related proceedings.

## FINANCIAL IMPACT

---

### Recruitment and Retention Challenges for Toronto Building & CUPE Local 79

Toronto Building is governed by the Building Code Act (BCA) and is legislated to operate on a cost recovery basis through building permit fees. The revenues collected from Building Permit Fees are determined by the requirements stipulated by Section 7 of the BCA with no reliance on property tax funding. The surplus of building permit fee revenue collected, after all direct and indirect costs to provide the service have been applied, is contributed to the Building Code Act Service Improvement Reserve Fund (XR1305).

The revised wage grades per the recommended Memorandum of Agreement for Toronto Building would be applied retroactively from January 1, 2022. The retroactive wages and benefits increase per this Memorandum of Agreement for the year 2022 is approximately \$4.4 million and will be payable in 2023. The wages and benefits increase per this Memorandum of Agreement for the current year 2023 is approximately \$4.6 million.

An in-year operating budget adjustment for the amounts payable in 2023 identified above, totalling approximately \$9 million, drawn from the Building Code Act Service Improvement Reserve Fund (XR1305), will be required for Toronto Building.

Ongoing future year funding for wages and benefits will be developed in accordance with the Division's full cost recovery model and will be included in the 2024 Operating Budget Submissions of Toronto Building for Council consideration. Based on the existing scheduled wage increase in 2024 (1.75%), a further incremental increase of \$600,000 is projected.

Table 1. Estimated financial impacts for Toronto Building (\$ million)

	2023 Initial Cost		2024 Incremental Cost		Total 2024 Budget Impacts	
	Gross	Net	Gross	Net	Gross	Net
2022 Retro Pay	\$ 4.4	\$ -	\$ -	\$ -	\$ -	\$ -
Salary Increase	\$ 4.6	\$ -	\$ 0.6	\$ -	\$ 5.2	\$ -
Total	\$ 9.0	\$ -	\$ 0.6	\$ -	\$ 5.2	\$ -

### Fleet/TPS & TCEU Local 416

The revised wage rates per the recommended Memorandum of Agreement for Toronto Paramedic Services and Fleet Services will be effective August 1, 2023, subject to the parties agreeing to a mutually acceptable apprenticeship program. The wages and

benefits increase per this Memorandum of Agreement for 2023 and 2024 is noted in the table below. The 2023 increases will be accommodated within their respective 2023 Council Approved Operating Budgets. Ongoing future year funding for wages and benefits will be included in the 2024 Operating Budget Submissions of Fleet and TPS for Council consideration.

Table 2. Estimated financial impacts for Fleet Services and Toronto Paramedic Services

	2023 Initial Cost	2024 Incremental Cost	Total 2024 Budget Impacts
	Gross and Net	Gross and Net	Gross and Net
Fleet Services	\$402,960	\$717,469	\$1,120,429
Toronto Paramedic Services	\$ 88,979	\$158,471	\$ 247,450
Total	\$ 491,939	\$875,940	\$1,367,879

Scheduled across-the-board increases in accordance with the collective agreements shall apply to the revised wage grades and/or salary structures. Any future negotiated across-the-board increases through the collective bargaining process will be applied to the revised wage grades and/or salary structure on a go-forward basis.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

**COMMENTS**

---

**Recruitment and Retention Challenges for Toronto Building**

Toronto Building is experiencing considerable recruitment and retention challenges. Staff exiting the division have expressed concerns to management around compensation and complexity and volume of workloads. Higher or similar salaries offered for less work volume, scope, responsibility, and lower complexity in smaller neighbouring municipalities has resulted in a steady increase of unionized staff exits year after year. The average turnover rate for 2021 and 2022 in the affected unionized classifications was approximately 22%.

Figure 1: Toronto Building Unionized Staff Exits in Affected Classifications from 2020-2022

Year	2020	2021	2022
Staff exits	54	58	66

Figure 2: Average Turnover Rate in 2021 and 2022

Average Toronto Public Service Turnover Rate in 2021 and 2022	Average Toronto Building Turnover Rate in Affected Unionized Classifications in 2021 and 2022
10.5%	22.17%

To attract and retain highly-skilled staff in the Toronto Building Division, compensation needs to be competitive, particularly in Toronto, where the cost of living is significantly higher than in other parts of the country. Higher or similar salaries offered for less work volume, scope and responsibility in smaller neighbouring municipalities has presented recruitment and retention issues for the division.

Since July 2022, People & Equity has:

- Completed a jurisdictional scan of various municipalities, including the Greater Toronto and Hamilton Area (GTHA) and larger Canadian cities.
- Sourced data directly from job postings in cases where Toronto Building staff were moving to other cities, and;
- Calculated updated wage grades based on comparators, competitors and fit within the existing wage grades (e.g. taking compression into account).

The results indicate that current compensation in the affected classifications in Toronto Building are not competitive. An increase in wages is recommended to align with other municipalities, which would assist the division with attraction and retention challenges.

In light of the above, the City entered into negotiations with CUPE Local 79. Details of the negotiations and the resulting tentative Memorandum of Agreement are included as confidential attachments.

### **Recruitment and Retention Challenges for Fleet Services and Paramedic Services**

Similar to the challenges faced by Toronto Building, Fleet Services and Paramedic Services face significant barriers to recruiting and retaining qualified mechanics. Staff exits continue to climb year-over-year, as do turnover rates. Highly-skilled staff are difficult to attract and retain because of the below-market wages of these positions, in comparison with not only the private sector, but also other City agencies.

Figure 1: Unionized Staff Exits in Affected Mechanics Classifications 2020-2022

Year	2020	2021	2022
Staff exits	6	8	18

Figure 2: Average Turnover Rate in 2021 and 2022

Average Toronto Public Service Turnover Rate in 2021 and 2022	Average Turnover Rate in Affected Unionized Classifications in 2021 and 2022 for mechanics (Fleet/TPS)
10.5%	14.95%

Through a similar market review, the City knows that its current rates of pay for mechanics is also below most other City agencies and the private sector. Like Toronto Building, compensation needs to be competitive to attract and retain qualified mechanics, especially in the context of high living costs in Toronto and the surrounding GTHA. Further, more investments in the future of the trade are needed to address significant labour shortages in the sector.

The agreement with TCEU Local 416 proposes to increase the rates of pay for mechanics to meet market conditions, but such increases are predicated on the parties developing a mutually acceptable apprenticeship program. By implementing an apprenticeship program, the City hopes to develop a pipeline of skilled individuals directly from trade colleges. This program will also provide opportunities and incentive for existing staff to up-skill and obtain the second type of mechanics license to enable them to service a wider variety of vehicles. The tentative Memorandum of Agreement is included a confidential attachment.

## **CONTACT**

---

Sean Milloy, Director of Employee Relations, People & Equity  
[Sean.Milloy@toronto.ca](mailto:Sean.Milloy@toronto.ca), 416-392-5006

Jill Cheyne, Acting Project Director, People & Equity/Corporate Services  
[Jill.Cheyne@toronto.ca](mailto:Jill.Cheyne@toronto.ca), 437-236-1558

David Jollimore, General Manager Fleet Services,  
[David.Jollimore@toronto.ca](mailto:David.Jollimore@toronto.ca), 416-392-8217

Kamal Gogna, Acting Chief Building Official and Executive Director, Toronto Building,  
[Kamal.Gogna@toronto.ca](mailto:Kamal.Gogna@toronto.ca), 416- 392-7523

## **SIGNATURE**

---

Will Johnston  
Deputy City Manager, Infrastructure Services

Josie Scioli  
Deputy City Manager, Corporate Services

Paul Raftis  
Deputy City Manager, Community & Social Services

Mary Madigan-Lee  
Chief People Officer

## **ATTACHMENTS**

---

Confidential Attachment 1 - Information

Confidential Attachment 2 - Memorandum of Agreement between City of Toronto & CUPE Local 79

Confidential Attachment 3 - Memorandum of Agreement between City of Toronto & CUPE Local 416