ATTACHMENT 1 -

Short-Term Incentive Plan – Plan Description and Administration

Toronto Parking Authority
Short Term Incentive Plan
Plan Description and Administration

February 2023

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1 Introduction

The Toronto Parking Authority (TPA) Short Term Incentive Plan (STIP) for employees serves to focus employees on key goals and objectives aligned to the organization's strategic priorities. The plan provides a cash bonus for performance relating to Corporate and Individual goals. It is designed to encourage and reinforce teamwork and performance excellence.

The primary goals and objectives of the new short-term incentive program include:

- To improve the employment brand reputation of the TPA.
- To provide a competitive compensation package to attract and retain talent.
- To provide a mechanism to reward outstanding performance.
- To build a performance-based culture for non-union staff.
- To provide a fair and transparent programme for all eligible participants.
- To ensure there is no perceived "entitlement" without specific, measurable, attainable and relevant outcomes.

The plan imposes no obligation on Toronto Parking Authority to continue to employ any participant or to maintain a participant's eligibility.

2 Scope

To participate in the plan, an employee must be a regular permanent full-time employee

- whose position is evaluated above the Manager level (and for those contract staff whose employment agreements provide for a bonus), or in a select position as approved by the President; and
- be identified as a participant and participate in the plan year's performance management process.

An employee in a job that is not evaluated is not eligible.

See Plan Administration Details below.

3 Performance Goals

Measurable goals are set each year, mutually agreed upon by each employee, their manager and functional head utilizing the Toronto Parking Authority Performance Management worksheets. In addition, performance reviews are conducted annually with 'check-ins' to review progress of goals and general performance in role, with an emphasis on core competencies, behaviours and outcomes.

The STIP performance review is separate from the annual employee performance review process.

4 Plan Design

4.1 Plan Components

The STIP is comprised of a Corporate Component and Individual Component. The Corporate Component is based on the achievement of Corporate Key Performance Indicators (KPI). Corporate KPIs will be the same for all individuals. The Individual Component is based on the achievement of Individual KPI's, depending on the function. Individual KPI's are directly linked to TPA's strategic priorities

The Components are weighted as follows:

Short Term Incentive Plan Components and Weighting	Corporate Weighting	Individual Weighting
President / CEO	100%	0%
Executives (VP)	100%	0%
Directors and similar roles	75%	25%

4.2 Plan Targets

The STIP targets are as follows:

Short Term Incentive Plan Targets	Target (2023)	Target (2024+)
President / CEO	15% of regular earnings	22.5% of regular earnings
Executives (VP)	15% of regular earnings	20% of regular earnings
Directors and similar roles	10% of regular earnings	15% of regular earnings

4.3 Plan Payout Opportunity

Participants have the opportunity to receive up to 1.25x (125%) of the target opportunity. In years of poor performance, no payout can also be achieved due to below target performance.

STIP payments are capped at 25% as per City direction. This cap includes any performance-based salary increases.

4.4 Plan Payout Sample

This is a sample of the STIP payout methodology based on individual performance at 100% and corporate performance at 50%, 100% and 125%:

					Corporate Component			Individual Component	Total STIP Payout		
Level	STIP Target	Base Salary	Corporate weight	Individual weight	If Corp performance @50%	If Corp performance @100%	If Corp performance @125%	If Individual performance @100%	If Corp @50% & Individ @100%	If Corp @100% & Individ @100%	If Corp @125% & Individ @100%
President	22.5%	100,000	100%	0%	11,250	22,500	28,125	-	11,250	22,500	28,125
VP	20.0%	100,000	100%	0%	10,000	20,000	25,000	-	10,000	20,000	25,000
Director	15.0%	100,000	75%	25%	5,625	11,250	14,063	3,750	9,375	15,000	17,813

5 Process

The process for implementing the STIP successfully involves the following:

- Measurable goals are set each year, mutually agreed upon by each employee and their manager utilizing the Performance Management worksheets.

- Goals will be Specific, Measurable, Attainable, Relevant, and Timebound (S.M.A.R.T.) within the year.
- Goals can vary by individual depending on role (scope and level of complexity).
- Payout will be determined based on achievement of goals and the relative weighting of each goal.

6 Approval

The award is only made payable to each employee, less statutory deductions, following approvals as applicable by the President/CEO and the Board of Directors. The President provides final approval of the STIP amounts. The President approves the overall payments, consulting with the Board of Directors as applicable.

Once approved, the manager informs the employee of the results.

7 Plan Administration

7.1 Eligibility

All Permanent employees above the Manager level, or in a select position as approved by the President, are eligible. Temporary, casual, or contract employees are not eligible unless so prescribed in an employment agreement. If an employee's status changes from contract to permanent, all active employment in the fiscal year will be considered for calculation purposes.

7.2 New Participants

Employees who are hired within the fiscal year and prior to October 1st will earn a pro-rated Incentive payment based on their active months of employment during the bonus year. Employees who are hired on or after October 1st will not be eligible for an incentive payment until the following year.

7.3 Maternity/Parental Leaves

If a participant is on Maternity or Parental Leave during the plan year, the participant will be entitled to receive a prorated incentive payment based on the period of active months of employment during the plan year and payment will be made at the regular payment dates (see Payment of Incentive below).

7.4 Disability Leaves of Absence

If a participant is on Short Term disability during the plan year, the participant will be entitled to receive a prorated Incentive payment based on the period of active months of employment during the plan period and payment will be made at the regular payment dates (see Payment of Incentive below). However, should the absence extend to Long Term Disability at the date of payout, the bonus will be deferred until the participant returns to active employment (details below).

If a participant is on Long-Term Disability during the plan year, the participant will be entitled to receive a prorated incentive payment based on the period of active months of employment during the plan period and payment will be made when the participant returns to active employment.

7.5 Payment of Incentive

The short-term incentive payment is expected to be paid out by March 31 of the following year.

Payments are based on annualized base salary. Should there be a salary change that takes effect during the year (other than those effective January 1st), the employee's year to date base salary earnings will be utilized.

An employee who retires from active employment prior to the end of the Plan year receives payment for a prorated payment on the incentive payment date.

An employee who resigns on or prior to December 31 will not receive any incentive payment, in whole or in part.

When a termination without cause occurs, the award must be pre-approved by the employee's Vice-President and the Vice-President, Human Resources. If an incentive payment is approved, it is prorated on the basis of the period of active employment, and payment is made on the incentive payment date. Participation in the Plan ceases on the last day of active employment.

When termination for cause occurs at any time before the incentive payment date, no payment, in whole or in part, is awarded. Participation in the Plan ceases on the last day of active employment and future participation ceases for all purposes.

7.6 Employment as a Condition Precedent

No Incentive payment will be made unless the participant is actively employed at December 31st of the incentive payment year and except in the case of particular Leaves of Absence as noted above or unless specified by employment contract.

Periods where an employee is actively at work and working in an eligible job qualify for the plan.

For the sole purpose of the plan, days on vacation leave or on certified short-term disability are included in the calculation of the award.

Incentive payments are pensionable, subject to the terms of the pension plan, as may be amended from time to time.

7.7 Modification of Plan

The Toronto Parking Authority may, at any time during the plan year, modify or cancel the plan at its sole discretion.

HISTORY

Effective Date: February 2023