ATTACHMENT 1
TOTAL COMPENSATION REVIEW

CreateTO is committed to setting total compensation in a transparent, accountable, and consistent manner that protects public interest while attracting, motivating, and retaining highly talented employees to drive the organization's success. This approach ensures value for money for the CreateTO Board, the City of Toronto, and its taxpayers and ratepayers.

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1. BACKGROUND

Launched on January 1, 2018, CreateTO was established to manage the City of Toronto's real estate, which, with more than 8,000 properties, is one of the most expansive, diverse, and valuable real estate portfolios in North America. CreateTO works collaboratively with City stakeholders, external partners, and community members to create more livable, sustainable and inclusive communities. The agency is enabling the City, for the first time, to adopt a strategic city-wide approach towards the delivery of real estate solutions to promote a balance of community and economic benefits.

CreateTO's Core Values, which guides the organization and shapes its culture are:

- Improve lives
- Focus on the future
- Push boundaries
- Create Change together
- Be there for each other

Since its inception, CreateTO has successfully advanced projects that have contributed to achieving Toronto City Council's key policy goals including Housing, Economic Development, Environmental Sustainability, Cultural Vitality, Community Health and Diversity, Equity, and Inclusion.

CreateTO's most valuable asset is its employees. Attracting, retaining, and developing talent is fundamental to the agency's success. However, the competition for talent in both the public and private sectors, particularly in real estate, presents a recruitment and retention challenge. In March 2024, following the approval of an Executive Compensation framework and policy, CreateTO's Board of Directors initiated a review of the organization's total compensation program to assess its alignment with market trends and comparability with relevant public and private sector organizations.

2. COMPENSATION PHILOSOPHY

CreateTO's compensation philosophy is built on the following objectives:

- Providing employees with meaningful work experiences, empowering them to contribute to the betterment of Toronto and its communities.
- Attracting and retaining top talent by positioning the organization to pay at the 50th percentile of a blended market (2/3 public sector and 1/3 private sector).
- Offering a Total Rewards package that includes a generous health and dental plan, a top-tier defined benefit pension plan, and a flexible, hybrid work environment.
- Ensuring transparency and stewardship of public funds through a clear compensation plan and process.
- Complying with relevant legislation and guidelines.

3. STEPS UNDERTAKEN AS PART OF THE TOTAL COMPENSATION REVIEW

To conduct the Total Compensation Review requested by CreateTO's Board, the following steps were completed:

- Through a competitive selection process, Mercer was engaged to support the review of CreateTO's Total Compensation program, including both monetary and non-monetary aspects. Mercer is a professional services firm and global leader in human resources and compensation.
- A job evaluation and scoring tool was developed to reflect CreateTO's specific organizational needs.
- All non-executive roles were evaluated, leading to an updated organizational hierarchy and refreshed salary bands.
- A market analysis of salary bands was conducted, utilizing data from both public and private sectors, including City of Toronto positions.
- Recommendations regarding CreateTO's Short-Term Incentive Plan (STIP) were provided.
- A review of non-monetary policies that contribute to CreateTO's total compensation program was conducted.
- Job titling recommendations were made to ensure consistency, clarity, and market alignment.
- Proposed updates to CreateTO's Total Compensation program were submitted to the Board for consideration.

4. SUMMARY OF MARKET COMPETITIVENESS: BASE SALARY

The following data sources were used to conduct a market analysis of CreateTO roles:

- **2024 Canadian Mercer Benchmark Database**, covering Ontario Public Sector, Ontario Private Sector, National Public Sector, National Private Sector, and combined National data.
- **2024 REALPAC Canadian Real Estate Compensation Survey** as an additional private sector data source.
- **City of Toronto's 2024 non-union salary ranges**.
- **Salary ranges from other public sector organizations** for additional insights.

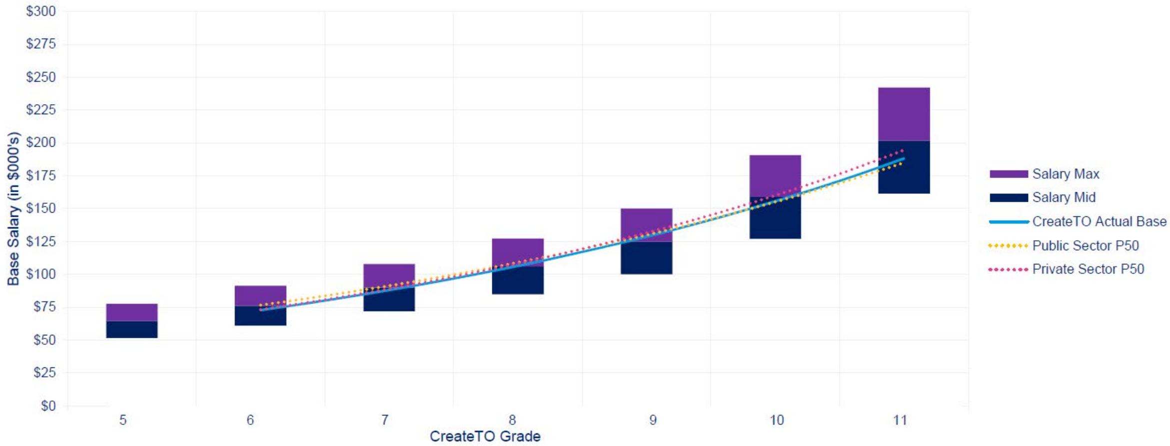
In this analysis, public sector data (including City of Toronto) was weighted at 66.67% (2/3), while private sector data was weighted at 33.3% (1/3).

The market analysis revealed that CreateTO's actual base salaries are well aligned with the 50th percentile of the blended market (weighted 2/3 public and 1/3 private). Additionally, while the salary range midpoints for lower grades tended to be below the 50th percentile of the combined market, midpoints at the Director level and above were at or slightly above the 50th percentile. The below graphs depict the findings from the market analysis:

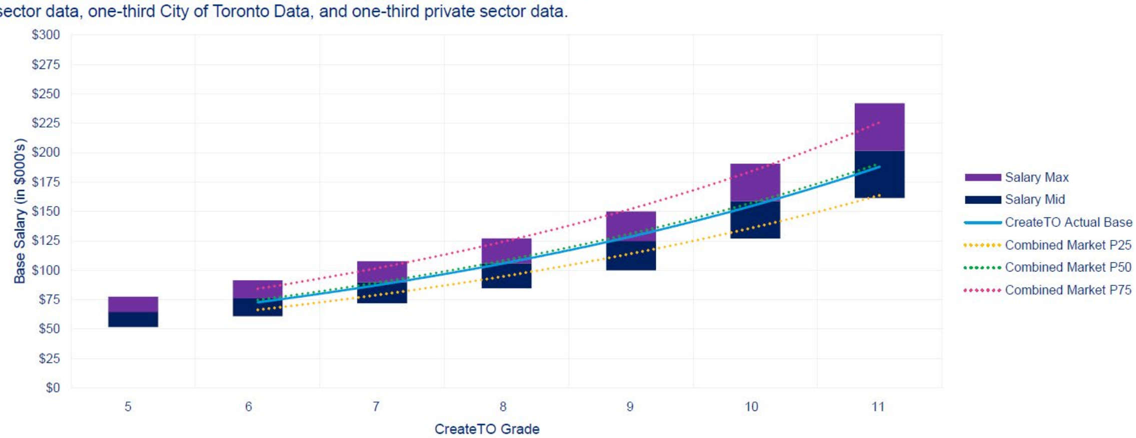
Overview of Results

Summary of Market Competitiveness: Base Salary

The following chart compares CreateTO **actual base salaries and salary ranges** to the market P50 for the Public Sector and Private Sector:



The following chart compares CreateTO **actual base salaries and salary ranges** to the combined market. The combined market data consists of one-third public sector data, one-third City of Toronto Data, and one-third private sector data.



5. SHORT-TERM INCENTIVE PLAN (STIP) REVIEW

Currently, CreateTO offers short-term incentives (STI) for managers and above. Short-term incentives are only awarded where an employee has met or exceeded performance criteria. It should be noted that at this time, CreateTO does not have a formal merit-based salary adjustment program.

Market analysis found that most public sector organizations do not provide short-term incentives at comparable career levels. However, as career levels increase to the executive tier (i.e., CreateTO's EMT), the majority of public sector organizations tend to offer STIP. From a career level perspective, CreateTO's STI targets align with organizations who do have STIP.

Private sector organizations tend to provide higher short-term incentives with greater eligibility across levels. There is market expectation that STI will be provided in the private sector, meaning there is increased pressure to conform to industry standards to remain competitive.

6. NON-MONETARY COMPENSATION ELEMENTS REVIEW

A review was conducted of the non-monetary policies that contribute to CreateTO's total compensation program. The following policies were reviewed:

- Vacation: eligibility; carry over; length of vacation upon hire; and maximum length of vacation; anniversary award
- Personal Days: eligibility; number of days; carry over
- Sick Days: eligibility; number of days
- Designated Holidays
- Pregnancy and Parental Leave: eligibility; salary top-off; number of weeks
- Learning and Development: conferences, seminars and events; tuition assistant and continuing education

Overall, CreateTO's non-monetary compensation is aligned with or exceeds market standards.

7. NEXT STEPS

Salary Bands

As noted, CreateTO's salary range midpoints are currently below the 50th percentile of the blended public (2/3) and private (1/3) sector market at lower grades, while Director-level positions and above are at or slightly above the 50th percentile.

To address this, salary bands will be adjusted to include a 3.5% increase for positions below the Director level to ensure alignment with market 50th percentile. This increase will not increase salaries, but rather extend the salary band range to be aligned to the market.

Short-Term Incentive Plan (STIP)

To better align CreateTO's compensation with broader public sector practices, it is recommended that the Short-Term Incentive Plan (STIP) be eliminated, and base salaries be adjusted appropriately.