



Staff Report

Administration – Chief Administrative Officer

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: April 7, 2025
Report Number: ADM.25.009
Title: Response to Rob Sampson Deputation Regarding 2025 Budget
Prepared by: Adam Smith, Acting Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report ADM.25.009, entitled “Response to Rob Sampson Deputation Regarding 2025 Budget”.

B. Overview

This staff report serves as a response to Mr. Sampson’s deputation regarding the 2025 Budget and includes follow-up on his commentary regarding zero-based budgeting, staffing and consultant expenditures, including the use of a ‘pay for performance’ model, capital soft costs and project reporting.

C. Background

At the Council meeting on January 27, 2025, direction was given for a staff report to be presented regarding [Mr. Rob Sampson’s deputation](#) in response to the 2025 Budget. Generally, the concerns focused on a perceived lack of fiscal restraint particularly with increases to compensation and departments impacted by market forces. The escalating costs associated with consulting and lack of reporting associated with capital projects were also noted as areas of concern. In response, staff have prepared responses according to theme and potential next steps they may be required.

D. Analysis

Staffing Budgeting

Increases to salaries and benefits reflect on the complexity in navigating the challenges of a constrained labour market characterized by elevated turnover rates, a shrinking pool of qualified applicants, and uncompetitive salary ranges. These factors necessitate adjustments to compensation strategies to attract and retain talent, especially in high-demand fields like Planning and Development Engineering, where positions frequently remain unfilled for extended periods, intensifying workloads and staff dissatisfaction.

The non-union salary grid update to the 60th percentile is a strategic response to align the Town's salaries more competitively within the municipal sector, addressing widespread recruitment and retention challenges. While concerns about sustained salary progression are valid, balancing these against rising turnover and the associated costs and disruptions from frequent resignations and vacancies is challenging. Turnover and prolonged vacancies result in significant financial costs, due to advertising, interviewing, onboarding, and lost productivity. Moreover, existing staff often face increased responsibilities and potential burnout, further exacerbating retention issues.

The Town's efforts to adjust its compensation framework reflect broader economic challenges and the pressing need to remain attractive to prospective employees. While immediate financial burdens are a concern, the long-term impacts of competitive salary structures are expected to outweigh these, ensuring that the Town can effectively recruit and retain the talent necessary to deliver on its commitments to the community.

Implementation of the pay for performance model at the Town has faced challenges since it was introduced in July 2020. At this time, Council directed staff to develop a new Performance Management Program that measures SMART goals and competencies while aligning pay and performance. The performance bonus component tied to SMART Goals and Objectives was paused in 2023 (and the associated \$150,000 removed from the 2023 budget). The \$150,000 performance bonus budget was also excluded from the 2024 and 2025 budgets. Staff feedback on this model has been largely negative and from a managerial perspective, ineffective in meeting desired outcomes. In the municipal sector, there is a challenge reconciling the pay for performance model with the motivations and drivers of productivity for individuals that join the public service.

Zero-Based Budgeting

To be clear, budget preparations rarely involve arbitrary percentage increases to long-standing line items; where it is included is in those types of expenses that increase based on CPI (i.e. Utilities, Fuel, Postage). Division leads put a great amount of time into developing budgets based on the base service that is provided each year. Municipal services are largely consistent year over year (i.e. roads need to be plowed, waste needs to be collected, etc.) and thus reviewing that base service and the expenditures or revenues associated with them from a previous year is an efficient and effective way to budget. In addition to this, staff also review and assess the performance of these services and departments are required to review actual expenditures, analyze variances and adjust budgets accordingly. Performance measures and service level data are also used – though it is acknowledged that there is always room to strengthen that aspect further and work is already underway to enhance how performance metrics are embedded in this planning (noting that the Corporate Strategic Plan will help greatly to define and determine the best measures of success).

Following the initial work at the divisional level, follow-up meetings with both the CAO and the Director of Corporate and Financial Services occur, the intention then is to review projections and requests with a lens to ensuring they are meeting the service levels and whether they can be accommodated through the fiscal framework of the Town and further how they tie into the

overall organizational goals. Additional governance of this process occurs through the Budget Working Group, in which Council representatives provide high-level guidance on the shape of the budget process to come.

Development Engineering Budgeting

Staff acknowledge the variance between actuals and projections between 2023 and 2025, however, these projections are based on estimated timing related to the execution of development agreements that are predicated on certain conditions being met and clearances received by relevant agencies. Delays are common in meeting these conditions, which makes it difficult to predict timing on the collection of engineering fees in which the majority are collected once all the drawings and plans have been approved.

Salary expenses of \$815,382 reflect a full complement of staff in Development Engineering who are dedicated to both engineering review and performance/compliance monitoring under the terms of signed development agreements. As illustrated in all assumption reports that proceed to Council for approval, there is extensive coordination to ensure that requirements of agreements are met prior to public ownership. It should be noted that at this time this is considered a user fee only division and thus does not impact the tax rate at this time.

Through the Planning and Development Services Fee Review, changes are proposed to collect fees earlier in the development process and better support the estimates as part of the budget.

Consulting and Capital Projects

The role of Town staff in the delivery of capital projects is to provide oversight and ensure that designs and construction are completed in accordance with the procurement contract. The Town does not have the capacity and resources to carry out these designs and conduct the works in-house. As a regulator, staff ensure that the interests of the public and the Town are reflected to maximize desired outcomes. The same is true for master planning and other studies, whereby undertaking these initiatives involves modelling, data collection, analysis and engagement. To do so in-house will require the secondment of a staff member to focus exclusively on the project for a period or a contract hire.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

F. Environmental Impacts

N/A

G. Financial Impacts

N/A

H. In Consultation With

Monica Quinlan, Director of Corporate and Financial Services

Sarah Traynor, Manager of Human Resources

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Adam Smith, Acting Chief Administrative Officer cao@thebluemountains.ca.

J. Attached

None

Respectfully submitted,

Adam Smith
Acting Chief Administrative Officer

For more information, please contact:
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