

City of London

Analysis of Compensation Expenses

January 14, 2013

Truth in Numbers

- Present information that informs and motivates citizens to increase involvement in municipal affairs
- Identify topics to become issues in the next municipal election

Methodology

- Obtained data from the Ministry of Municipal Affairs and Housing website for Financial Information Reporting (FIR) and Municipal Performance Measuring Program (MPMP)
- Used data from reports for 2002 to 2011
- Obtained data from the Public Sector Salary Disclosure for 2011
- Looked at data for
 - Salaries, wages and benefits
 - Number of employees
 - Number of citizens and households
 - Fire and Police services

- CPI has increased by **19.9%**
 - 100% in 2002 to 119.9% in 2011

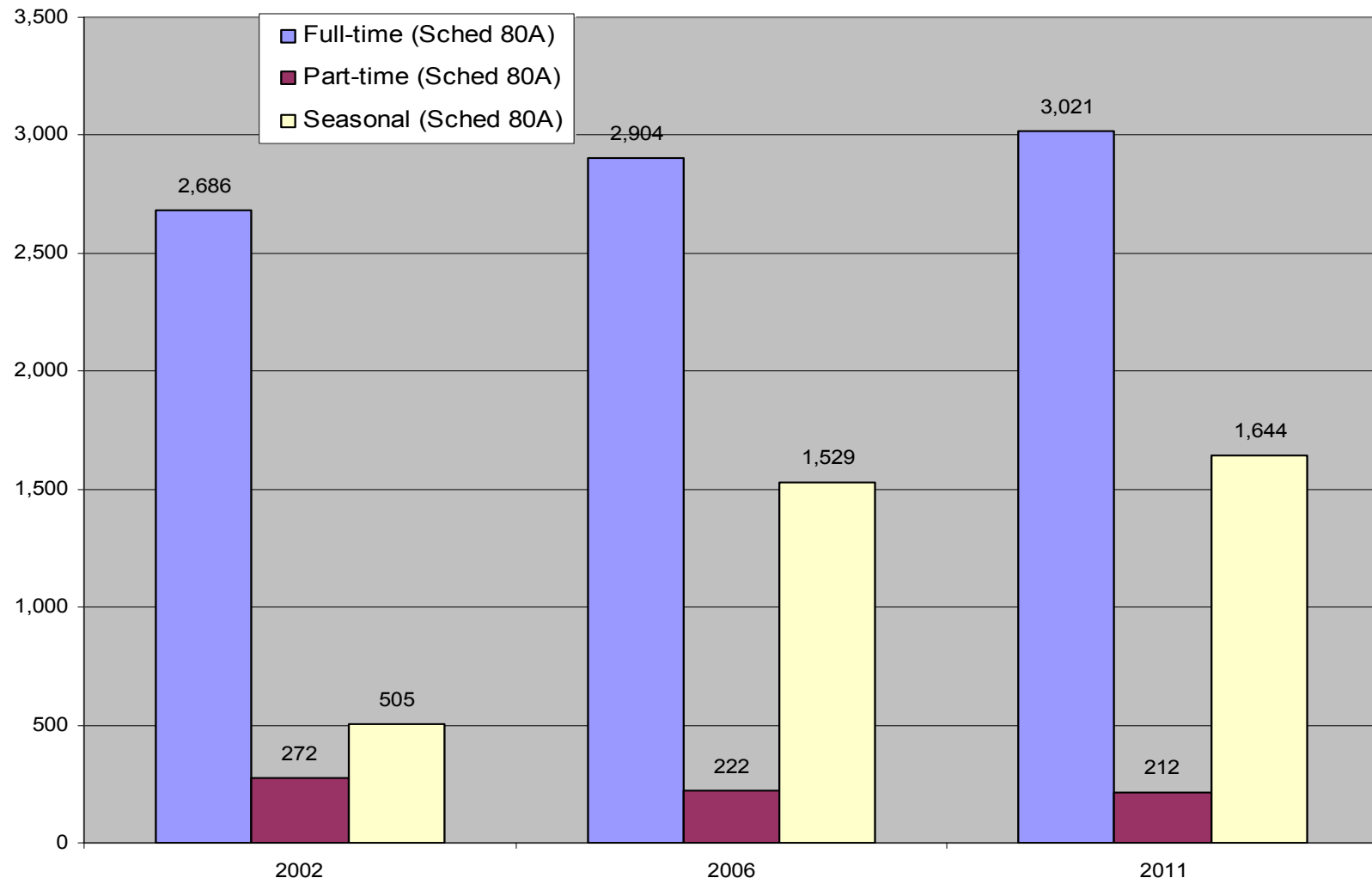
2.2% / year

Consumer Price Index (CPI)

- City's population increased by **7.6%**
 - 340,400 in 2002 to 366,150 in 2011
0.8% / year
- City's households increased by **12.6%**
 - 148,797 in 2002 to 167,570 in 2011
1.4% / year

Population and Number of Households

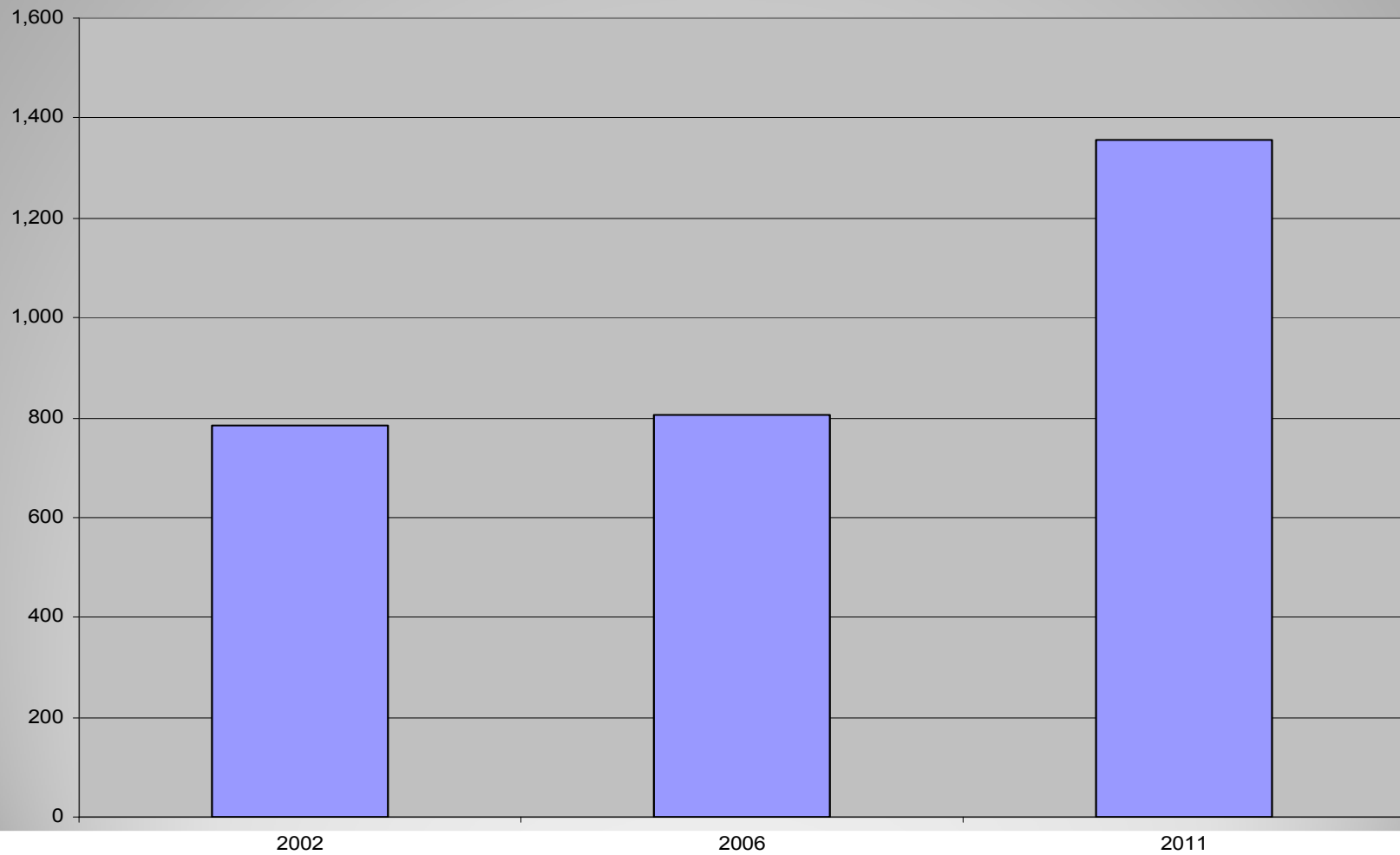
Number of City Employees



- City's full-time funded employees have increased **12.5%**
 - 2,686 in 2002 to 3,021 in 2011
- City's part-time funded employees have decreased by **22.1%**
 - 272 in 2002 to 212 in 2011
- City's seasonal employees have increased by **225.5%**
 - from 505 in 2002 to 1,644 in 2011

Number of employees

Number of Joint Local Board Employees



- City's Joint Local Board employees have increased **72.6%**
 - 786 in 2002 to 1,357 in 2011
- **64.1%** increase since 2008
 - 827 in 2008 to 1,357 in 2011

Number of Joint Local Board employees

Compensation Expenses

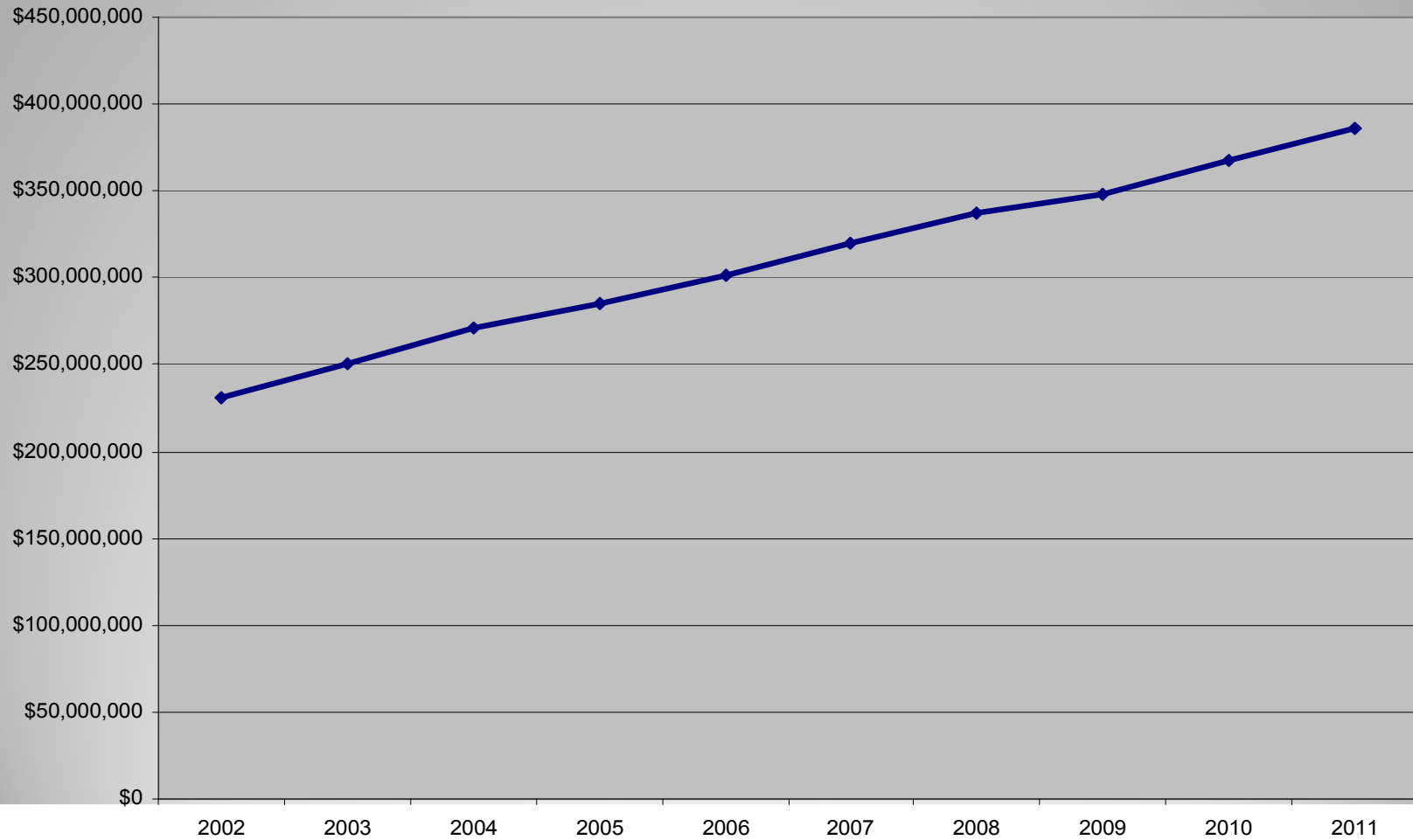


- Total salaries, wages and employee benefits has increased by **67.3%**
 - \$230.8MM in 2002 to \$386.0MM in 2011
 - **7.5% / year**
- Salaries and wages have increased by **59.7%**
 - \$184.4MM in 2002 to \$294.6MM in 2011
 - **6.6% / year**
- Benefits have increased by **97.6%**
 - From \$46.2MM in 2002 to \$91.4MM in 2011
 - **10.8% / year**

Compensation Spending

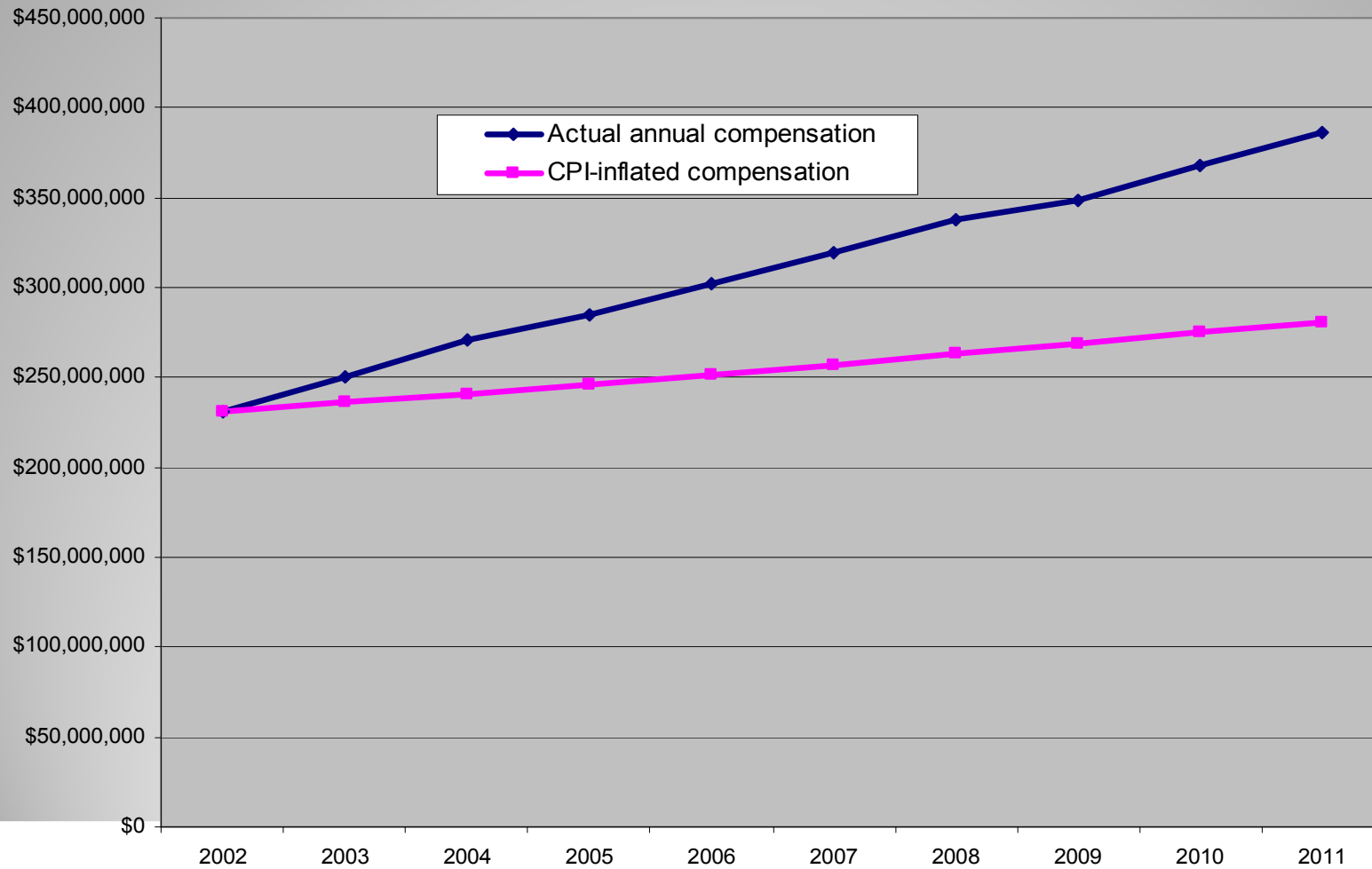
Compensation Expenses

Actual annual compensation



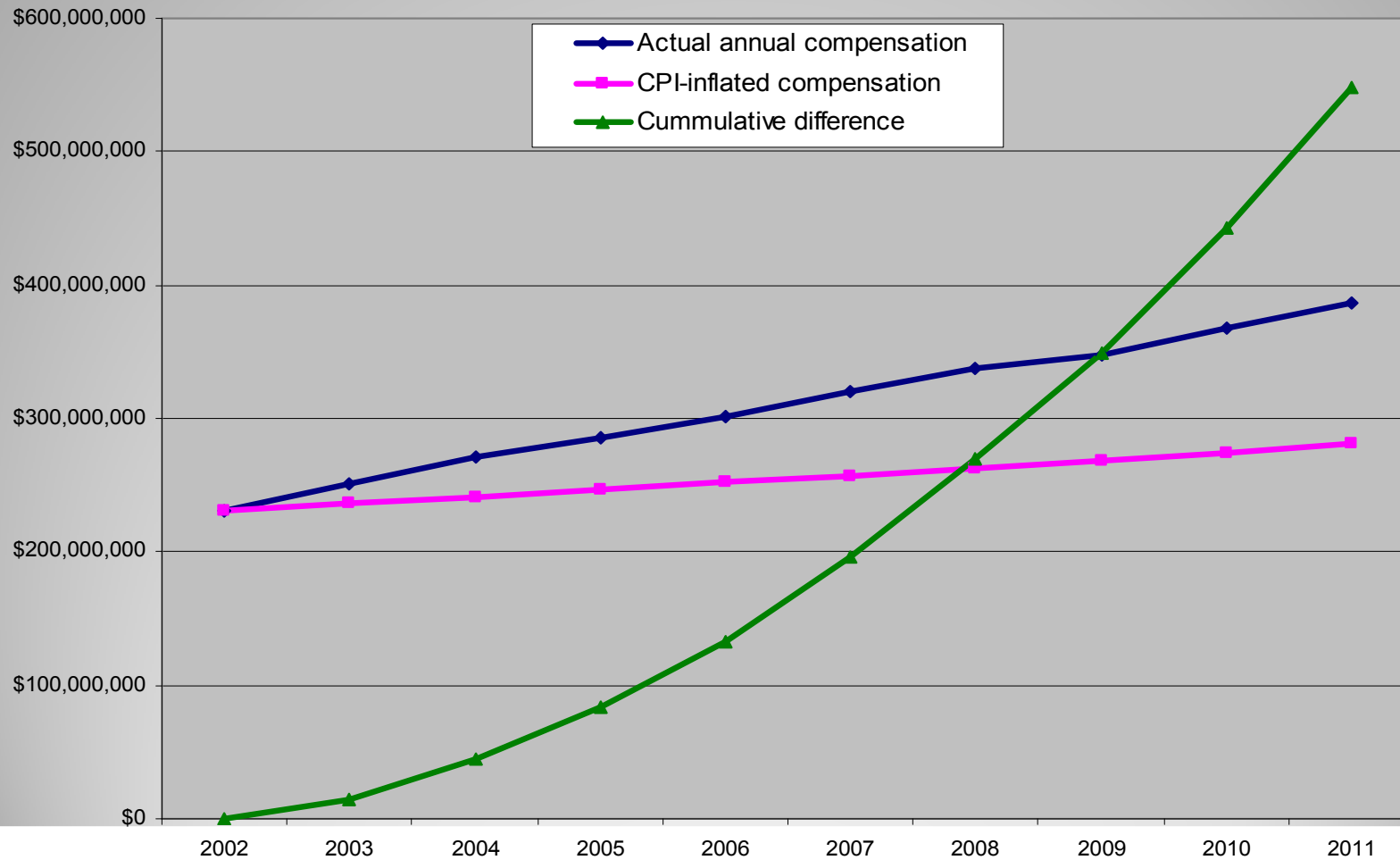
Compensation Expenses

Actual annual compensation and CPI-inflated compensation



Compensation Expenses

Cummulative premium of actual verses CPI-inflated compensation

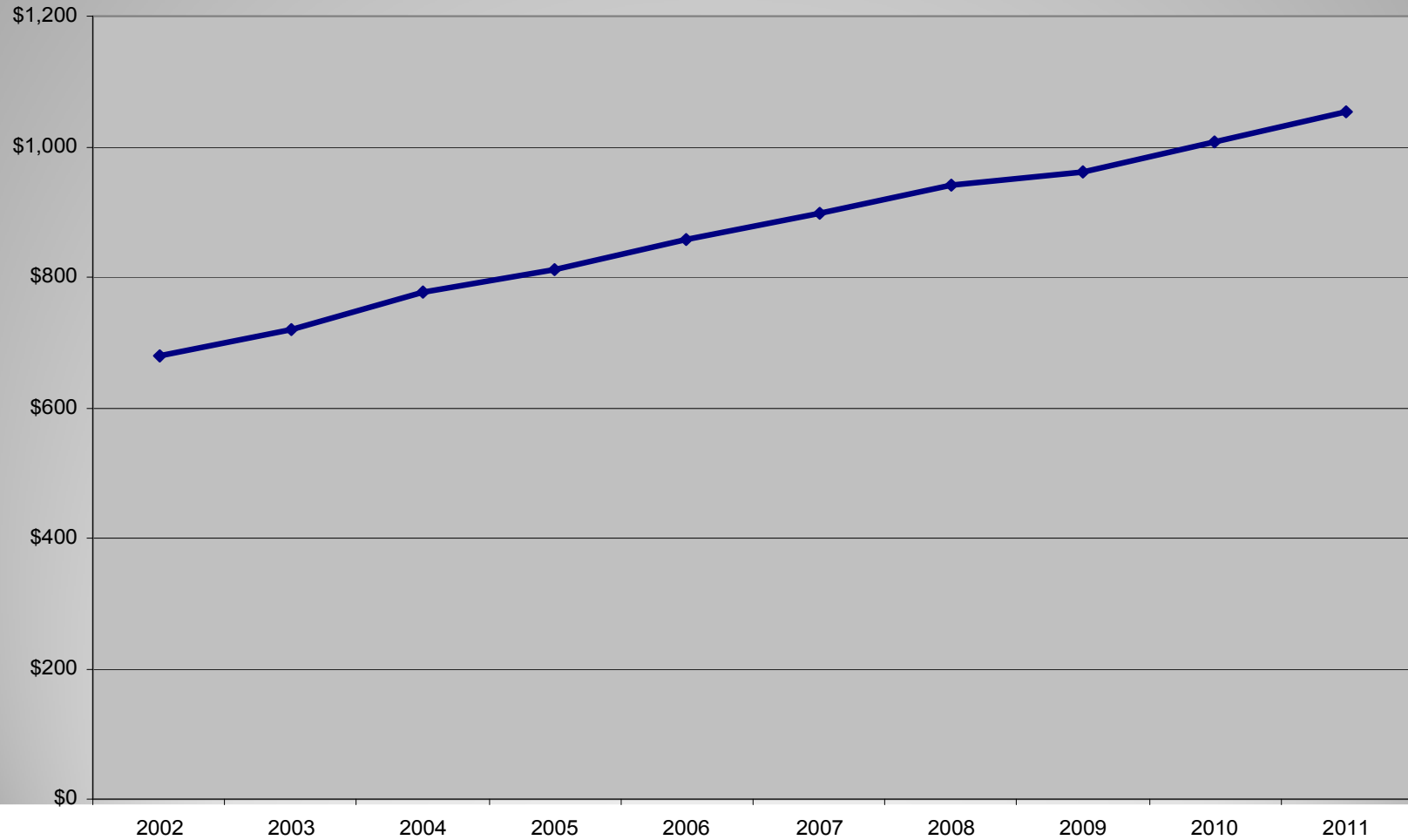


- If compensation had grown at the same annual rate as the CPI, spending on compensation would be 28% less than it is today
- For 2011, this equates to \$105.3 million
- Totaling the annual differences from 2002 to 2011, actual compared to CPI growth, the City has “over compensated” by \$547.6 million

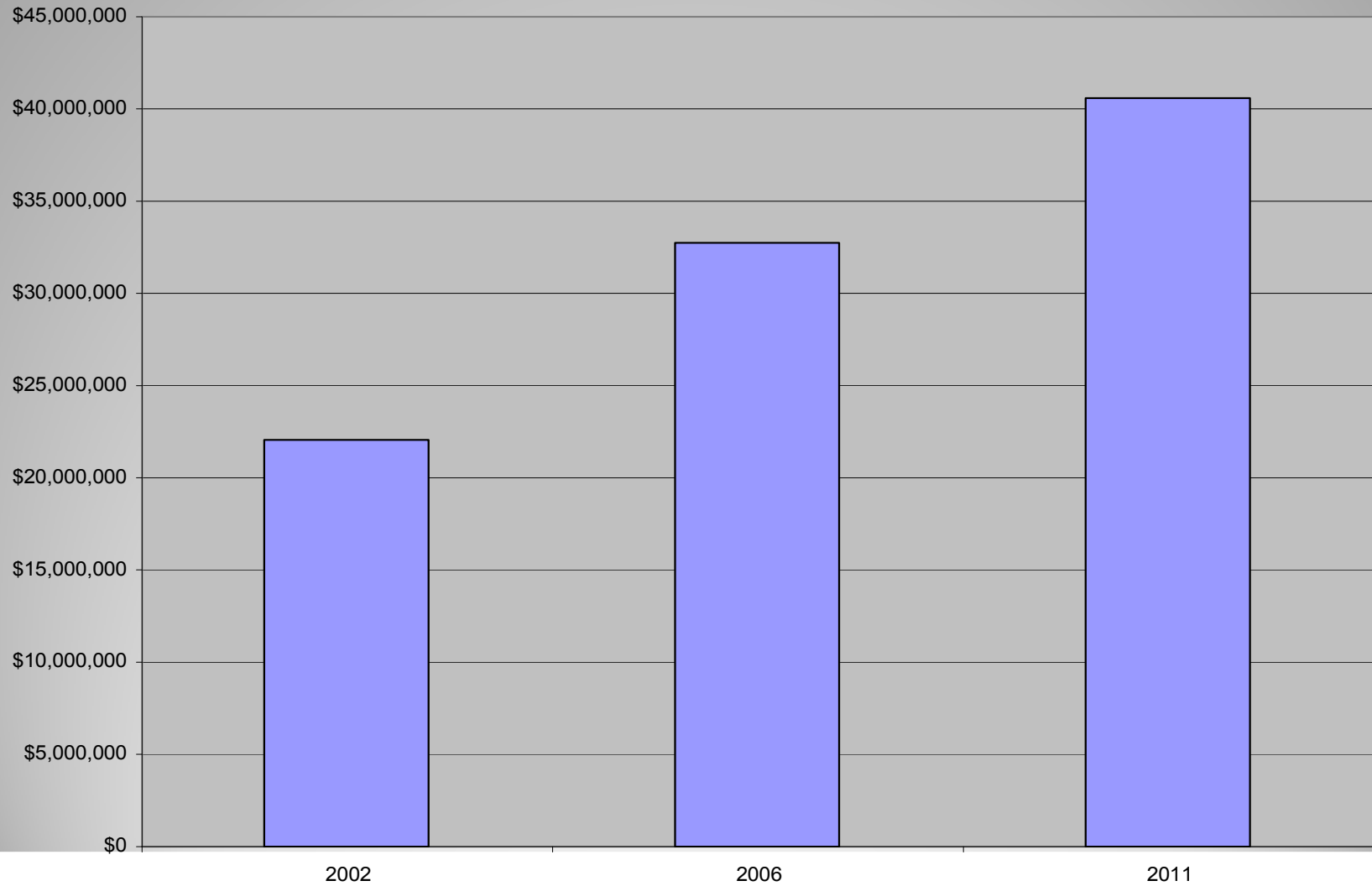
Compensation

Compensation Costs per Citizen

Compensation expenses per citizen



General Government Compensation



- General Government compensation costs have increased

by **83.8%**

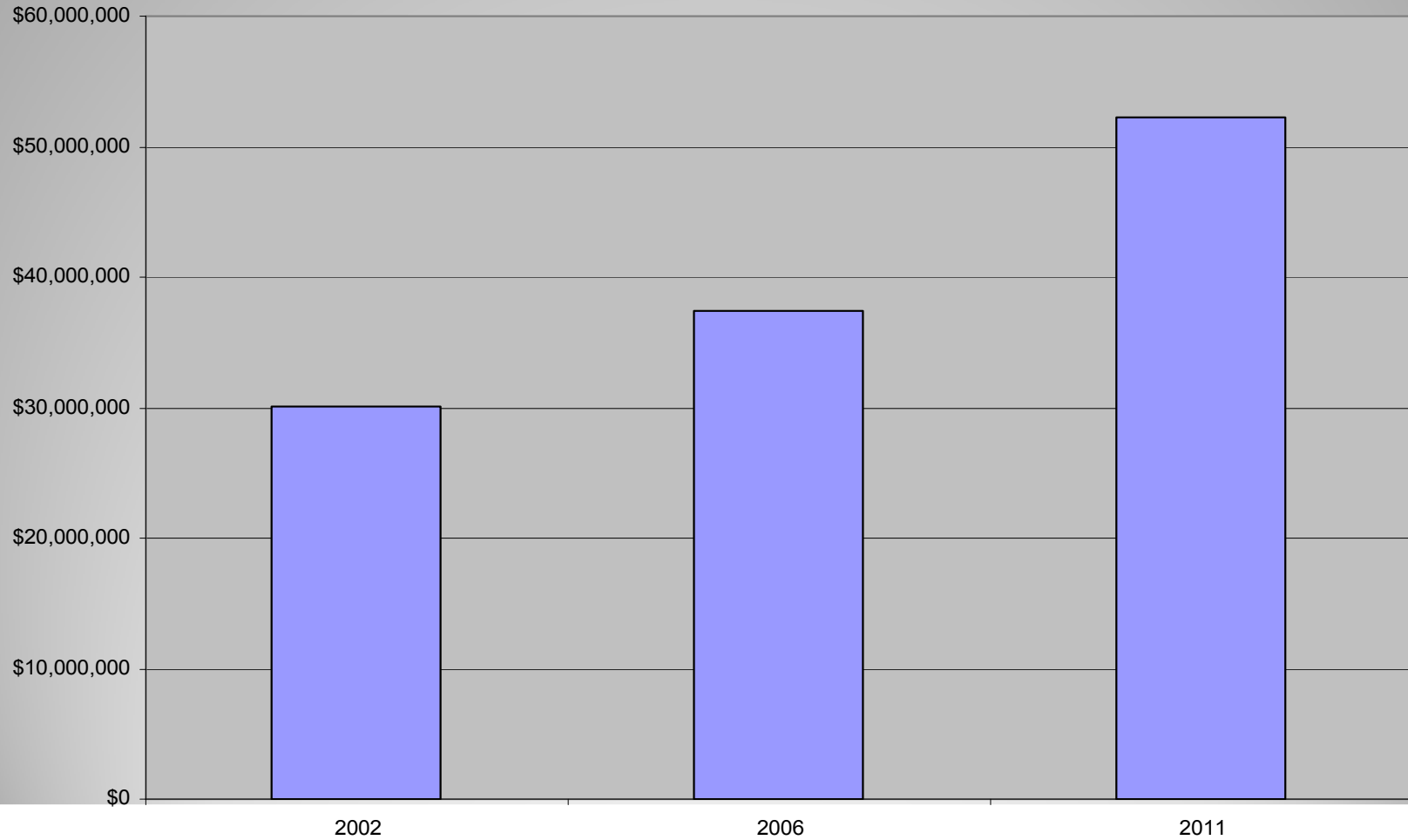
- \$22.1MM in 2002 to \$40.6MM in 2011

9.3% / Year

General Government Compensation

Fire Services Compensation

Fire compensation (Sched 40)

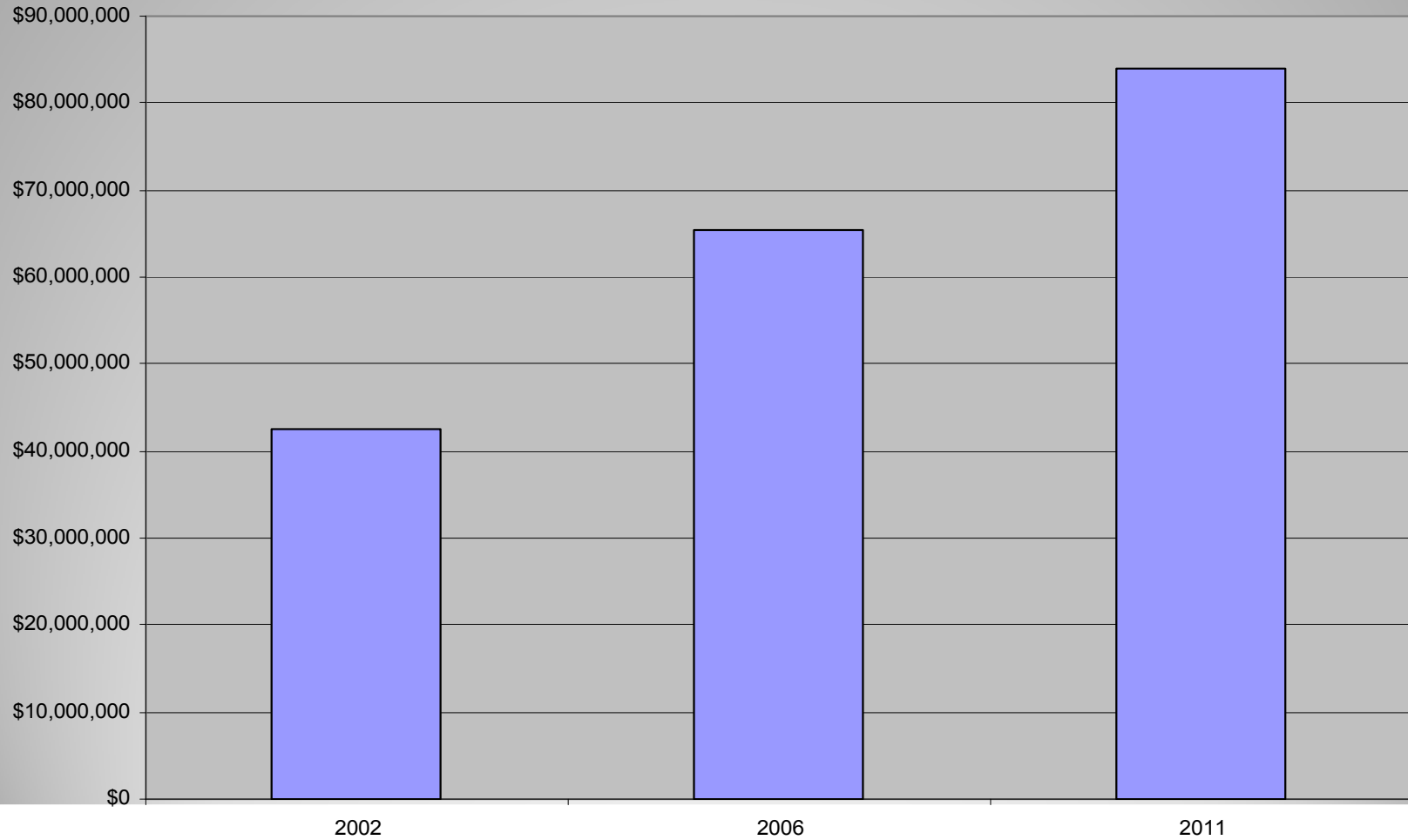


- Fire Services compensation costs have increased by **73.8%**
- \$30.1MM in 2002 to \$52.3MM in 2011
8.2% / Year

Fire Services Compensation

Police Services Compensation

Police compensation (Sched 40)



- Police Services compensation costs have increased

by **97.7%**

- \$42.5MM in 2002 to \$83.9MM in 2011

10.8% / Year

Police Services Compensation

Public Sector Salary Disclosure

- 318 total names for London in 2011
- 114 names for London Police Services employees
 - 1 Police Chief
 - 1 Deputy Chief, Operations
 - 2 Deputy Chiefs, Support and Administration
 - 17 Detectives
 - 3 Detective Constable 1st Class
 - 6 Detective Constable Specialist
 - 1 Detective Inspector
 - 7 Detective Sergeant
 - 1 Detective Superintendent
 - 1 Director, Financial Services
 - 1 Director, Fleet and Facilities
 - 1 Director, Information and Technology
 - 1 Director, Legal Services
 - 6 Inspectors
 - 1 London Police Association Administrator
 - 1 Senior Director, Support Services
 - 36 Sergeants
 - 13 Staff Sergeants
 - 3 Superintendents
 - 11 Constable 1st Class

Public Sector Salary Disclosure

- 110 names for London Fire Services employees
 - 1 Fire Chief
 - 3 Deputy Fire Chiefs
 - 5 District Chiefs
 - 1 Chief Fire Prevention Officer
 - 1 Assistant Chief Fire Prevention Officer
 - 75 Captains
 - 5 Platoon Chiefs
 - 2 Platoon Training Instructors
 - 17 Senior Qualified Firefighters

- High salaries, wages and employee benefits costs make the City increasingly dependent upon higher taxes, higher user fees and funding from federal and provincial sources
- City of London needs to improve efficiency
- City of London elected officials need to fully understand the cost drivers

Conclusions

- Pension plan going forward converted from defined-benefit to defined-contribution
- Re-deploy employees to highest priorities
- Require retirees to pay 50% of their medical benefits
- Approve expenses based on efficiencies and service levels

Possible Solutions