

Impacts of Hiring Freeze or Not Adding Future Staff

ISSUE

The City of Saskatoon utilizes a combination of staff and contracted services to deliver the annual Council-approved Business Plan and Budget. What would be the impact of not adding any staff in 2024 or 2025, and what would be the impact of a hiring freeze, where no staffing vacancies are filled?

BACKGROUND

At the June 14, 2023, regular Governance and Priorities Committee meeting, when considering the 2024/2025 Budget Status Update report, the Committee resolved, in part:

“That the Administration report back on the following:

1. What would be the impact of zero tax funded full-time equivalents (FTEs) added to the budget in both 2024 and 2025 and how would you mitigate that impact?
2. What would be the impact of a full hiring freeze for the remainder of 2023 and that being inclusive of not replacing retirees and/or people that have vacated their position?
3. What would be the impact of a full hiring freeze for 2024 and 2025, inclusive of not replacing retirees and/or people that have vacated their position?”

CURRENT STATUS

Staff or contracted services are expanded due to either city growth or service level changes. Examples of growth-related staff additions include transit operators due to route additions or extensions; parks staff due to city growth and added parks and green spaces to mow and maintain; and additional solid waste collection staff to collect waste from new areas of Saskatoon.

Examples of staff additions related to service level changes include transit operators required should frequency enhancements be made; enhancing snow clearing or removal service levels; or to add resources to priority areas such as Indigenous relations or cybersecurity.

The City strives for a balance of contracted services and in-house services. For example, solid waste (black bin) and organics (green bin) collections are conducted by City staff while the single-stream recycling program (blue bin) collections are conducted by contractors. City staff operate the City’s regional waste management centre, while contractors will operate the upcoming organics processing facility and the existing single-stream recycling processing facility. City staff mow and maintain parks, while contractors mow and maintain rights-of-way on freeways and expressways.

Some civic services are provided almost exclusively through contract, while others are provided exclusively by civic staff. For example, Saskatoon Transit operations and Leisure Centre operations (with the exception of instructors for fitness and specialty

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classes) are currently provided by civic staff, while virtually all major infrastructure renewal work related to bridges, roadways, sidewalks, buildings, and water/wastewater rehabilitation is performed by contractors.

Through the annual Business Plan and Budget process, additional staff are recommended by the Administration and considered by City Council for areas where the service is recommended to be provided internally.

DISCUSSION/ANALYSIS

Impact of Zero Tax-Funded FTEs in 2024 and 2025

The impact of each position (FTE) that was included in the Administration's estimate of maintaining existing service levels for 2024 and 2025 will be included in each business line report that Committee will consider through July, August, and possibly into September.

For context, there are a total of 53.20 and 21.44 of property tax supported FTEs in the 2024 and 2025 estimates. The property tax supported cost of these positions is approximately \$3.8 million in 2024 and \$1.7 million in 2025.

For incremental growth areas such as parks, roadways, and solid waste (to name just a few examples), city growth projections are used to estimate any additional staff required. The Parks team looks ahead to the hectares of green spaces that are expected to be added each year; the Roadways team estimates the square metres of roadway that will be added; and the Solid Waste team estimates the additional number of container tips that will be required due to growth.

For example, the Parks Division has requested 1.52 and 1.84 additional FTEs in 2024 and 2025 to mow and maintain the estimated 35.85 hectares of park and green space that is expected to be added to their inventory over the next two years. Not adding these staff would require Parks to utilize existing staff to travel to and care for these new areas, which would reduce the time they have available to care for and maintain existing parks. The service level impacts would be distributed city-wide. Approved service levels would be impacted; efficiencies would be sought as they always are, but not adding staff incrementally as the City grows would put incremental pressure on the City's ability to meet service levels.

Should staff not be added to account for incremental annual growth, the Administration would re-balance existing resources and staff from across each respective area and would continue to strive to achieve approved service levels. Incidences of not being able to meet service levels would increase over time as the city grows and resources (internal or contract) are not added to account for growth. Based on the projected population growth of Saskatoon, in general terms it could be said that not accounting for growth in budgeting would result in an overall service level decrease of 1.5% in 2024 and a compounding 1.5% in 2025, for a total decrease of 3.02% heading into 2026.

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Included in the FTE request are staff for the Material Recovery Centre (MRC), which is expected to open in 2023. This operating impact includes 11 FTEs in the 2024 budget, required to manage the expanded service offerings within the MRC. If a hiring freeze is implemented for 2024, the MRC will not be able to operate as designed and intended. Existing staff would be utilized to provide as much of the MRC services as possible. However, without additional resources the service level is expected to reflect existing landfill operations and the diversion and contract management requirements would not be achievable.

Hiring Freeze in 2023, 2024, and 2025 – No Vacancies Filled Externally

It is difficult to predict the impacts of this type of action, as it would substantively change the nature of working at the City. As such, past trends may not project into the future.

The motion stipulates that in this scenario, no retirements or other vacancies would be replaced. For the purpose of this report, the Administration has assumed that although no external people would be hired, the Administration would have the ability to fill key positions with internal staff, such as supervisory positions required for occupational health and safety, and water or wastewater plant operations staff, to name a few examples.

Similarly, for the purpose of this report, the Administration has assumed the intent is not to simply backfill the work with contractors or overtime, as the general context of the motion was related to cost savings and no reference was made to contracting out versus performing work in-house. As referenced above, some work is effectively performed by the City's many private-sector partners, while other work is effectively done by hiring staff.

As per the City's 2023 budget, there are approximately 4,227 FTEs at the City. Of these, approximately 3,140 ultimately report to the City Manager. The remaining 1,087 FTEs approved through City Council's Business Plan and Budget process report to agencies such as the Saskatoon Police Service (714), Saskatoon Public Library (207), and the three Controlled Corporations (166).

Staff vacancies can occur due to retirement, people moving to other positions within the City, or people resigning for various reasons or having their employment terminated by the City. Although a complete hiring freeze would change the dynamics of the City in a way that is difficult to predict, this report will attempt to project what how this scenario would unfold over time.

Overall, this approach would have an unpredictable impact on service. Where and when vacancies occur would not be equally distributed and where the actual vacancies occur will be a critical factor on the ultimate impact on a service. In large areas such as Roadways, the impacts would likely be felt incrementally over time, in contrast to a small department or niche roles that provide a specific technical service.

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Early in the hiring freeze phase, there would be little to no discernable impact. As each vacancy came up, a decision would need to be made by the person responsible for the area of whether or not to attempt to backfill the position internally and leave a vacancy somewhere else in the organization. The Administration would attempt to backfill positions that are legislatively required or related to public safety, but that approach would only work for a certain period of time.

Many positions at the City, such as equipment operators, facility operators, transit operators, professional staff, lifeguards, and skilled tradespeople to name a few examples, have a specific skill set and most other civic staff would not be qualified to hold those positions.

Attrition rates vary drastically by service area and can be affected by whether or not the work is seasonal or permanent full-time. For example, the attrition rate at Saskatoon Fire is lower than the attrition rate at Parks, which is largely comprised of seasonal work.

For the purposes of this report, a general assumption has been made that a net of 1 in 20 people will vacate their position in a given year.

For 2023, for positions that report to the City Manager, that would result in an estimated total of 65 vacant positions by the end of the year, which would grow to 219 by the end of 2024, and 362 by the end of 2025, or an estimated 12% reduction of the City's current workforce.

The managers who would remain at the City would re-balance workloads as much as possible to optimize service delivery with remaining staff. The below scenarios describe a few examples of the Administration's anticipated outcomes for some sample areas of the City.

1. For Saskatoon Fire based on retirement projections and history, approximately 30 of the 288 firefighters will retire from Saskatoon Fire during this period. This would be about 7 firefighters/shift. To adjust to this staffing change a rolling "brown-out" (closed for shift) approach would be implemented, rotating fire station closures throughout the City. To cover the districts that are browned-out, coverage would be provided by the closest available fire stations. Every fire apparatus requires 4 fire fighters to be in operation. Approximately 2 out of 14 fire apparatus would not be in operation every shift. With this "browning-out" of fire stations Saskatoon Fire would not meet NFPA 1710 standard of first arriving fire apparatus being on scene within 4 minutes travel time. Saskatoon Fire is currently not meeting this standard 61% of the time and this has decreased from 72% over the past 8 years.

This impact could be partially mitigated by re-assigning firefighters on an as-needed basis. Firefighters from Staff Development and Safety (4 Fire Service Instructors who are trained as a Firefighters), Community Risk Reduction (3 Fire

Inspectors who are trained as a Firefighter) and Emergency Management (1 EMO Coordinator who is trained as a Firefighter) on an as needed or permanent basis. However, those staff would be quickly absorbed into daily front-line Fire operations, and the training, inspections, investigations, and EMO would see a significant reduction or end of services. Occupational health and safety requirements and regulatory certification renewal timelines would also not be met leading to further reductions in services.

Saskatoon Fire Dispatch currently operates at 12 dispatchers with a minimum staff of 2 per shift. The loss of any dispatchers would result in significant overtime costs. Dispatchers require specialized training. Staff from other areas could be transferred with additional training and contractual requirements. Saskatoon Fire Logistics staff, 3 mechanics, 2 maintenance and 1 parts inventory coordinator provide all mechanical and maintenance support for Saskatoon Fire apparatus and equipment. As stated in the Fleet Audit Report (2023) and the City Asset Assessment Report (2023), the current work environment within the Saskatoon Fire Logistics Department is inadequate to maintain levels of service for emergency response operations. The significant rise in incidents over the last 5 years has intensified inefficiencies and significantly reduced quality assurance processes. Any loss in staff in this area is a significant risk to maintain levels of service.

2. For professional positions like Planning, Engineering, Technologist, or Solicitors, the Administration would need to make judgement decisions for each and every vacancy. Engineering and technologist roles support various areas of the City in different ways. Saskatoon Light & Power (SL&P) for example requires engineers and designers to develop designs for renewal and expansion work, and the impact of not backfilling key roles would ultimately negatively impact the rest of the workforce at SL&P. Many of the engineering, design, and inspector roles in Construction and Design support the City's Land Development Program and infrastructure renewal work. Planning work supports ongoing development in Saskatoon, so vacancies in this area would result in extended turn-around times for development reviews and approvals. Not backfilling roles in the Solicitor's area would attract increased risk to the City, as the office has an extensive role in working with Administration throughout the City to ensure contracts, policy, and program changes are made appropriately and utilizing the full latitude of the City's legislative authority to protect the City's interests.

In summary, not backfilling key positions in professional areas would in many areas attract risk to the City. Positions related to longer-term work would be eliminated first, by moving those individuals to more operational roles when they become vacant.

3. For the various operational areas of the City, the impacts would vary greatly by department. Transit operator attrition rates could total 15% or more of the total workforce vacating their position by the end of 2025, which would result in

significantly reduced transit frequency and ultimately route and frequency shortening on an incremental basis. Similarly, areas such as roadway, parks, and sidewalk maintenance work could correspondingly decrease by 15% or more over this period.

For areas like Leisure Centres, turnover rates would be more typical, with the exception of entry positions such as lifeguards and cashier receptionists. Similar to transit, the impacts early in the hiring freeze period would be minimal, progressing to a total service reduction of approximately 12% by the end of 2025, which would be addressed through changes such as operating hour changes and ultimately rotating daily closures of facilities.

The savings associated with this form of hiring freeze are difficult to predict as well. In addition to staff savings associated with pay and payroll costs, remaining managerial staff would re-allocate staff and systematically optimize the remaining resources to provide the maximum public service attainable. There would be other savings such as reduced equipment utilization and fuel, materials such as asphalt and concrete, and capital savings associated with the lack of staff able to develop and manage the procurement contracts. Assuming an average salary and payroll costs of \$85,000 per FTE and the assumption that employees will leave the organization throughout the year (not all on January 1), Administration forecasts that a compounding hiring freeze that would not replace any employees leaving the City regardless of position is estimated to generate cost reductions of:

- 2023 - \$1.4 million;
- 2024 - \$12.9 million; and
- 2025 - \$26.4 million.

It is important to note, these forecasts are only for positions that report to the City Manager (3,140 FTEs) and that the actuals experienced if this strategy is implemented will vary significantly based on actual attrition rates and the associated timing.

IMPLICATIONS

The implications are included in the main body of this report. Overall, the Administration believes that a hiring freeze approach, where staff resigning or retiring are unilaterally not backfilled, would result in a scenario where the City has little control over when and where services are interrupted, as it would be dependent on where the resignations occurred. This would lead to unpredictable public service and constantly changing conditions, which would require ongoing resources to re-balance workloads and communicate service updates to the public. The Administration believes that a more strategic approach, where City Council and the Administration work together to implement cost reductions in an intentional way, is a more effective approach to reducing future expenditure pressures. Should the City ultimately reduce service in any area, attrition and hiring freezes would be utilized to obtain the desired staffing levels.

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Regarding overall efficiency, the City continues to implement and improve our SAP systems, processes, data, and reporting, which provide the foundation for the City's business transformation toward better data driven decision making, standardized business process, resulting in improved organizational efficiency.

NEXT STEPS

City Council will consider various reports and recommendations from the Administration in July and August and will provide direction on how to prepare the Preliminary Business Plan and Budget for 2024 and 2025.

Report Approval

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