Exhibition Place

9

May 19, 2016

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Benefit Plan Changes – Management & Non-Union Employees**

Summary:

This report recommends that the Board approve changes to the Active Benefit Plan for Management and Non-Union employees of Exhibition Place, which changes are in keeping with the recent directions taken by City Council in May 2016.

Recommendation:

It is recommended that the Board approve of the amendments to the current Active Benefits Plan for Management and Non-Union employees effective January 1, 2017, as outlined in Appendix "A" of this report.

Financial Impact:

In 2015, the Board spent $976,000 to provide benefits, that is, (Health, Dental, Group Life Insurance and Long Term Disability) to employees and retirees. The recommended changes will result in an estimated annual savings of approximately 4% or $39,000, which savings will be realized in 2017 and future years. The benefit Plans are funded through the departmental operating budgets.

Decision History:

The Exhibition Place 2014 – 2016 Strategic Plan had an Organizational and Staffing Goal to *Review and revise our corporate systems* and as a Strategy to support this Goal *we will complete an annual review of By-laws, Policies and Procedures of the Board of Governors.*

At its meeting of May 3, 2016, City Council approved a report from the City Manager entitled "Management/Non-Union Employees, Accountability and Officers, and Elected Officials Compensation and Benefits", and requested that City agencies and corporations review and amend their Compensation and Benefits program to reflect the purpose and principles of the City's Program.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.7

Issue Background:

The Board has always followed the terms and conditions of the Active Benefit Plans provided to the Management and Non-Unionized group of employees of the City of Toronto and any changes to these Plans adopted by City Council.

Comments:

Similar to the City, the Board provides a comprehensive Benefits Plan for its Management/Non-union employees. The benefit plans are subject to annual inflationary increases, depending on the general Canadian health and dental increases.

In 2015, the Board spent $976,000 to provide benefits, that is, (Health, Dental, Group Life Insurance and Long Term Disability) to employees and retirees. Based on analysis done by the City, benefit costs have been rising at a rate of approximately 7% per year, well above the rate of the Consumer Price Index for Toronto which is 1.5% for 2015. The rising costs of benefits has been identified as an area of concern to the City as it continues to review cost containment initiatives and cost reduction opportunities related to employee and retiree benefit costs.

In the recent 2016 round of collective bargaining negotiations by the City with its Local 416 and Local 79, a number of benefit cost containment measures were negotiated and ratified in the City's new 2016 – 2019 collective agreements. City Council has also approved of these negotiated benefit changes to apply to the City excluded staff. As directed by City Council and consistent with the City's / Board's practice, this report is recommending an adoption of the direction taken by City Council. This recommendation will reduce the current benefit costs of the Board and help with future rising costs that are more in line and attributable to trend and inflationary factors.

The City recommended an implementation date of January 1, 2017 as it is important to provide a reasonable notice period to allow employees to adjust and make any necessary changes. The changes outlined will continue to provide Management/Non-union employees with a benefit plan that is competitive when compared to other large private and public sector employees.

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Appendix "A"

Active Employee Benefit Plan Provision Changes–Effective January 1, 2017

Benefit Type	Current Provision	New/Changes to Provision
Drugs	No requirement for mandatory generic drugs.	Mandatory generic drugs. Non-generic drugs will be covered upon the insurer's approval of an application completed by the employee's physician confirming that the generic drug is not medically effective, or not medically tolerated, such approval shall not be unreasonably withheld.
Orthotic Devices	One device per person per benefit year (for persons 18 and under, the entitlement shall not be limited to one pair of orthotic devices per benefit year).	One device per person every two (2) benefit years (for persons 18 and under, the entitlement shall not be limited to one pair of orthotic devices every two (2) benefit years); that is, for dependents under 18 years of age, the entitlement will remain at one (1) pair, per person, per year.
Long-Term Disability (LTD)	Benefit of 75% of basic pre-disability salary.	Benefit of 70% of basic pre-disability salary for claims approved after ratification date. In addition, the Board will provide Notice to employees that effective January 1, 2017, the Board will be amending the LTD plan document to provide a salary threshold (Means test) for employees returning to work at 66 2/3 of the pre-disability salary (currently at 75%).
Short Term Disability Sick Plan	For first ten (10) years of service, combination of sick pay coverage at 100% and 75% of salary for 130 days. After ten (10) years of service, 130 days at 100% of salary.	1) Sick Occurrences – on the 4th and subsequent new absence in the same calendar year, the employee is paid from the second (2nd) day of the absence. If the employee is hospitalized as an in-patient the absence shall not count as an occurrence. 2) Sick Pay Coverage – will provide compensation for an absent employee for twenty (20) days at 100% of salary and one hundred and ten (110) days at 75% of salary. If not used, the employee can carryover a one-time capped credit of up to fifteen (15) of the twenty (20) days compensated at 100% of salary from one year to the next. These carryover days can then be converted (at a 2 for 1 ratio, for a total of thirty (30) top-up credits), by the employee, to top up the compensation they receive during an absence in the subsequent year when they would otherwise be compensated at 75% of salary after 20 days.