

TOP HEAVY

**HOW MANY MANAGERS DOES IT TAKE
TO RUN A CITY?**



**A report on the
Increase in Managers and Loss of Front-Line Staff
at the City of Regina**

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CUPE Research**

INTRODUCTION

Over the last number of years, there has been an increase in economic activity and an expansion of housing development in the City of Regina. The city's population and infrastructure have expanded as a result of this economic growth. To provide an example of the increased road and street infrastructure, the city now maintains 920 kilometers of paved roads, 29 kilometers of gravel roads, 1,307 kilometers of sidewalks, 172 kilometers of paved alleys and 132 kilometers of gravel alleys¹. By contrast, in 2000 the city maintained 872 kilometers of roadways and 1,209 kilometers of sidewalks².

In addition to new roads and sidewalks, the new housing developments also require water and sewer lines, traffic lights and road signs and green space development.

It would be logical to expect that, with the city's expanded infrastructure, there would be a corresponding increase in the number of front-line staff to build and maintain the city's infrastructure. Both new and old roadways, streets and sidewalks need to be maintained, cleared of snow in the winter, cleaned in the spring and repaired after our cold winters.

Unfortunately this has not been the case. The number of front-line workers doing the daily work of maintaining the city's infrastructure *has declined* while the number of management positions in the city has dramatically increased.

This report examines the changes in staffing at the City of Regina with a specific focus on the Public Works Division. This report was prepared for CUPE Local 21 which represents workers in the Public Works Division as well as other departments of the city. The local is releasing this report because it is concerned that the residents of Regina are not receiving the best service for their tax dollars. The local believes that City Council and the city administration need to reverse the recent restructuring of city departments that has created a top heavy organization. To deliver high quality and timely services to the City's residents, the City of Regina needs to increase the number of front-line staff and reduce the number of managers.

¹ City of Regina 2009 Proposed Budget, page 103.

² City of Regina 2001 Budget, volume 5, page 74.

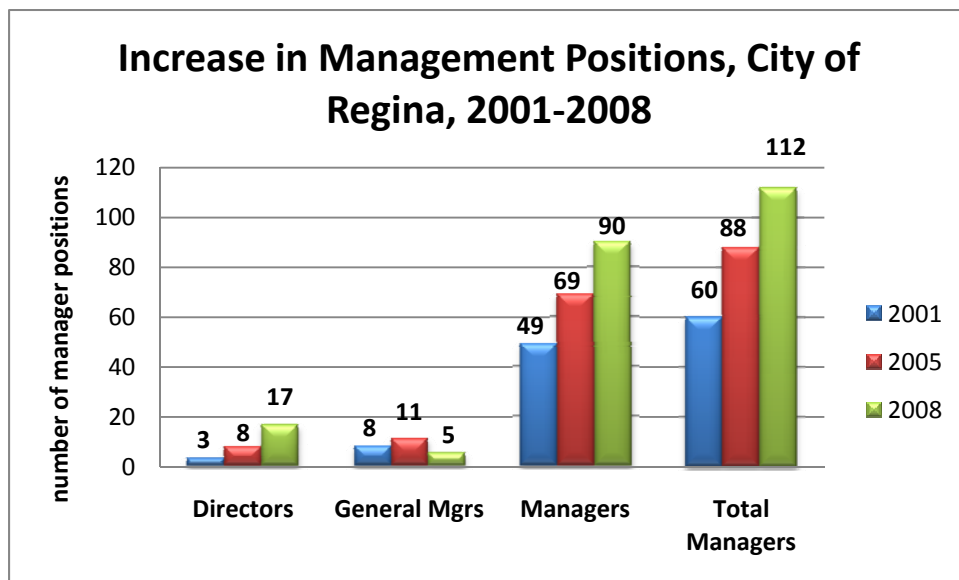
RESTRUCTURING AT THE CITY OF REGINA

Over the last two decades the City of Regina has gone through a number of organizational reviews. The most recent restructuring of departments, called the Core Services Review, took place in 2005 and 2006 and was carried out by TkMC Management Consultants.

After the restructuring of Departments, the city began an organizational review of senior management in 2006 and 2007. The result of the management review was a dramatic increase in the number of management positions at the City of Regina.

As Chart 1 shows, the total number of management positions at the City of Regina increased from 60 from December 31, 2001 to 112 in December 31, 2008, an increase of 86.7 percent in just 7 years. From 2005 to 2008, management levels jumped by 27.3 percent – from 88 to 112 positions.³

CHART 1



Some people might argue that an increase in the number of managers is justified if they have greater responsibilities and more employees to manage. This is not the case,

³ City of Regina Public Accounts, December 31, 2001, 2005 and 2008. Public accounts from December 31, 2008 list five General Managers at the City of Regina. At some point in 2009, the number of General Managers was cut to four.

however, in the City of Regina. The total number of civic staff actually *decreased by 6.9% from 2001 to 2009.*⁴

Regina civic staff, excluding the police department, fell from 1,748.4 FTEs (full-time equivalents) in 2001 to 1,627 FTEs in 2009.

The staff levels at the City of Regina police department increased by 13.1 percent over this same period, from 480.3 FTEs to 543 FTEs.

The increase in the number of managers paired with staff reductions has resulted in a dramatically lower staff-to-management ratio. In 2001, there were on average 28 front-line employees for every manager. Today, in 2009, there are on average 13.5 front-line staff for every manager (*see Table 1*).

TABLE 1

Average Number of Civic Staff per Manager City of Regina, 2001-2009			
	2001	2009	% change
Managers	60	112	86.7
Total civic staff	1,748.4	1,627	- 6.9
Managers as % of total	3.4%	6.9%	
Average Staff per Manager	28.14	13.53	

Sources: City of Regina budgets and Public Accounts, 2001, 2008, 2009

Table 1 also shows that managers as a percentage of total civic staff increased from 3.4 percent of total staff in 2001 to 6.9 percent of the total by 2009.

STAFFING LEVELS IN PUBLIC WORKS DIVISION

The Public Works Division covers five departments: Roadways Operations, Transportation and Material Services, Environmental Services, Water and Sewer Services, and the Office of Strategic and Business Services. The Public Works Division is responsible for the majority of the city’s infrastructure.

⁴ The figures for full-time equivalent staff were taken from the City of Regina budgets of 2001 and 2009. The budgets break down the number of FTEs for all civic staff, and by department or division. The numbers of managers by Department/Division were taken from the list of employees in the City of Regina Public Accounts dated December 31 of 2001, 2005 and 2008.

Despite the fact that Regina’s municipal infrastructure has expanded, and that many neighbourhoods are dealing with an aging infrastructure needing upgrades, the number of front-line staff responsible for doing this important work has *decreased* over the last eight years. Table 2 shows that the total number of full-time equivalents in Public Works dropped by 35 percent from 2001 to 2009, from 343.8 to 223.5 FTEs. The decline in permanent staff, however, has been even greater. Permanent FTEs were reduced from 277.8 in 2001 to 161.7 in 2009, a drop of 41.8 percent.

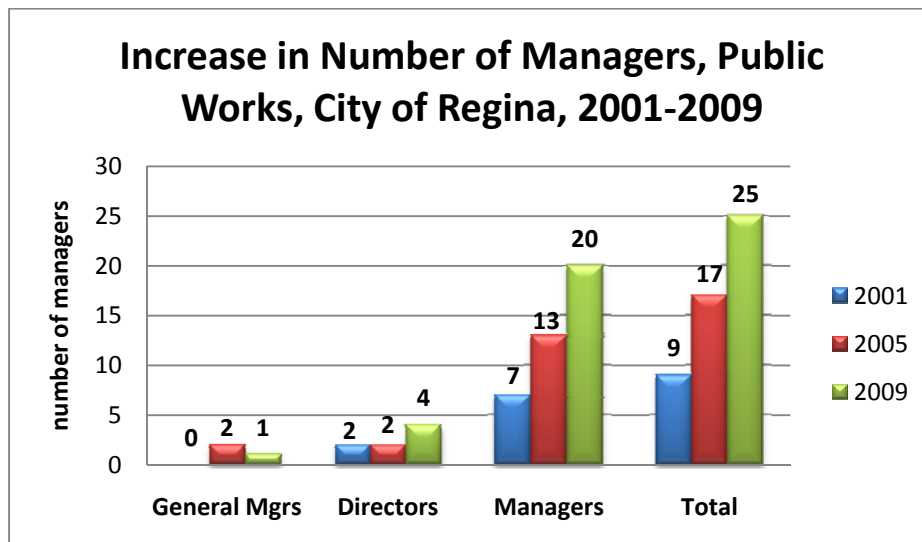
TABLE 2

Number of Total Staff (FTEs) in Public Works, 2001-2009				
	2001	2005	2009	% change
permanent FTEs	277.8	166.1	161.7	- 41.8
casuals	66	55.7	61.8	- 6.4
Total FTEs	343.8	221.8	223.5	- 35.0

source: City of Regina budgets, 2001, 2005, 2009. Total FTEs indicated in budget minus number of managers.

The loss of front-line staff in Public Works Division has not meant a corresponding drop in the number of management positions. Instead, there has been almost a three-fold increase in the number of managers since 2001. In 2001, there were 9 managers/directors in Public Works/Municipal Engineering. In 2009, there are 25 managers/directors – an increase of 177.8 percent (*see Chart 2*).

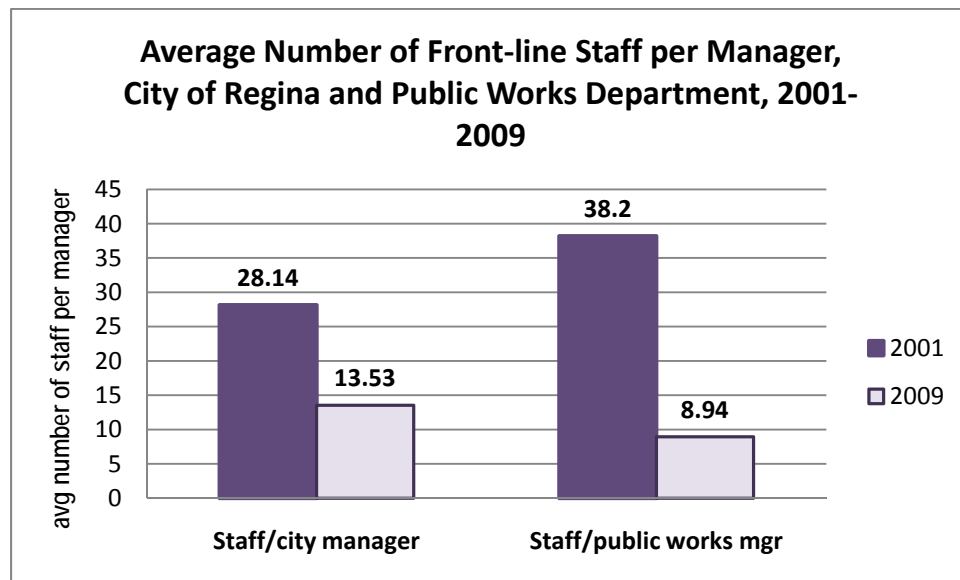
CHART 2



The resulting staff-to-management ratio has decreased even more dramatically in the Public Works Division than for the City of Regina overall. In 2001, there were an average 38.2 employees per manager in Public Works Division. By 2009, there were an average 8.9 employees per manager.

Previously the managers in Public Works Division used to be responsible for more employees on average than managers as a whole at the city of Regina (38.2 employees per manager in Public Works Division versus 28.14 employees per manager for the city). Now in 2009 the managers in Public Works Division manage fewer employees on average (8.94) than the average city manager (13.53) (see Chart 3).

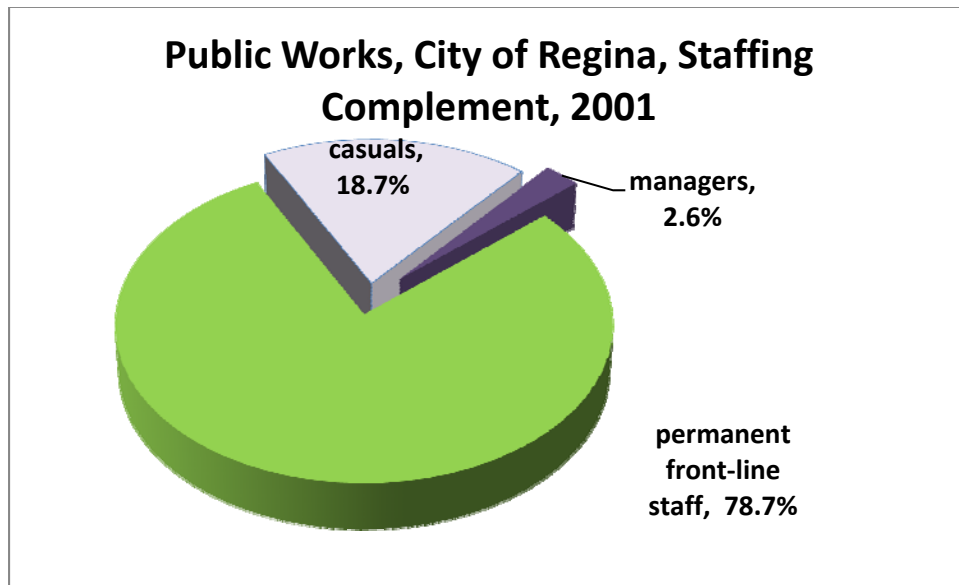
CHART 3



Another way to look at the changing staffing complement in Public Works Division is to measure how the different staff components have changed over time relative to the whole. Charts 4 and 5 show how the staffing complement in Public Works has changed from 2001 to 2009. In 2001, managers represented only 2.6 percent of all staff in the unit but they *now make up 10.1 percent of all staff*. Casual employees also make up a greater proportion of total staff, increasing from 18.7 percent of all staff in 2001 to one-quarter of all staff (24.9 percent) in 2009.

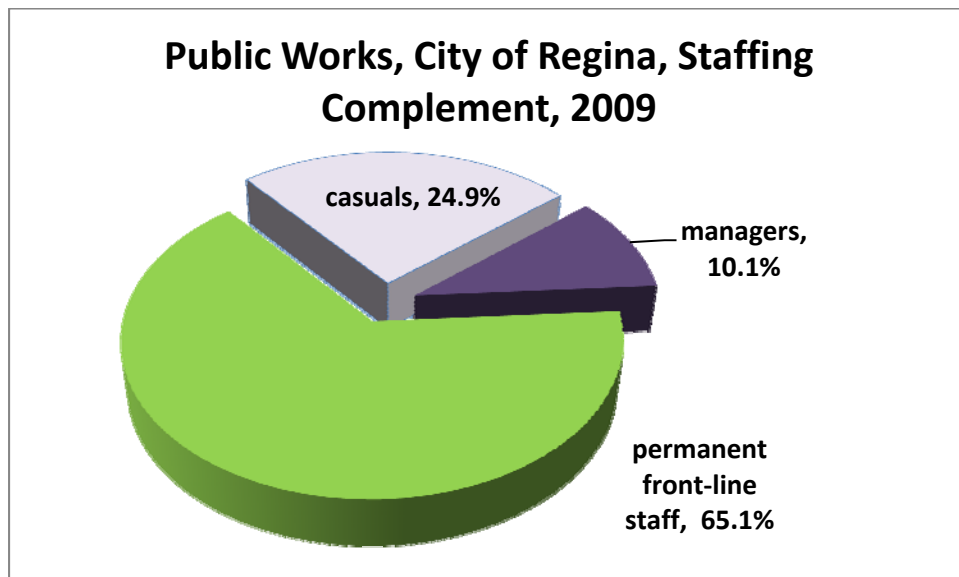
By contrast, permanent front-line staff has lost ground: in 2001 they represented 78.7 percent of all staff in Public Works but today, in 2009, they only make up 65.1 percent of all staff.

CHART 4



Source: City of Regina 2001 budget.

CHART 5



Source: City of Regina 2009 budget, page 70.

THE IMPACT OF RESTRUCTURING AT THE CITY OF REGINA

Higher Management Costs

The City of Regina's Core Services Review has created an organization with a top heavy management structure. According to the City's response to the Core Services Review Report, one of the reasons the City undertook this review was "to find any efficiencies or savings that were available."⁵ The September 18, 2006 Process Update to the Core Services Review reported that "based on high level estimates, savings related to the CSR and other improvement opportunities total more than \$1.95 million."⁶ Considering that the average management position pays over \$100,000, this new top heavy structure is costing tax payers dearly without any improvement in the delivery or quality of city services.

With an increase of 24 management level positions since 2005, the increased cost to the City of Regina could be \$2.4 million or higher for salaries alone. The increase of 52 management positions since 2001 is estimated at a minimum \$5.2 million per year for salaries alone (not including benefits and other compensation).

It begs the question: how many streets or sidewalks could be repaired with \$5.2 million?

Employee Morale and Confidence in Leadership Low

The last round of restructuring has taken a heavy toll on employee morale at the City of Regina. This is obvious when one looks at the employee surveys conducted by the Hay Group for the city over the last number of years.

The Hay Group conducts employee satisfaction surveys for over 500 organizations in North America. It has found that overall employee satisfaction at the City of Regina is 16 percent less favourable than the overall Hay Group norm, and lower than the public sector norm.⁷

The responses show the highest level of dissatisfaction was in response to questions related to "leadership and direction." The Hay Group report states that the results from the City of Regina employees on the question of leadership are 30 percent below the Hay Group norm of 500 organizations.

⁵ City of Regina. *Continuous Improvement and Innovation Response to the Core Services Review*. Executive Summary, March 2006, p.1.

⁶ Report from Executive Committee submitted to City Council, September 18, 2006, p.3.

⁷ City of Regina Employee Survey 2009. Hay Group Limited. 2009.

The survey results show that City of Regina employees have significantly more confidence in their direct supervisors than with the executive leadership of the City. For example, in response to question 59 “having effective leadership from the City of Regina’s Executive Leadership Team,” only 27% of employees responded favourably compared to 47% of employees who responded favourably to “having effective leadership from your Department.” Regarding question 69, there were 66% of employees who agreed with the statement “your supervisor is good at treating employees with respect.” Only 24% of employees, however, indicated they had trust and confidence in the City of Regina’s Executive Leadership Team (question 67).

The least favourable response was for question 84: “the City of Regina’s Executive Leadership Team is acting to a great extent to solve problems of internal management that may exist.” **Only 13 percent of employees agreed with this statement.** (This is a negligible improvement from the 2007 survey when only 12% of employees agreed with the statement).

The other notable result from the survey was the difference in responses to “overall engagement” by Division. Three Divisions had an ‘overall engagement’ by employees below 50% - Community and Protective Services (46%), Corporate Services (45%) and Public Works (40%). Overall engagement for the Planning and Development Division was only 51% -- well below the public sector norm of 57% and the Hay norm of 62%.

Employees in the Corporate Secretariat and the Mayor’s office had the most positive engagement with 61% of employees. This was the only Division close to the Hay Group norm. Clearly, only those at the top executive level feel positive about the new corporate vision and structural changes at the city.

The low level of positive responses from employees in the Public Works Division could be related to the top heavy management structure in that Division. There appears to be a correlation between the low level of engagement and the low level of confidence and trust in executive leadership. Confidence in senior leadership among Public Works employees is 30% below the Hay norm. The discrepancy is most marked within the Public Works Division, but there also exists a huge gap in perceptions between managers as a group and all city employees. The graph on page 24 of the Hay Group survey report points out that “manager perceptions continue to be much more favourable than the City.”

CONCLUSION

When city residents think about what they get for their tax dollars, they think about the vast array of municipal services that frontline workers deliver: paved roads, sidewalks, parks, recreation centres, water and sewer, building inspections, garbage collection and so forth. City workers are proud of the work they do and want to provide the best service possible to the residents of Regina. This fact is evident in the results of the 2009 Employee Survey where 62% of employees agreed with the statement “I take pride in working for the City” and 68% believe their work “makes a real contribution to the success of the City of Regina.”

It is difficult for city employees to do their best job when permanent full-time jobs are being eroded, vacancies are left unfilled at the tune of \$3.2 million⁸, casual jobs are increasing and millions of dollars are going to new management positions.

City employees are also undermined by the growth of contracting-out by the city. As CUPE Local 21 pointed out in its brief on the City of Regina 2009 Budget, the Public Works Division has annual or continuing contracts with a total value of \$22.2 million and new contracts valued at \$13 million for a total of \$35.5 million. The majority of the work covered by these contracts is work that could be done by city employees at a significantly lower cost. For example, the city pays a contractor \$177 an hour plus \$2,000 to rent a grader for winter road maintenance whereas the cost of a city-operated grader to do the same work is \$80 an hour.

The 2009 City of Regina budget states that the city will need to invest \$2.1 billion in new infrastructure over the next ten years⁹ and yet the city is weakening its internal capacity and expertise to meet those infrastructure needs by reducing its permanent work force and relying increasingly on private contractors.

If the City of Regina Council, the City Manager and senior administration were genuinely concerned about improving the level and quality of municipal services to taxpayers, they would invest in front-line staff and not in a burdensome management structure.

⁸ The 2009 city of Regina budget states that the city saved \$3.2 million by not filling vacancies.

⁹ City of Regina 2009 Budget, page 8.

RECOMMENDATIONS

The City of Regina has a vision to grow the city to a population of 300,000 and be the best run municipality in Canada. This will not be achieved if the city continues to erode its permanent workforce and persistently rely on private contractors and consultants to upgrade and develop the municipal infrastructure.

Local 21 believes that to achieve the vision of the city, we need to invest in the most important resource of the City of Regina – the frontline workers who for the last 75 years have delivered quality public services to all citizens of Regina.

We make the following recommendations:

1. That the City of Regina increase the permanent full-time positions in the Public Works Division as part of an overall strategy to improve the level and quality of services to Regina citizens;
2. That the City of Regina develop a strategy to ensure it has the internal capacity and expertise to meet the city's infrastructure needs over the next ten years;
3. That the City of Regina reduce the number of casual positions in the Public Works Division so that casual positions comprise no more than 10 percent of total staff in the Division;
4. That the City of Regina agree to a joint union/management committee to do an independent cost benefit analysis of contracting out and bring back in house those public works projects that would be done more cost effectively and efficiently with City of Regina forces. This study would examine contracts related to road reconstruction, street paving, side walk repair and replacement, snow removal, water and sewer line repair, tree pruning and other areas identified by the committee.
5. That the City of Regina reduce the number of senior managers to 2001 levels, and reinvest the savings in permanent front-line staff.