



Staff Report

Human Resources

Report To: Committee of The Whole
Meeting Date: May 14, 2018
Report Number: FAF.18.72
Subject: Compensation Review Non-union Staff
Prepared by: Jennifer Moreau, Manager Human Resources

A. Recommendations

THAT Council receive Staff Report FAF.18.72, entitled "Compensation Review Non-union Staff", and considers the options contained in the Staff Report;

AND THAT Council directs staff to move forward with the _____ percentile increase to non-union base salaries for the Town of The Blue Mountains as identified in this report;

AND THAT Council directs staff to move forward with an implementation date of _____ for the increase to non-union base salaries for the Town of The Blue Mountains as identified in this report.

B. Overview

This is a report that advises Council of the results of a recent compensation market review for non-union staff. Options regarding market increases are provided to Council for consideration.

C. Background

There are 94 different non-union positions in the Town (100 full-time non-union employees). The wages and salaries for these positions are set and managed through a Council-approved Compensation Program. Each position is placed within a pay range or salary band on the salary grid.

The program is intended to ensure reasonable, consistently applied, internally equitable and externally competitive pay practices that will attract, retain, reward and motivate quality employees. Being a preferred employer is integral when competing for talent. It is necessary for both attracting new hires to the organization and retaining the talent that the organization currently employs.

Competitive pay is determined by surveying comparable municipal organizations and assessing general trends within the labour market. Typically, every three to five years a major review of the non-union salary grid is undertaken to ensure that it remains relevant and competitive. The

Town completed the last comprehensive compensation review in 2012 with the assistance of McDowall Associates. The Town has utilized Marianne Love subsequent to the 2012 review to periodically evaluate new and changed positions, perform market evaluations on identified positions and to ensure pay equity is maintained. On June 26, 2017 Council received a staff report from the Human Resources Manager informing of a compensation market review that would be conducted by Marianne Love of ML Consulting (“Consultant”).

Principal considerations of the review included:

- Reviewing management/non-union positions to ensure there is no compression issues; between management and union wage rates;
- equity within the non-union group is maintained;
- design of the salary grid system provides for ease and logical administration;
- wage rates for full-time and part-time non-union staff fall within the grid system;
- job rates are market competitive and pay equity compliant; and
- implementation of the revised salary grid system will be cost effective and reflective of ability to pay.

The Finance Department, Human Resources and the Consultant identified key market comparators for the Town of The Blue Mountains, using the following selection criteria:

- # of households in the municipality;
- total weighted assessment per household;
- taxes per household;
- # of full-time positions employed by the municipality;
- salary per full time equivalent (“FTE”);
- total tangible capital assets managed by the municipality;
- total financial assets; and
- total annual municipal costs.

Municipalities in geographic proximity to the Town can present both the highest risk for losing employees to, and the greatest opportunity to attract employees from; therefore, the list of comparators includes a number of local municipalities. The following list of municipalities have been selected based on the criterion above as our comparators:

1. King Township
2. Orangeville
3. East Gwillimbury
4. Wasaga Beach
5. Collingwood
6. Niagara-on-the-Lake
7. Saugeen Shores
8. Innisfil
9. Huntsville
10. Gravenhurst
11. Midland

12. Oro-Medonte

During the compensation review the following items were completed:

1. Each department updated all job descriptions to ensure our information was accurate and reflected current qualifications and scope of position. The Consultant, reviewed the updated job information to ensure the Town's jobs are equitably placed in the salary bands, a review of job titles was completed to ensure best practice in the industry is reflected and internal equity was achieved.
2. The Consultant conducted a Non-Union Market Comparison study using our agreed upon comparator group of municipalities. The Town jobs were matched to jobs in comparator municipalities having regard to scope and responsibilities and organization structure. Comparative statistics were prepared for 2017 job rates for each job with 4 or more observations having regard to market average, median and various percentiles.
3. The Consultant prepared a summary analysis and recommended the appropriate percentile target for Town positions at the 50th, 55th and 60th, percentiles.
4. The Consultant worked with the Manager Human Resources, the Director Finance & IT Services and the Interim CAO and revised the current banding structure to ensure it continues to support organization design; and reviewed a revised salary grid that incorporates internal equity and market competitiveness. The revised job rates were tested for pay equity compliance.
5. Human Resources and Finance prepared the implementation costing of the proposed adjusted salary grid.

The Consultant consulted with the Senior Management Team to provide the results of the Compensation Review and provide her advice on next steps for implementation and reporting to Council.

D. Analysis

For this market review, the 50th, 55th and 60th percentile were targeted for all positions having regard to the size and composition of the comparator group and attraction and retention requirements. The results of the market study indicate that the Town is currently paying slightly low to the market average and median for both salary and hourly positions with greater deviation in some positions.

Job Title Changes

The following job titles have been updated to reflect internal equity and industry best practice:

- Development Engineering Technologist – updated to Development Engineering Reviewer
- GIS Coordinator – updated to GIS Specialist
- Manager Human Resources – Director Human Resources
- Manager Solid Waste & Environmental Initiatives – updated to Manager Solid Waste & Special Projects

Risk Factors

A deeper analysis was undertaken of our local comparators of the Municipality of Meaford, the Municipality of Grey Highlands, Grey County and the Town of Collingwood due to their proximity to our Municipality. A cross section of nine non-union positions were selected for comparison of annual maximum salary. The positions selected were:

- Director of Finance
- Chief Building Official
- Town Clerk
- Senior Planner
- Manager of Recreation/Facilities
- Engineering Technologist
- IT Coordinator
- Administrative Assistant.

Of the positions sampled the Town of Collingwood matched all eight (8) of our sampled positions and was on average twenty percent (20%) higher for annual salary than the Town of The Blue Mountains.

Of the positions sampled Grey County matched seven of eight (8) of our sampled positions and was on average eleven and a half percent (11.5 %) higher for annual salary than the Town of The Blue Mountains.

Of the positions sampled the Municipality of Meaford matched six (6) of eight (8) of our sampled positions and the Town of The Blue Mountains was on average four and a half percent (4.5%) higher for annual salary than the Municipality of Meaford.

Of the positions sampled for the Municipality of Grey Highlands only two of eight positions matched the eight comparators at the Town of The Blue Mountains. Due to the limitation in finding appropriate matches the results are not reliable for comparison.

The differences in annual salary at the Town of Collingwood and Grey County in “job to job” comparison present a risk for the Town of The Blue Mountains to lose qualified staff to higher paying positions locally. Due to this risk, options to move to an average increase to the 55th and 60th percentile overall is provided for Council to consider.

Why does effective compensation matter?

- Successful cost-effective and customer-service driven organizations have competitive salaries.
- An organization's current and future success is dependent upon its ability to recruit and retain high performing individuals.
- The retaining and attracting of high-performing leaders to maximize organizational performance requires the need to have competitive salaries.

- The shrinking labour market is becoming a major challenge as baby boomers retire; employers are competing for fewer and fewer available highly skilled individuals. We have experienced ongoing shortages within the available labour pool in our recruitment to the Planning, Building and the Finance Divisions over the past five years.
- The Town of The Blue Mountains is unique in Grey County because of our higher cost of living, our growth and need for specialized well trained professionals in a shrinking labour market.

Staff have provided Council with the options to implement a leading compensation costing at the 55th percentile and the 60th percentile. Staff recommend “leading” rather than “meeting” our market comparisons due to the higher level of salary of our local market competitors of Grey County and Collingwood.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational & Operational Excellence

- To be an Employer of Choice
- To Consistently Deliver Excellent Customer Service
- To be a Financially Responsible Organization
- Constantly Identify Opportunities to Improve Efficiencies and Effectiveness

F. Environmental Impacts

Not applicable.

G. Financial Impact

Market Competitiveness - Cost of Implementation:

50th Percentile:

The annual cost to implement the 50th percentile market review is \$192, 717 for the non-union employees. Of the \$192,717, \$150,319 is taxation which represents approximately a 1% increase to the annual taxation levy. The balance of \$42,397 would be from user fees.

Implementation Date	Increased Cost in 2018	Taxation	User Fees
Option 1 - July 1, 2018	\$96, 359	\$69,923	\$26,436
Option 2 - October 1, 2018	\$48,179	\$34,962	\$13,217

55th Percentile:

The annual cost to implement the 55th percentile market review is \$451,845. Of the \$451,845, \$352,439 is taxation which represents approximately a 2.3% increase to the annual tax levy. The balance of \$99,406 would be from user fees.

Implementation Date	Increased Cost in 2018	Taxation	User Fees
Option 3 - July 1, 2018	\$225,922	\$176,220	\$49,703
Option 4 - October 1, 2018	\$112,961	\$88,110	\$24, 851

60th Percentile:

The annual cost to implement the 60th percentile market review is \$ 698,455. Of the \$698,455, \$544,795 is taxation and represents approximately a 3.6% increase to the annual tax levy. The balance of \$153,660 would be from user fees.

Implementation Date	Increased Cost in 2018	Taxation	User Fees
Option 5 - July 1, 2018	\$349, 223	\$272,394	\$76, 829
Option 6 - October 1, 2018	\$174, 611	\$136, 197	\$38, 414

Cost to implement any of the options above for 2018, will be funded from the following:

- Approved increase to the operational budget of taxation and user fees, which would be funded from the Human Resources Reserve and the various user fee reserves; and
- The 2017 year end resulted in a taxation surplus of \$61,000. This surplus could be used to offset the cost of the Options above.

H. In consultation with

- Marianne Love, ML Consulting.
- Ruth Prince, Director Finance & IT Services
- Michael Benner, Director Planning & Development Services
- Reg Russwurm, Director Infrastructure & Public Works
- Shawn Everitt, Interim Chief Administrative Officer
- Rob Collins, Director Enforcement and Fire Services

I. Attached

None

Respectfully Submitted,

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