

Report HRR-CS-11-15

To: Chair Pringle and Members of the Corporate Services Committee
From: Grant McLevy, Director of Human Resources
Meeting Date: Tuesday, November 10, 2015
Subject: **Non-Union COLA Wage Calculation Formula**
Status: Recommendation adopted by Committee as presented per Resolution CS110-15; Endorsed by County Council November 24, 2015 per Resolution CC161-15;

Recommendations

WHEREAS the County of Grey is committed to maintaining fair and equitable compensation practices in order to attract and retain qualified employees;

AND WHEREAS the County of Grey is also committed to keeping Non-Union wages at the 45-55 percentile of the County's Non-Union comparator group;

NOW THEREFORE BE IT RESOLVED THAT commencing with the 2017 budget, the Non-Union Employee Group annual wage calculation formula be approved as outlined in report HRR-CS-11-15 which utilizes the average of the following five data sources:

- **Comparator Group**
- **Consumer Price Index**
- **OMERS CPI**
- **County Union Increase**
- **McDowell and Associates Municipal Survey**

Background

There are 204 non-union positions, representing 25% of the Grey County staff complement, including clerical staff, front line supervisors, managers and directors who are responsible for a variety of administrative functions. They are a critical asset to our organization. They provide valued flexibility within job roles and adaptability to changing needs and challenges. It is important that the County makes every effort to maintain good relations with its non-union employee group.

There are 157 different non-union positions in the corporation. The wages and salaries

for these positions are set and managed through a Council-approved Job Evaluation Compensation Program. Each position is placed within a pay range or salary band within what is called 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 to competing for talent. It is necessary for both attracting new hires to the organization and retaining the talent that the organization currently employs.

Since non-union employees are not represented by a collective bargaining agent, the calculation of an annual COLA is not done by a formalized negotiation. The proposed cost of living adjustment is derived from wage increase numbers from comparable municipal corporations, Grey County union contract wage increases, the Consumer Price Index, and general trends within the labour market.

Accordingly, it is proposed that to provide Council and staff with additional formality and structure in the calculation of the non-union COLA, that a formula be developed ensuring consistency, equity and transparency in its calculation.

COLA Formula Data

Further to recommendations by McDowall and Associates, our compensation consultant, a variety of sources are available indicating projected COLA increases for non-union municipal employees, which can be used to arrive at a formula, and therefore a COLA number.

For example, a recommended COLA formula, and subsequent increase for the non-union group of employees can be derived from the average of the following:

1. **Comparator Group: 2%** is the average salary grid increase for the previous year for the approved comparator group (i.e., the comparator group used in the previous compensation review - 2015);
2. **Consumers Price Index: 1.6%** is the annual cost of living increase as reported by Statistics Canada in the Consumer Price Index (CPI) for May of the current year (2015);
3. **OMERS CPI: 1.8%** is the CPI increase number from the current year (2015);
4. **County Union Increases: 2%** is the average of committed bargaining unit increases at the County for the upcoming year (2016);
5. **McDowell and Associates Municipal Survey: 1.9%** is the projected salary grid increases for the Ontario municipal sector, taken from published survey data from McDowall and Associates, published the previous year each fall.

As a result of using a wide range of numbers from different sources, the County of Grey should be able to avoid the peaks and valleys that sometimes occur, and in any given

year, retain the appropriate level of discretion depending on circumstances, all of which will be subject to ability to pay.

Using all percentage numbers from the example formula above, the 2016 COLA for non-union employees would be 1.86%.

It should be noted that in keeping with current policy, all grid movement wage increases for non-union employees are merit based, and are only provided upon receipt of a satisfactory performance appraisal.

Financial / Staffing / Legal / Information Technology Considerations

Implementing a formula to arrive at a Cost of Living Adjustment for Non-Union employees will provide the Finance Department with advanced planning for budget purpose's, as well as providing a valuable tool that Council can consider in determining its mandate when preparing for collective bargaining.

There will be financial considerations on an annual basis as determined by the approved COLA formula.

Link to Strategic Goals / Priorities

This COLA wage formula and the outcomes contained in this report align with the Corporate Strategic Plan aimed at developing and implementing a strategy for the ongoing attraction and retention of quality employees to the Corporation of the County of Grey.

Respectfully submitted by,

Grant McLevy
Director of Human Resources