

Report HRR-CS-04-14

To: Chair Pringle and Members of the Corporate Services Committee
From: Grant McLevy, Director of Human Resources
Meeting Date: Tuesday, March 25, 2014
Subject: **Non-Union Budgeted Wage Increase and External Salary Survey**
Status: Recommendation 1 adopted by Committee as presented per Resolution CS33-14 and was endorsed by Council April 1, 2014 per Resolution CC53-14; Recommendation 2 referred back to staff and the consultant for additional information per Resolution CS34-14;

Recommendations

- 1. WHEREAS County Council approved the 2014 Operating budget inclusive of a 2% economic adjustment in the annual salaries for Non-Union employees;**

AND WHEREAS said increase is recommended by the Chief Administrative Officer and Director of Human Resources as outlined in report HRR-CS-04-14;

NOW THEREFORE BE IT RESOLVED THAT the budgeted 2% wage increase for the Non-Union Employee group be approved and implemented effective January 1, 2014.

- 2. WHEREAS the County of Grey is committed to maintaining sound and effective compensation practices in order to attract and retain qualified employees;**

AND WHEREAS the firm of McDowell and Associates was hired to conduct an external salary survey of non-union positions and make recommendations to County Council regarding adjustments necessary to maintain the County's non-union salary grid competitive position with the 45th and 55th percentile of comparator municipalities;

NOW THEREFORE BE IT RESOLVED THAT the findings and recommendations of the McDowell report as outlined in Report HRR-CS-04-14 be received;

AND THAT the Non-Union Salary Grid be adjusted accordingly, effective January 1, 2014 and funded from any 2014 Year End Operating Surplus and/or One Time Funding Reserve as may be required.

Background

There are 135 different non-union positions in the County Corporation (176 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 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.

Compensation rates are determined by surveying comparable municipal corporations 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. Annual adjustments to compensation rates are also considered in order to maintain the competitiveness of the overall system within the municipal labour market and stay on pace with inflationary and other market pressures.

The current non-union salary grid last underwent a comparative review by County Council in 2008. There have been periodic economic adjustments approved by Council since that time. In 2012 an independent organizational review of the Human Resources Department identified the need to update the non-union salary grid. This recommendation was contained in the department's Strategic Plan, which was adopted by Council, and forms part of the department's work plan for 2013/14.

Annual Adjustments

According to HR Policy 6-10.7, County Council is responsible, on the advice of the Chief Administrative Officer and the Corporate Services Committee, for determining economic adjustments made to the non-union compensation plan. Policy states that Council's decision is to be guided by the Consumer Price Index, trends in municipal salaries, economic trends in the area, labour market factors and other economic indicators.

Salary Grid Review

Salary Surveys...What are they and why do we need them?

The use of surveys for an external market salary comparison is a generally accepted practice in the private and public sectors. The information obtained from these surveys is used to implement sound and effective compensation practices, and allows organizations to establish pay policy lines, which can be monitored over time, and adjusted according to corporate objectives and changing market conditions when required.

A salary survey is a standard method of finding out what other organizations are paying for specific jobs or job classes. Large organizations in particular, routinely conduct compensation surveys to determine prevailing pay rates and benefits. These surveys not only determine the low, high and average salaries for a given position, but also provide a sense of what other organizations are paying. Organizations may purchase results of surveys conducted by a variety of organizations proficient in the collection, analysis and distribution of salary data, or they may choose to conduct their own salary survey.

Salary surveys are conducted with numerous employers to determine pay levels for specific job categories and are generally conducted either by region, sector or job classification for the purposes of comparability. In conjunction with other tools, salary surveys provide useful information to attract, support and retain employees within the context of an overall Human Resources and organizational plan. When designed and used properly, salary surveys can provide useful benchmarking information for comparing salaries and benefits.

Assessing Salary Surveys

A key to successfully using the data contained in a salary survey is to understand the assumptions and criteria used to collect the information. Finding surveys that clearly report the basis for collection and dissemination of information will help ensure that you are referencing a survey that is relevant for your organization.

The information below outlines what makes a salary survey useful for benchmarking. Salary surveys need to be readily comparable and scientifically credible to be useful for benchmarking. The following provides a summary of how to assess a salary survey.

1. Compare Apples to Apples

It is important, when reviewing salary surveys, to make sure that you are comparing information that is similar. Looking at salary and benefits levels in organizations vastly different from your own will not provide the information you need. Here's what to look for:

2. Review Job Descriptions or Position Profiles in the Survey Report

It is important to look at job duties and responsibilities, not just job titles, when deciding if the salary survey information is comparable. The jobs must have a similar level of responsibility and range of duties.

3. Note Region

Appropriate salary comparisons will come from organizations with a similar geographic focus: local, regional, provincial or national. Good salary comparisons may come from different municipalities with similar responsibilities and scope.

4. Note Operating Budgets of Respondent Organizations

As a general rule larger operating budgets mean higher salaries. Comparable salaries come from organizations of a comparable size. Size is usually estimated by using the operating budget or looking at the number of paid full-time staff.

5. Note the Types and Descriptions of Respondent Organizations

Are the functions, services offered, clientele, and sources of funding of the organizations in the salary survey comparable to your organization? For example, an organization providing childcare services through provincial funding may have very different salaries than an organization providing parent/child resources through its own fundraising.

6. *Note the Education Level and Status (Full/Part-time/Union/Contract) of Respondents*

The level of education required for a job and the type of employment arrangement can have an impact on salaries.

7. *Note the Year of Data Collection and Date of the Report*

Labour market forces can result in significant changes in salaries in a short period of time. More recent data will be more useful in establishing current salaries.

8. *Evaluate the Validity*

It is important to ensure that the salary survey was conducted in an objective, valid and reliable manner. What are the sampling frame, sample size and response rate?

For information to be valid it has to come from a large enough sample size. For example, if you collected just three salaries for the same position and one salary is high, one is low, and one is in the middle, you wouldn't be able to conclude much because your sample is too small to provide valid and useful information.

You also want to be sure that the information is reliable. Reliability means that the survey gives consistent results. You should therefore carefully consider how the information is gathered and decide if it makes sense to you. For example, if the survey instrument is included in the report, assess if it would be easy for you to give accurate answers to the questions.

9. *Rate the Usability*

A good salary survey will define terms and provide the user with enough information to help him or her easily understand the data. Technical terms should be explained or defined and the report should be comprehensible to non-specialists.

10. *Look at All of the Numbers*

The actual salary paid to an individual will be influenced in part by the person's years of experience and qualifications. Therefore, the salary range for a position provides more

useful information than the actual salary an individual is being paid. Other statistical information such as median - the value in the middle when all the values are arranged from lowest to highest - will also help make sense of the data.

11. What Now?

In keeping with the information as outlined above, and as recommended in the Human Resources Operational Review conducted in 2012, it was noted that as part of an overall salary administration policy, the Human Resources Department should be conducting an external salary survey for the Non Union group of employees approximately every three years. Since the last external salary survey was completed in 2008, we were overdue for updated information.

Accordingly, on June 6, 2013, the County of Grey issued RFQ-HR-02-13 to conduct a Non Union Market Comparison Study using a representative comparator group of municipalities as approved by County Council. (See attached Comparator Report HRR-FP-03-08 and corresponding spreadsheet).

In addition, we also requested recommendations and input with respect to the current salary structure, performance measures, and broader compensation issues such as effectively managing overtime pay, acting pay, etc., while keeping the County's ability to pay at the forefront of its compensation planning.

Following the issuance of the request for quotation, the winning bid to complete the survey was awarded to McDowall Associates, a Canadian consulting firm focused on compensation issues and design, with expertise in the areas of market review, compensation issues, and recommendations of best practices.

As part of the process, McDowell and Associates performed the following:

- Conducted a Non Union Market Comparison study using the comparator group of municipalities as approved by County Council.
- Collected and analyzed market data for approximately 60 benchmark positions; surveying salary and overtime/acting pay policies;
- Analyzed the market results with respect to the overall compensation structure;
- Adjusted the salary grid that includes both internal and external pay equity;
- Ensured the updated salary grid is compliant with Ontario's Pay Equity legislation;
- Prepared costing of implementation of the proposed adjusted salary grid;

- Provided advice and recommendations with respect to improving/strengthening the performance management system, and addressed a number of broader compensation issues such as compression or overpayment of certain positions, overtime issues, acting pay issues, pay for performance measures, internal equity issues, etc.;
- Made conclusions and recommendations for consideration by the Corporate Services Committee, CAO and Council; and
- Assists in communicating the results of the findings and recommendations.

McDowell and Associates Survey Results

As a result of the survey, the following information was received from McDowell and Associates.

Responses to the survey have indicated that the market average wage rates for similar municipalities and similar positions to the County of Grey are 5.8% above our wage rates, with the market median at 5.4% above our wage rates, see McDowell Executive Summary attached.

Why Strive for Competitive Salaries?

There is no easy answer to that question, but it is clear that attracting and retaining talented staff is the key. At the County of Grey it is our people, our behind the scene clerical staff, our front line supervisors, managers and directors who are responsible for keeping everything operating — they are a critical asset to our organization.

As a forward thinking and progressive County, we are often seen as a leader in municipal government, and salaries, investment in our people should be top priority.

Upon much review and discussion with Marianne Love from McDowell, it is felt that the proposed increase for the Non Union Salary Grid is based on solid market compensation data from the municipal sector, and is in keeping with Council's commitment to maintain a placement of between the 45th and 55th percentile.

Further, as part of the work completed by McDowell and Associates, the Human Resources department also received information regarding broader compensation issues such as compression or overpayment of certain positions and overtime issues, of which we will be reporting on in the future. 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

There are 176 employees in 135 job classifications in the Non Union Employee group.

The net levy cost to implement a 2% cost of living increase for the Non Union Salary Grid is \$218,873.79, which includes retroactivity payments for wages back to January 1, 2014. The 2014 budget has been approved with a 2% wage increase for this group; therefore there will be no funding shortfall for the 2014 budget.

There are several options available for implementation of the recommendations from McDowell as listed below:

Costing Options

1. Implementation of the recommendations effective January 1, 2014, where all employees remain at the current step on the salary grid: \$384,649.36
2. Implementation of the recommendations on January 1, 2014 where all employees move to the closest dollar on the salary grid: \$246,417.33*
3. Implementation of the recommendations on July 1, 2014 where all employees remain at the current step on the salary grid: \$192,324.68
4. Implementation of the recommendations on July 1, 2014 where all employees move to the closest dollar on the salary grid: \$123,208.67*

*Please note that the 2015 budget will be impacted by \$138,232.03 should Option #2 or Option #4 be implemented, as there is a deferred cost of implementation until January 1, 2015.

Link to Strategic Goals / Priorities

This wage increase to the Non Union Salary Grid and the outcomes contained in this report align with labour relations plans to create and maintain open and honest communications with all employee groups, while maintaining budget parameters in an effort to control costs.

Attachments

Executive Summary – Non Union Salary Review, McDowell and Associates

External Comparator Selection Criteria – Non Union Employee Group

HRR-FP-03-08 External Comparators Report

External Comparators – Non Union Employee Group 2008 Comparator Survey

Respectfully submitted by,

Grant McLevy
Director of Human Resources

Compensation Review for the Management/Non-Union Employee Group at the County of Grey Executive Summary and Recommendations

January 31, 2014



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Executive Summary

The following highlights the methodologies/findings of the compensation review conducted by McDowall Associates for the County of Grey management/non-union positions.

1. The County continues to use the job evaluation system, tools and processes that generated the 2007 deemed approved Pay Equity Plan.
2. New/changed jobs have been evaluated by the job evaluation committee since the 2007 deemed approved Pay Equity Plan was posted.
3. The 2013 pay equity analysis is based on the current banding structure, job evaluation results and 2013 job rates provided by HR staff. The County continues to be pay equity complaint for the employee group using job-to-job method of comparison with a male job class comparator within the employee group for bands 19 to 16 and 14 to 2; and proportional value method of comparison for band 15. The method of comparison for bands 2 and 3 have changed from proportional value to job-to-job with male job class cross comparators from CUPE.
4. The customized market survey is based on 11 municipal comparators approved by Council. 58 positions were benchmarked for comparison to the market; however all positions were analyzed to the available market data. Market statistics (based on 5 or more job matches) were calculated for 66 positions to determine the County position's competitiveness to the market.
5. The market analysis indicates that the current pay of the County's positions as a whole is slightly low to the market pay median and average, with greater deviations in a number of positions; approximately 5.4%/5.8% below median/average (based on hourly job rates); and 4.5%/5.0% below median/average (based on annual job rates).
6. The consultant identified a number of positions that were low to market, indicating that job value should be reviewed to ensure that the position is properly valued and placed in the appropriate pay band.
7. A revised 2013 salary structure was prepared having regard to the current job evaluation/band placements, pay equity compliance, compression and the results of the market survey (specifically the market median).
8. The 2014 budget/projected increase for the comparator group is approximately 2.0%/1.9% (median/average) based on 9 out of the 11 municipal comparators.
9. The 2014 proposed salary structure has been prepared based on the 2013 proposed salary structure and adjusted by 2%.

Recommendations

Based on the foregoing, we recommend that Council give consideration to the following:

1. That the 2014 proposed salary ranges prepared by McDowall Associates be approved in principle for implementation on January 1, 2014, subject to staff's costing and budget deliberations;
2. That the job value for identified positions be reviewed; and band placement be confirmed or modified.



*CORPORATION OF THE
COUNTY OF GREY*

COMMITTEE REPORT

HRR-FP-03-08

TO: Chair and Members of the Finance and Personnel Committee

FROM: Grant McLevy, Director of Human Resources

MEETING DATE: Tuesday, January 15th, 2008

PURPOSE: External Comparators - Non Union Employee Group

RECOMMENDATION

THAT the Finance and Personnel Committee select the municipalities that meet at least “4 out of 6” of the criteria as noted on the attached Comparator Report for the development of our approved list of comparators.

AND THAT the approved list of comparators will be used when conducting salary, benefit, operating and staffing comparisons.

AND FURTHER THAT a response of 50% or greater from the approved list of comparators will be seen as forming a “valid” survey.

BACKGROUND

The use of surveys for an external market salary comparison is a generally accepted practice in the private and public sectors. The information obtained from these surveys is used to implement sound and effective compensation practices, and allows organizations to establish pay policy lines, which can be monitored over time, and adjusted according to corporate objectives and changing market conditions when required.

The Finance and Personnel Committee at its meeting on December 11th, 2007 selected the following standard criteria to be utilized in selecting appropriate comparators for the administration of salary, benefit, operating and staffing surveys.

- Criteria #1- Municipalities which have a C.M.S.M. status
- Criteria #2- Municipalities which are comparable in size i.e. population +/- 50%
- Criteria #3- Geographic proximity within 100km of Owen Sound
- Criteria #4- Number of employee's in the organization +/- 50%
- Criteria #5- Number of union's and/or associations +/- 50%
- Criteria #6- Is the municipality predominantly rural

The attached Comparator Report has been prepared as of December 12th, 2007, adhering to the Committee's recommended criteria.

This Report identifies a number of municipalities that meet at least one (1) or more of the approved criteria as noted above, but more specifically focuses on the municipalities that have at least 4 out of 6 matches, as outlined in our recommendation.

Today we are seeking final approval of the comparators in order to move forward with an external salary survey for our non union group of employees.

FINANCIAL/STAFFING/LEGAL/IT CONSIDERATIONS

None

Respectfully Submitted

Grant McLevy,
Director of Personnel and Communication

Attachment: Comparator Report

2008 Comparator Survey

LOCATION	CONSOLIDATED MUNICIPAL SERVICE MANAGER	STATS CANADA 2006 POPULATION +/- 50%	GEOGRAPHIC PROXIMITY	FT & PT EMPLOYEE POPULATION	NUMBER OF UNIONS / ASSOCIATIONS	RURAL MUNICIPALITY
City/ County / Region	CMSM	(46K - 138K)	within 100KM	(387- 1,161)	(4 - 12)	
GREY COUNTY	YES	92K	N/A	774	8	YES
6 out of 6 Matches						
BRUCE <i>County</i>	YES	65K	YES	675	8	YES
HURON <i>County</i>	YES	59K	YES	618	7	YES
5 out of 6 Matches						
HASTINGS <i>County</i>	YES	130K	NO	894	5	YES
NORFOLK <i>County</i>	YES	62K	NO	1,140	6	YES
NORTHUMBERLAND <i>County</i>	YES	80K	NO	458	6	YES
OXFORD <i>County</i>	YES	102K	NO	687	7	YES
PRESCOTT-RUSSELL <i>County</i>	YES	80K	NO	417	4	YES
WELLINGTON <i>County</i>	YES	81K	YES	682	2	YES
4 out of 6 Matches						
CHATHAM KENT <i>County</i>	YES	108K	NO	1,422	12	YES
DUFFERIN <i>County</i>	YES	54K	YES	287	2	YES
ELGIN <i>County</i>	NO	85K	NO	440	4	YES
HALDIMAND <i>County</i>	YES	45K	NO	852	5	YES
KAWARTHA LAKES <i>City</i>	YES	74K	NO	1,200	6	YES
LANARK <i>County</i>	YES	63K	NO	345	4	YES
LAMBTON	YES	128K	NO	1,284	11	YES
LEEDS & GRENVILLE <i>County</i>	YES	99K	NO	394	2	YES
RENFREW <i>County</i>	YES	97K	NO	177	5	YES
SIMCOE <i>County</i>	YES	422K	YES	1,461	9	YES
3 out of 6 Matches						
BARRIE <i>City</i>	NO	128K	YES	888	2	NO
CORNWALL <i>City</i>	YES	45K	NO	869	7	NO
ESSEX <i>County</i>	NO	393K	NO	623	5	YES
HALTON <i>Region</i>	YES	55K	NO	3,054	11	NO
KINGSTON <i>City</i>	YES	117K	NO	2,282	7	NO
LENNOX/ADDINGTON <i>County</i>	YES	40K	NO	416	3	YES
PERTH <i>County</i>	NO	74K	YES	164	1	YES
ST. THOMAS <i>City</i>	YES	36K	NO	490	7	NO
2 out of 6 Matches						
BRANT <i>County</i>	NO	34K	NO	513	2	YES

BRANTFORD <i>City</i>	YES	90K	NO	2,110	32	NO
DURHAM <i>Region</i>	YES	561K	NO	3942 *	6	NO
GUELPH <i>City</i>	NO	114K	NO	1,685	6	NO
LONDON <i>City</i>	YES	352K	NO	2418	6	NO
MIDDLESEX <i>County</i>	NO	422K	NO	350	5	YES
NIAGARA <i>Region</i>	YES	410K	NO	3,089 *	8	NO
OWEN SOUND <i>City</i>	NO	21K	YES	370	5	NO
PEEL <i>Region</i>	YES	1M	NO	4,610	12	NO
PETERBOROUGH <i>County</i>	YES	74K	NO	187	3	NO
STRATFORD <i>City</i>	YES	30K	NO	375	6	NO
SUDBURY <i>Region</i>	YES	157K	NO	2,908	5	NO
WATERLOO <i>City</i>	NO	109K	NO	575	2	NO
WATERLOO <i>Region</i>	YES	478K	NO	3,600	10	NO
WINDSOR <i>City</i>	YES	216K	NO	2791*	4	NO
1 out of 6 Matches						
ORANGEVILLE <i>Town</i>	NO	26K	YES	365	2	NO
OTTAWA <i>City</i>	YES	812K	NO	16,733	14	NO