

MEMORANDUM



TO: Mayor and Council

FROM: Aaron Petrin, Human Resources Manager

DATE: July 10, 2014

SUBJECT: Change Management/Non-Union Salary Administration (Policy 3.6) to reflect rescinding of 2% salary increase as per Resolution #824

As per Resolution #824 of December 17, 2012, the previously approved annual 2% salary increase in 2013 for management and non-union staff, whose positions are evaluated as being greater than or equal to Point Band 4; was rescinded as a cost-saving measure.

Management/Non-Union positions evaluated at or below Point Band 3 were not been impacted by this decision, as positions in these Point Bands continued to receive their scheduled 2% annual increase so as to maintain pay equity in the organization.

This change has been successfully implemented. However, the annual salary scales in the Management/Non-Union Salary Administration Policy have not yet been updated to reflect the changes in salary for those affected positions.

Please see pp.3-4 of the attached policy for original salary schedules. Also attached are the resulting salary schedules following Resolution #824.

Management is seeking council approval to replace the original salary schedules in Policy 3.6 with the resulting changes to Point Bands 4 – 15 for the years of 2013 – 2015; as a result of having rescinded the 2% salary increase for positions in these Point Bands in 2013.

COUNCIL APPROVAL OF THIS REPORT WILL replace the 2013 – 2015 salary schedules in Policy 3.6 with updated figures in accordance with Resolution #824 which rescinded the 2% increase for Management/Non-Union positions at or above Point Band 4 for 2013.

<i>The Town of Fort Frances</i>	SECTION
	HUMAN RESOURCES
<u>MANAGEMENT / NON-UNION</u> <u>SALARY ADMINISTRATION</u> <u>POLICY</u>	NEW: October 2002 REVISED: May 2003, April 2004, Feb. 2005, Jan. 2006, May 2007, Jan. 2009, Sept. 2010, Dec. 2011
Resolution No. 426 (12/11)	Supercedes Resolution No. (209) 05/07
Policy Number 3.6	PAGE 1 of 7

1. POLICY PURPOSE

To provide a clear and rationale basis for the rates of compensation provided to the Town's Management / Non-Union employees and to recognize initiative and foster excellence by compensating those employees on the basis of job performance.

2. POLICY OBJECTIVES

To establish and maintain a fair and equitable method of remuneration for all Management / Non-Union employees.

To establish and maintain appropriate salary/wage differentials between supervisory and bargaining unit positions.

To maintain compliance with pay equity legislation.

3. COVERAGE

All Management / Non-Union employees of the Town of Fort Frances.

4. JOB EVALUATION PROCESS

Job evaluation is defined as a planned process that methodically measures the value of jobs within an organization. Value is determined by a composite of skill, effort, and responsibility normally required to perform the work and the conditions under which the work is performed. Value is determined by job content, without reference to job incumbents, their gender, or the external markets. The results of job evaluation has been used to establish a wage structure for the Management / Non-Union group.

The purpose of the job evaluation process is to establish the relative values of the various positions within the organization and thereby to provide a basis for determining the rates of compensation merited by the respective position. The purpose of internal equity is to provide a consistent relationship between job value, wages and individual wage advancement within an employee group or organization.

The differences between pay equity and internal equity are in the scope of equitable "relationships." Pay Equity examines relationships between male and female jobs only. It asks: Which male and female jobs are similar or equal in value and should therefore be paid at the same level? An internal equity program begins by examining value relationships between jobs regardless of gender, then moves on to examine value relationships between groups of jobs; and finally to examine pay relationships between individual employees.

A. The Salary Structure Administration Practices Committee (SSAPC)

The Human Resources Manager, a member of the SSAPC Committee, and the appropriate Supervisor will carry out the evaluation of all positions within the Management / Non-Union group. Upon the completion of the evaluations, the SSAPC Committee will review the completed evaluations and critically evaluate the results. The SSAPC Committee will be comprised of:

- The Chief Administrative Officer
- Two Members of Council
- Human Resources Manager
- Representative of the Management / Non-Union group

Appropriate Supervisors will attend meetings of the SSAPC Committee where reviews of completed evaluations are carried out. The attendance of the Supervisor will be for clarification and information purposes only.

B. Process and Responsibility

Evaluations will be undertaken by the Human Resources Manager and the appropriate Supervisor, which will, by agreement, establish a point value for every Management / Non-Union position.

Based on the point values established, the Human Resources Manager would complete the Comparative Value Listing in descending order of the points assigned to the respective positions.

The evaluation tool to be used at the date of implementation of this policy will be that which was undertaken by Trendline Consulting and which is attached hereto and forms a part of this policy.

C. Appeal of Job Evaluation

Within 30 days of any evaluation of a newly created or newly changed position or of a subsequent comprehensive re-evaluation of positions, an employee may request a review of the job evaluation or of the calculations through which the point rating for that employee's position was determined. The initial review will be conducted with the Supervisors, and the Human Resources Manager.

If an agreement cannot be reached, the employee may request a review of their position with the SSAPC Committee. The SSAPC Committee shall, within 30 days of receiving a request conduct a review of the evaluation.

Within 10 days of the review of the position, the Human Resources Manager shall advise the employee in writing of the decision of the SSAPC Committee which decision shall be final and binding.

5. SETTING RATES OF COMPENSATION

A. Point Bands

Each position will be compensated on the basis of the band or range of point values into which the position falls. Once the total point value of the position has been determined, the Human Resources Manager will define the appropriate point band group. The point band groups have been provided below. There are fifteen (15) different groups ranging from ninety five (95) to eight hundred and seventy four (874) points. The point band will determine the appropriate salary range.

2%		January 1, 2012			
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3	186 to 232	\$31,074	\$41,431	\$35,514	\$47,352
4	233 to 280	\$34,602	\$46,136	\$39,546	\$52,728
5	281 to 329	\$38,130	\$50,840	\$43,576	\$58,101
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8	431 to 482	\$48,661	\$64,881	\$55,612	\$74,149
9	483 to 535	\$52,136	\$69,515	\$59,584	\$79,445
10	536 to 589	\$55,612	\$74,149	\$63,555	\$84,741
11	590 to 644	\$59,088	\$78,784	\$67,527	\$90,036
12	645 to 700	\$62,562	\$83,417	\$71,501	\$95,334
13	701 to 757	\$66,038	\$88,050	\$75,473	\$100,630
14	758 to 815	\$69,514	\$92,685	\$79,444	\$105,926
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9	483 to 535	\$53,179	\$70,905	\$60,775	\$81,034
10	536 to 589	\$56,724	\$75,632	\$64,827	\$86,435
11	590 to 644	\$60,270	\$80,359	\$68,878	\$91,837
12	645 to 700	\$63,814	\$85,085	\$72,931	\$97,241
13	701 to 757	\$67,359	\$89,811	\$76,982	\$102,643
14	758 to 815	\$70,904	\$94,539	\$81,033	\$108,044
15	816 to 874	\$74,450	\$99,267	\$85,085	\$113,447

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5	281 to 329	\$39,670	\$52,894	\$45,336	\$60,449
6	330 to 379	\$43,341	\$57,788	\$49,532	\$66,042
7	380 to 430	\$47,010	\$62,680	\$53,727	\$71,636
8	431 to 482	\$50,627	\$67,502	\$57,858	\$77,145
9	483 to 535	\$54,243	\$72,323	\$61,991	\$82,654
10	536 to 589	\$57,858	\$77,145	\$66,123	\$88,164
11	590 to 644	\$61,475	\$81,967	\$70,255	\$93,674
12	645 to 700	\$65,090	\$86,787	\$74,389	\$99,186
13	701 to 757	\$68,706	\$91,608	\$78,522	\$104,696
14	758 to 815	\$72,322	\$96,430	\$82,654	\$110,205
15	816 to 874	\$75,939	\$101,252	\$86,787	\$115,716

2%	January 1, 2015				
		35 Hours Per Week		40 Hours Per Week	
	Band	Point Range	Minimum	Maximum	Minimum
1	95 to 139	\$25,490	\$33,987	\$29,131	\$38,841
2	140 to 185	\$29,233	\$38,977	\$33,410	\$44,546
3	186 to 232	\$32,975	\$43,967	\$37,688	\$50,251
4	233 to 280	\$36,720	\$48,959	\$41,966	\$55,955
5	281 to 329	\$40,464	\$53,952	\$46,243	\$61,658
6	330 to 379	\$44,208	\$58,944	\$50,522	\$67,363
7	380 to 430	\$47,950	\$63,934	\$54,801	\$73,069
8	431 to 482	\$51,639	\$68,852	\$59,016	\$78,687
9	483 to 535	\$55,327	\$73,770	\$63,231	\$84,307
10	536 to 589	\$59,016	\$78,687	\$67,446	\$89,927
11	590 to 644	\$62,704	\$83,606	\$71,661	\$95,547
12	645 to 700	\$66,392	\$88,522	\$75,877	\$101,170
13	701 to 757	\$70,080	\$93,440	\$80,092	\$106,790
14	758 to 815	\$73,769	\$98,358	\$84,307	\$112,409
15	816 to 874	\$77,458	\$103,277	\$88,523	\$118,031

B. Salary Ranges

The point band number classifies the salary range. The salary level for each point band will be graduated according to the Performance Review Policy. The lowest step in a point band range will be 75% of the range maximum, the midpoint will be 87.5% of the range maximum, and the highest step will be 100% of the range maximum. The rates of compensation at each step in a range will be expressed as an hourly rate. (The annual salary of a position will be the product of the operative current hourly rate multiplied by the number of regular annual working hours based upon a 52-week period).

To avoid conflicts with pay equity issues, the criteria established for modeling acceptable band variations require that the target maximum for Band Number 3 would be equal to or higher than the male comparator. The male comparator rate for Band Number 3 is the Labourer (Parks) position.

6. INITIAL PLACEMENT ON COMPENSATION GRID

Salary Administration is a two-tier structure. As recognized on the salary range table the minimum is 75% of the maximum and the midpoint is 87.5% of the maximum. The first tier, from 75% to 87.5%, is reserved for previous work experience upon hiring. Tier two, from 87.6% to 100% are reserved for performance. All positions start at the minimum level unless the incumbent being hired into the position possesses previous work experience relating to the position. Previous experience is calculated as follows:

- A. Assess 1 credit for each 7 years of experience in a related job with another employer, or in an unrelated job with the Town.
- B. Assess 1.25 credits for each 6 years of experience in the same job or a job at the same level with another employer.
- C. Assess 1.5 credits for each 7 years of experience with the Town in a related job prior to being promoted into the current position
- D. Assess 1.25 credits for each 5 years of experience in the current position since being hired or promoted.

The sum of the credits calculated for categories A through D is equated to a percent of the salary range as follows:

5 credits or more	87.5%	(midpoint)
4 credits	85.0%	
3 credits	82.5%	
2 credits	80.0%	
1 credit	77.5%	
Less than 1 credit	75.0%	(Minimum)

- i.e. Employee X has 3 years of related experience (category A), 10 years of experience in a similar job (category B), and has been with the Town for one full year in the current position (category D). The maximum in X's salary range is \$27.95 per hour. Calculation of the percent of range is therefore:

$$(3/7*1) + (10/6*1.25) + (1/5*1.25) = 2.76 \text{ or } 81.90\%$$

$$\$27.95 * 81.90\% = \$22.89 \text{ per hour}$$

The wage determined after experience is taken into account will be the employee's starting salary. Increases in compensation will not be based on tenure but will be based on a continuous performance evaluation process corresponding with the anniversary dates of individual employees.

At no time, will an employee who is in a supervisory role earn less than the employees that he / she is supervising. This will be taken into consideration when calculating the initial placement on the compensation grid. The employee will earn a minimum rate of 3% more than the highest paid individual under their supervision.

7. RESCORING OF CURRENT POSITIONS

Over time and due to changes in responsibilities, there may be a requirement to re-evaluate current positions and the corresponding point evaluation. Once a re-evaluation is completed and there is a change to the assigned point band, the following will apply to positions where there is an active employee:

- A. If the position is scored at a lower point band, the employee will receive the same percentage at the lower point band that they were receiving at the higher point band. For example, if the employee were receiving 75% of the higher point band then the employee would now receive 75% of the lower point band. The employee will then progress through the salary range as per Section 8 below.
- B. If the position is scored at a higher point band, the employee will receive their current salary plus a 3% increase (but at no time, will the employee earn less than the minimum rate for the new point band). The employee will then progress through the salary range as per Section 8 below.
- C. If the position is scored at the same point band, then the employee's salary will remain the same. The employee will then progress through the salary range as per Section 8 below.

8. PROGRESSION THROUGH COMPENSATION GRID

Tier two involves pay for performance. After the probationary period (six months) and each subsequent year after hire, the incumbent will receive a performance appraisal enabling him / her to receive further percentage increases. The level of performance (excellent to improvement essential) will determine the amount of the percentage increase.

A. Goals and Objectives of the Process

The goal of the performance evaluation process is to foster competence, motivation and employee satisfaction.

The objectives of the process are as follows:

- to establish clear and mutual understanding of expectations,
- to establish and maintain open and constructive dialogue,
- to recognize and acknowledge strengths and achievements,
- to identify needs and to formulate strategies to meet these, and
- to establish entitlement to salary increments or financial incentives.

B. The Performance Review Cycle

The performance evaluation cycle will correspond to the individual employees anniversary date and will consist of the following elements:

SCORING AND EVALUATION METHOD:

OVERALL ASSESSMENT OF PERFORMANCE

E – EXCELLENT: Significantly and consistently exceeded the standard	5 Points
V – VERY GOOD: Exceeded the standard	4 Points
S – SATISFACTORY: Met the standard	3 Points
ID – IMPROVEMENT DESIRED: Did not meet the standard	2 Points
IE – IMPROVEMENT ESSENTIAL: Significantly below the standard	1 Point
N/A – NOT APPLICABLE: Component not included in everyday duties	N / A

MANAGEMENT / NON-UNION SALARY PROGRESSION

		Improvement Essential	(20%-29%)
		Improvement Desired	(30%-49%)
After 6 months	3%	Satisfactory performance or higher	(50% or higher)
After 1 year	3%	Satisfactory performance or higher	(50% or higher)
After 2 years	5%	Satisfactory performance or higher	(50% or higher)
After 3 years	4%	Very Good performance	(70%-89%)
After 4 years	2%	Very good performance	(70%-89%)
	2.5%	excellent performance	(90%-100%)
		Progression continues at 2%, or 2.5% until individual reaches the top of the salary scale.	

Percentage increase applies to the employee's current salary

9. PERFORMANCE BASED BONUS

For employees at the maximum of the salary range for the applicable point band and based on the outcome of employees performance review, the Supervisor may recommend, and the Division Manager may approve a performance incentive bonus as follows:

<u>Performance Levels</u>	<u>Total Rating</u>	<u>Bonus</u>
1. Very Good Performance	70% to 89%	\$1,000
2. Exceptional	90% or above	\$1,500

Incentive bonus awards will not be added to the employee's salary and will be awarded in subsequent years only on the basis of continuing merit. Incentive bonus awards will be prorated according to the employee's full time equivalent (FTE).

10. POLICY REVIEW AND MAINTENANCE

The SSAPC Committee will review this policy including the rates of compensation upon approval of Council and to coincide with the budget process every second year. Based on its review, the SSAPC Committee will submit a report with recommendations to Council with respect to rates of compensation and to any other matter relating to the operation of the process.

The review will include but not be limited to a market comparison of the benchmark salaries, an examination of the union and non-union differential and the base compensation rates for bargaining union salaries. It will also include consideration of trends in the local cost of living index.

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15	816 to 874	\$75,939	\$101,252	\$86,787	\$115,716

B. Salary Ranges

The point band number classifies the salary range. The salary level for each point band will be graduated according to the Performance Review Policy. The lowest step in a point band range will be 75% of the range maximum, the midpoint will be 87.5% of the range maximum, and the highest step will be 100% of the range maximum. The rates of compensation at each step in a range will be expressed as an hourly rate. (The annual salary of a position will be the product of the operative current hourly rate multiplied by the number of regular annual working hours based upon a 52-week period).

To avoid conflicts with pay equity issues, the criteria established for modeling acceptable band variations require that the target maximum for Band Number 3 would be equal to or higher than the male comparator. The male comparator rate for Band Number 3 is the Labourer (Parks) position.

6. INITIAL PLACEMENT ON COMPENSATION GRID

Salary Administration is a two-tier structure. As recognized on the salary range table the minimum is 75% of the maximum and the midpoint is 87.5% of the maximum. The first tier, from 75% to 87.5%, is reserved for previous work experience upon hiring. Tier two, from 87.6% to 100% are reserved for performance. All positions start at the minimum level unless the incumbent being hired into the position possesses previous work experience relating to the position. Previous experience is calculated as follows:

- A. Assess 1 credit for each 7 years of experience in a related job with another employer, or in an unrelated job with the Town.
- B. Assess 1.25 credits for each 6 years of experience in the same job or a job at the same level with another employer.
- C. Assess 1.5 credits for each 7 years of experience with the Town in a related job prior to being promoted into the current position
- D. Assess 1.25 credits for each 5 years of experience in the current position since being hired or promoted.

The sum of the credits calculated for categories A through D is equated to a percent of the salary range as follows:

5 credits or more	87.5%	(midpoint)
4 credits	85.0%	
3 credits	82.5%	
2 credits	80.0%	
1 credit	77.5%	
Less than 1 credit	75.0%	(Minimum)

- i.e. Employee X has 3 years of related experience (category A), 10 years of experience in a similar job (category B), and has been with the Town for one full year in the current position (category D). The maximum in X's salary range is \$27.95 per hour. Calculation of the percent of range is therefore:

$$(3/7*1) + (10/6*1.25) + (1/5*1.25) = 2.76 \text{ or } 81.90\%$$

$$\$27.95 * 81.90\% = \$22.89 \text{ per hour}$$

The wage determined after experience is taken into account will be the employee's starting salary. Increases in compensation will not be based on tenure but will be based on a continuous performance evaluation process corresponding with the anniversary dates of individual employees.

At no time, will an employee who is in a supervisory role earn less than the employees that he / she is supervising. This will be taken into consideration when calculating the initial placement on the compensation grid. The employee will earn a minimum rate of 3% more than the highest paid individual under their supervision.

7. RESCORING OF CURRENT POSITIONS

Over time and due to changes in responsibilities, there may be a requirement to re-evaluate current positions and the corresponding point evaluation. Once a re-evaluation is completed and there is a change to the assigned point band, the following will apply to positions where there is an active employee:

- A. If the position is scored at a lower point band, the employee will receive the same percentage at the lower point band that they were receiving at the higher point band. For example, if the employee were receiving 75% of the higher point band then the employee would now receive 75% of the lower point band. The employee will then progress through the salary range as per Section 8 below.
- B. If the position is scored at a higher point band, the employee will receive their current salary plus a 3% increase (but at no time, will the employee earn less than the minimum rate for the new point band). The employee will then progress through the salary range as per Section 8 below.
- C. If the position is scored at the same point band, then the employee's salary will remain the same. The employee will then progress through the salary range as per Section 8 below.

8. PROGRESSION THROUGH COMPENSATION GRID

Tier two involves pay for performance. After the probationary period (six months) and each subsequent year after hire, the incumbent will receive a performance appraisal enabling him / her to receive further percentage increases. The level of performance (excellent to improvement essential) will determine the amount of the percentage increase.

A. Goals and Objectives of the Process

The goal of the performance evaluation process is to foster competence, motivation and employee satisfaction.

The objectives of the process are as follows:

- to establish clear and mutual understanding of expectations,
- to establish and maintain open and constructive dialogue,
- to recognize and acknowledge strengths and achievements,
- to identify needs and to formulate strategies to meet these, and
- to establish entitlement to salary increments or financial incentives.

B. The Performance Review Cycle

The performance evaluation cycle will correspond to the individual employees anniversary date and will consist of the following elements:

SCORING AND EVALUATION METHOD:

OVERALL ASSESSMENT OF PERFORMANCE

E – EXCELLENT: Significantly and consistently exceeded the standard	5 Points
V – VERY GOOD: Exceeded the standard	4 Points
S – SATISFACTORY: Met the standard	3 Points
ID – IMPROVEMENT DESIRED: Did not meet the standard	2 Points
IE – IMPROVEMENT ESSENTIAL: Significantly below the standard	1 Point
N/A – NOT APPLICABLE: Component not included in everyday duties	N / A

MANAGEMENT / NON-UNION SALARY PROGRESSION

		Improvement Essential	(20%-29%)
		Improvement Desired	(30%-49%)
After 6 months	3%	Satisfactory performance or higher	(50% or higher)
After 1 year	3%	Satisfactory performance or higher	(50% or higher)
After 2 years	5%	Satisfactory performance or higher	(50% or higher)
After 3 years	4%	Very Good performance	(70%-89%)
After 4 years	2%	Very good performance	(70%-89%)
	2.5%	excellent performance	(90%-100%)
		Progression continues at 2%, or 2.5% until individual reaches the top of the salary scale.	

Percentage increase applies to the employee's current salary

9. **PERFORMANCE BASED BONUS**

For employees at the maximum of the salary range for the applicable point band and based on the outcome of employees performance review, the Supervisor may recommend, and the Division Manager may approve a performance incentive bonus as follows:

<u>Performance Levels</u>	<u>Total Rating</u>	<u>Bonus</u>
1. Very Good Performance	70% to 89%	\$1,000
2. Exceptional	90% or above	\$1,500

Incentive bonus awards will not be added to the employee's salary and will be awarded in subsequent years only on the basis of continuing merit. Incentive bonus awards will be prorated according to the employee's full time equivalent (FTE).

10. POLICY REVIEW AND MAINTENANCE

The SSAPC Committee will review this policy including the rates of compensation upon approval of Council and to coincide with the budget process every second year. Based on its review, the SSAPC Committee will submit a report with recommendations to Council with respect to rates of compensation and to any other matter relating to the operation of the process.

The review will include but not be limited to a market comparison of the benchmark salaries, an examination of the union and non-union differential and the base compensation rates for bargaining union salaries. It will also include consideration of trends in the local cost of living index.