



CORPORATE REPORT
The Corporation of the Town of Wasaga Beach
Meeting Date: 6/13/2024

DATE: 5/27/2024

SUBJECT: Compensation Review for Management/Non-Union Employees and Members of Council

CONTACT: Denise Elen, Director of Human Resources

REPORT NUMBER: 2024/06/13-01

RECOMMENDATION:

1. **THAT** the presentation by Marianne Love, ML Consulting pertaining to Compensation Review for Management - Non-Union Employees and Members of Council be received as information;
2. **THAT** the report titled: Compensation Review for Management/Non-Union Employees and Members of Council to the June 13, 2024 meeting of Council, be received;
3. **THAT** Council approve the proposed wage chart at the 55th percentile for Members of Council as attached in Appendix A;
4. **THAT** the unbudgeted amount of \$52,990 for the Council Remuneration increase be approved and funded from the General Reserve;
5. **THAT** an updated Council Remuneration By-law be brought forward to the next regular Council meeting;
6. **THAT** Council approve the updated ladder chart (Appendix B) and wage chart (Appendix C) for Management/Non-Union employees, effective January 1, 2024;
7. **THAT** Council approve the benefit enhancements for Management/Non-Union employees, Council and Retirees, effective July 1, 2024 as referenced in the staff report;
8. **THAT** the unbudgeted amount of \$249,500 (\$349,500 less the budget of \$100,000) associated with the updated ladder and wage charts for Management/Non-Union employees be approved and that \$249,500 be funded from the General Reserve; and
9. **THAT** the Director of Human Resources be directed to conduct another market review for Management/Non-Union Staff and Council every four years.

EXECUTIVE SUMMARY:

- Term of Council Priorities regarding Modernization of Town Hall to support the municipality's ability to create a corporate culture that will attract and retain top talent.

- Financial implications for the Town to implement wage increases made effective January 1, 2024 for Management and Non-Union Employees is \$249,500 and Council is \$52,990; and benefit enhancements effective July 1, 2024 for Council, Management/Non-Union Employees and Retirees is approximately \$7,684. It is proposed that the variance in the 2024 wages and benefits be covered through the General Reserves.
- Propose amending the schedule to conduct market reviews from every five years to every four years, with another review to be conducted in 2028.

BACKGROUND:

In 2007, the Town engaged Marianne Love, a compensation specialist with McDowall Associates, to complete an internal equity and market survey for Management and Non-Union staff and later posted a Pay Equity Plan. A comprehensive job evaluation system process was utilized and the compensation review culminated in a new salary grid that was competitive to the defined market, supported internal equity and was pay equity compliant. The Town has maintained the compensation program since then and underwent a similar review in 2019.

In the last review the consultant recommended revised job rates to reflect a 55th percentile of the defined pay market. Establishing a higher percentile target (from the previous 50th percentile), supports the Town's ability to attract and retain qualified staff to deliver the corporate strategic plan's objectives and services.

As part of the 2024 Budget, Council approved updating the wage review for Management/Non-Union employees, supporting Human Resources Compensation & Benefits – Salary Administration Program Policy HRP 3-2.02; as well as conducting a market wage review for Members of Council. Through an RFP process, ML Consulting owned by Marianne Love, was chosen to undertake the review. Ms. Loves' familiarity of the Town of Wasaga Beach and work with many municipalities throughout Ontario was viewed to be an asset throughout this process.

Further to the compensation review, the Town typically enhances the benefit plan for Management/Non-Union staff and Members of Council through negotiations. With the collective agreement with the Wasaga Beach Professional Fire Fighter Association (WBPFFA) being finalized, a number of benefit enhancements were recently negotiated for the staff covered in this bargaining unit.

DISCUSSION:

Members of Council Wage Review

A compensation review for Members of Council was also conducted by Marianne Love; for the positions of Mayor, Deputy Mayor and Councillor; to ensure these positions are compensated fairly for their time and expenses are financially sustainable and reasonable given current practices for municipal Council remuneration in the Province of Ontario. The same comparator municipalities noted for Management/Non-Union staff compensation review were utilized.

Historically, the Town has undertaken periodic reviews of Council remuneration (base salary and other elements of compensation) with the last formal review being conducted in 2019. Council wages are typically adjusted annually by the same percentage adjustment provided to the Non-

Union staff, however this term of Council voted to not accept the increase until the compensation review was finalized.

In order to ensure objectivity and reliability in the remuneration review, the Consultant reviewed market data that was compiled from the comparable municipalities. It can be noted that practices for conducting Council compensation reviews, including utilizing a comparator group analysis method, aligns to the practices of the Town's comparator group and best practice in the Province. The writer obtained survey data (Appendix A) from the comparator group that incorporated a review of various compensation elements. The base salaries for Elected Officials for the Town of Wasaga Beach are low to the competitive market, as noted in the chart below, with emphasis on the market average and median for Mayor, Deputy Mayor and Councillor.

	WB Salary	Market Median (50th)	% Diff	Market (P55th)	% Diff	Market (P60th)	% Diff
Mayor	\$45,379	\$60,689	+33.7%	\$63,512	+40.0%	\$74,296	+63.7%
Deputy Mayor	\$31,573	\$34,643	+9.7%	\$35,336	+11.9%	\$36,029	+14.1%
Councillor	\$24,631	\$30,157	+22.4%	\$30,887	+25.4%	\$35,364	+43.6%

It is recommended by staff and the Compensation Consultant that Council adjust the 2024 base salary, made retroactive to January 1, 2024, to reflect the 55th percentile of the comparator group which aligns with the same practice the Town follows for non-union staff, which will move the Town's wages for Elected Officials into the defined market. It is also recommended that Council continue to follow the practice of utilizing a comparator group to benchmark salaries and other elements of compensation, once during the term of Council, with the same cost of living adjustments being applied as for Non-Union employees to avoid a compensation structure that lags behind the comparator group.

The Town of Wasaga Beach's Council Members provisions for extended health and dental benefits, per diem (for attendance for conferences and workshops) and mileage rates are considered competitive within the target market.

Management/Non-Union Wage Review

Leading up to the review, all staff updated their job descriptions and positions noting significant change were highlighted for job evaluation. The results reviewed by the writer, Chief Administrative Officer (CAO) and ML Consulting to confirm and determine placement within the current banding structure, while ensuring internal equity and pay equity were maintained.

ML Consulting also conducted a market survey for both Management and Non-Union positions to compare organizational design, structure and similar positions with the following municipalities: City of Barrie, City of Orillia, Town of Bradford West Gwillimbury, Town of Orangeville, Town of Collingwood, Town of Innisfil, Town of New Tecumseth, and the Township of King. The municipal comparator group was selected based on a defined set of criteria, including: population and households, geographic placement, alignment with management/non-union market comparator group, historic consideration and to ensure the Town was able to remain competitive in an increasingly challenging market to recruit and retain qualified applicants and staff respectively. Based on these criteria, the comparator group is considered a reasonable group for the purpose of this assessment.

The cost of living increases of other municipalities has been generally higher than the Town's increases in the past several years, which over time has created the Town to lag behind its comparator group. It is recommended that the Town adjust annual cost of living adjustments to be more in line with the identified comparator group, as well as conduct market reviews every four years, opposed to every five years. These proposed changes would support the Town's ability to maintain a realistic salary administration process that would not result in a significant financial impact each time a market review is conducted. The past compensation review conducted in 2019 resulted in a requirement to phase in the increases over a three year period as the impact cost the Town \$251,719 plus benefits of approximately \$78,033, for a total cost of \$329,752.

The market analysis confirmed that The Town of Wasaga Beach is less competitive to the defined market, with some positions experiencing greater difference, particularly senior level management positions. As a result of the job evaluation and market review, eleven positions, as bolded in the attached ladder chart noted as Appendix B, are recommended to move within the Town's ladder chart.

The 2024 proposed updated salary grid is provided as Appendix C which reflects the 55th percentile, based on the market results, internal equity and pay equity.

It is recommended that the positions in Value Groups 1 and 2, which are primarily seasonal positions, be reviewed in the fall to establish appropriate rate adjustments to be considered as part of the budget process, and in advance of summer student postings in the new calendar year.

There was consideration to propose job rates reflecting a 60th percentile of the defined pay market, opposed to 55th percentile, however the impact to the municipality's operating costs determined this was not feasible. Further, the changes implemented over the past year to create a more positive work environment, including the Work Your Way Wasaga alternate work schedule policy along with establishing a 35 hour work week (from 40 hours) supports maintaining the 55th percentile at this time. As part of the next compensation review, as proposed to be conducted in 2028, it is recommended that a review of the pay percentiles of the defined market be conducted to allow for consideration of the Town's pay practice.

It is recommended that the proposed new wage grid be made retroactive to January 1, 2024.

Benefit Enhancements

With recent negotiations with WBPFFA being completed, it is proposed that the following benefit enhancements, as noted below, be provided to Council members, Non-Union staff and Retirees.

	Current	2024	2025	2026
Boot Allowance	\$200	\$250	\$275	\$300
Psychological	\$1,000	\$2,000	\$3,000	\$4,000
Chiropractic & Massage	\$500		\$600	\$750
Vision	\$400	\$500	\$600	
Hearing Aids	\$500	\$1,000 every 4 years		
Orthodontic	\$2,000	\$2,400	\$2,500	\$3,000
Major Dental	\$2,000			\$2,200
Pregnancy and Parental Leave Top up	N/A		75%	
Remembrance Day Statutory Holiday	N/A		Add	

FINANCIAL IMPLICATIONS

Wages

For Management/Non-Union Employees as part of the 2024 Budget a 1.7% wage increase was built into the operating budget, which was reflective of the wage increases provided to the Town's CUPE staff members as part of their negotiated collective agreement. Further, \$100,000 has been incorporated into the operating budget to absorb the cost of the salary increases related to the compensation review. It is being recommended that the majority of staff be placed on the revised wage chart using the "next closest step" methodology, with the exception of positions that have assumed significant responsibility relative to their municipal and internal counterparts for a considerable period of time, which has not been recognized since the last review.

To incorporate the proposed new wage grid and adjust the positions that are recommended to move within the ladder chart, the cost to facilitate the amendments is \$266,500 plus benefits estimated at \$83,000 for a total of \$349,500.

The 2024 budget accommodates the first \$100,000, leaving a balance of \$249,500 which could be covered through the General Reserves for 2024.

In the 2025 budget, the \$100,000 budget would continue, and an additional \$100,000 would be added to the base budget which carries an approximate tax rate impact of 0.27% (about a ¼ of 1%). The remaining balance of \$149,500 would be covered through the General Reserves.

For the 2026 budget, the remaining base adjustment would be made to include the \$149,500 in taxation. No reserve amounts would be required.

This phasing approach and utilization of reserves provides a fair implementation of the identified adjustments, while gradually impacting the tax rate to mitigate the change. It is worth noting that

in 2023 the supplementary taxes created a \$1.1 million contribution to reserves, and the net overall operating surplus transferred to reserves was approximately \$2 million.

To incorporate the proposed new wage grid for Members of Council, the cost to facilitate the 55th pay percentile in 2024 is \$52,990 inclusive of benefits. The cost is proposed to be covered from General Reserves in 2024 and added to the tax base in 2025.

Benefits

The cost associated with the implementing the above noted benefit plan proposals (psychological; massage and chiropractic, vision, hearing aids, orthodontic) for all groups (Council, Non-Union, Retirees), excluding CUPE at this time, are as follows:

	2024	2025	2026
Estimated Benefit Enhancement Implementation Costs	\$7,684	\$21,752	\$39,213

*Please note that the future year illustrations are estimates only and have forecasted future years, assuming the current average industry increase of 7%, for both health and dental costs. The *actual* renewal increase next year will certainly impact the estimates either positively or negatively. Also, it is important to note that once the costings are agreed upon they are valid for three months only (these were provided in April), so in addition to the impact of actual renewal adjustments, any of the costings/pricing may change as well.

While the provision of the additional statutory holiday (Remembrance Day) is proposed for 2025, the impact to implement this will be a loss day of production.

Boot allowances costs are difficult to anticipate for Management/Non-Union employees as the requirement for replacements are not a regular occurrence. Similarly, pregnancy and parental leave top up will be difficult to ascertain, however this is a benefit that is becoming more readily offered at other municipalities.

Summary

The 2024 budget variance to implement the benefit enhancements for Council, Management/Non-Union Employees and Retirees is approximately \$7,684; and wage increases for Management/Non-Union Employees is \$349,500 less \$100,000 of which is provided for in the 2024 budget and Members of Council is \$52,990. It is proposed that the variance in the 2024 wages and benefits be covered through the General Reserves.

COUNCIL PRIORITY ALIGNMENT:

Term of Council Priorities regarding Modernization of Town Hall to support the municipality's ability to create a corporate culture that will attract and retain top talent.

CONCLUSION:

The proposed new wage grid for Management/Non-Union Staff establishes a competitive compensation system for the Town of Wasaga Beach. It is also internally equitable and pay equity compliant. These factors will support the Town's ability in attracting qualified candidates and retaining its employees.

This compensation review acknowledges that the Town has maintained consistent practices of job evaluation, of new and evolved positions, to ensure internal equity and pay equity compliance. Regular reviews will ensure that senior management and technical professional positions, that are susceptible to market changes, are evaluated so that the Town maintains a competitive compensation program.

Enhancements to benefits will also support the Town's objective in becoming a top employer of choice.

Staff are requesting that Council receive the information pertaining to the compensation review for Management/Non-Union Employees and Members of Council and approve the updated wage grid and ladder chart retroactive to January 1, 2024. Further, staff request Council to approve the benefit enhancements for Management/Non-Union, Council and Retirees effective July 1, 2024.

Authored by:



Denise Elen,
Director, Human Resources

Appendices:

- Appendix A – Consultant's Report
- Appendix B – Proposed Updated Management/Non-Union 2024 Ladder Chart
- Appendix C – Proposed Updated Management/Non-Union 2024 Hourly Wage Grid