

<b>POLICY NO:</b>	PE 028
<b>POLICY TITLE:</b>	COMPENSATION REVIEW PROCESS POLICY
<b>DEPARTMENT:</b>	PERSONNEL
<b>APPROVAL DATE:</b>	18-08-07 (August 13, 2007)
<b>REVISION DATE:</b>	
<b>REVIEW DATE:</b>	

**Policy Statement:**

The County of Vermilion River will provide fair and equitable overall compensation to all staff that is comparable to the ever changing market so as to attract and retain competent and qualified staff, which provides the level of services established by Council to the ratepayers.

The County of Vermilion River does and will have other policies or standards to address other issues that also affect staffing retention and recruitment such as levels of staffing / equipment / training / environment / culture / stresses.

**Definitions:**

1. **Compensation** - in this policy includes amounts paid for expected hours of work, benefits and other policy benefits
2. **Cost of Living Allowance “COLA” – Statistics Canada** - Consumer Price Index showing the percentage change in costs for items over a specific time for specific areas (Canada, Provinces, Cities)
3. **Grids** – County established Hourly and Salary Ranges established for specific or general Job Descriptions
4. **Red Circling** – identification of a specific grid that is currently higher than other comparable positions is designated as “out of step with the market” therefore needs to be addressed during the annual adjustments made to other grids

**Background:**

The 2006 Strategic Plan by Council and Administration identified Staff Retention and Recruitment as one of the current key issues for the County and all other municipalities / business.

**Guidelines:**

**Goals:**

1. A wage / salary range / work week / benefits will be established for all positions that is appropriate in relation to both the external market and the department scope of operations.

2. The employer's share of non-legislated benefits and the length of the work week will be appropriate to the external market and reviewed as part of this process
3. Adjustments affect the salary grids based on the hours worked outlined in Policy PE020
4. Comparative Information – to achieve the principles of this policy the specific nine (9) Municipalities to be used in municipal comparisons are:
  - a. M.D. of Bonnyville
  - b. M.D. of Wainwright
  - c. County of St. Paul
  - d. County of Minburn
  - e. County of Two Hills
  - f. County of Athabasca
  - g. M.D. of Provost
  - h. County of Wetaskiwin
  - i. County of Ponoka
5. Benchmarks to be used – employment markets / economics requires comparisons to be done – the surveys to be used are:
  - a. AAMD&C – Alberta wide and & municipality comparison – done annually
  - b. Gas Federation – done annually in mid-September
  - c. Local – surrounding municipalities and local comparable businesses as needed
  - d. COLA – for Alberta & Lloydminster ( averaged if available)
6. If a position is Red Circled the affected staff will be provided the information council reviewed and based their decision on – the affected staff can appeal this council decision by a written submission through their manager.
7. Process and basis used by council is to be provided to staff to provide clarity – staff need to clearly understand the processes and guidelines used regarding existing and adjusted compensation packages

**Timelines:**

1. Compensation adjustments will be effective January 1 of each year to accommodate the benefit adjustments that need to reported annually.
2. Compensation is a key part of the budget, with the interim budget usually targeted for October / November each year; therefore this process will have to reflect any compensation adjustments in the spring draft / final budget.

**Adjustment Process:**

**Basic Principles:**

1. Creating a new grid will only be done when:

- a. a manager requests to convert their hourly grid basis to a salary basis (a non-retractable change)
  - b. a new position created that has very different responsibility, education or skill levels than any other existing position
2. Adjustments are done to existing grids:
    - a. due to compensation market changes (for lower than comparable compensation for that position)
    - b. as a strategy to deal with retention, growth and responsibilities of staff
    - c. as a proactive approaches for specific personnel issues or pressures for all departments
  3. Any position that is red circled will not be eligible for a wage adjustment until they reach the comparable compensation for that position
  4. Two different types of adjustments need to be considered for existing grids
    - a. COLA and B. Market

**COLA Adjustment:**

1. The independently determined COLA (Alberta / all items) for the previous twelve (12) month period for November 1 to October 31 will be determined and presented to council at the first meeting in December each year for information (see example attached)
2. All staff, both hourly (permanent and seasonal) and salary, will received the same COLA adjustment (percentage)
3. The average of the 12 months (November 1 to October 31) period may be applied to all grids to be effective January 1 of the next year

**Market Adjustment:**

1. Background Information and surveys are to be collected by mid-September each year and given to council ASAP after this date (a September survey may have mixed data with both adjusted and unadjusted compensation included)
2. All managers are to provide council input regarding:
  - a. market demands / comparisons / trends and other factors they are aware of for specific positions or grids
  - b. staff retention and recruitment situations / factors
3. Council will make an annual decision with regard to compensation adjustments to the grids/benefits/hours of work for market changes by the first council day in December, each year to be effective January 1 of the following year
4. A survey of municipal adjustments for the current year will be provided to council by April each year as background as most compensation adjustments have been done by that time.

## **Considerations:**

1. A flat amount adjustment may be considered with the understanding grids will have:
  - a. a result that provides different % increases for each position and
  - b. some compression occur between hourly (not all inclusive) and salary (all inclusive) grids
2. A percentage adjustment may be considered with the understanding the grids will have:
  - a. a result that provides for different amounts for each position and
  - b. a widening between hourly (not all inclusive) and salary (all inclusive) grids
3. A combination of a flat amount and % increases in one year or in alternating years may be used to mitigate the impacts of these two approaches but if one approach is used over several years the impacts of these two approaches will be magnified
4. Seasonal Staff:
  - a. Compensation rates to allow for times when there is no work due to weather and season variation; offset as eligible only for mandatory benefits; travel distances to construction sites
  - b. Best if next year compensation known before current staff leave so it is easier to compete each year to fill positions – lessen risks, reliability & return of good staff
  - c. Look at ways, when possible, to provide year round employment by:
    - i. working with another department to share an employee off season
    - ii. add other off season work
    - iii. convert to basic wage – similar to grader men
5. Formula based approach to:
  - a. Compare our municipality with other municipalities by weighing similar and dissimilar factors that impact services delivered including:
    - i. Municipal budgets (show scope of programs delivered)
    - ii. Population (indicator of service / inquiry volumes)
    - iii. Miles of Developed Road (driver of costs and work loads)
    - iv. Extra-Ordinary Services such as a Gas / Electrical Utility
    - v. Staffing Levels – FTE Full Time & Seasonal (shows responsibility /scope)
    - vi. Equalized Assessment (shows ability to pay and workload)
    - vii. Other Relevant Factors – ie Industry / Bases / etc (major impacts)
  - b. Establish or analysis grids relative to other positions and municipalities – base on expectations / responsibilities / other requirements of the position

**Formula Components:**

B = base grid from which to start

S / DS = factors of similarity or dissimilarity (between municipalities)

T = time factor expectation (for positions that include estimated amount of overtime)

ie. 200 hrs overtime / regular hours of 2080 = 1.1

400 hrs overtime / regular hours of 1950 = 1.2

R = responsibility level (required skills or education/license, number of staff / facilities supervised, designated officer)

ie. Add type and number of the above