



Review of Market Salary, Position Evaluation and Salary Administration Policy

Report to Council

March 8, 2016

PRESENTATION OVERVIEW

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Objectives of the Research

The review was conducted to:

- Inform the re-development of the Market Salary, Position Evaluation and Salary Administration Policy.
- Gather a sense of what other municipalities are doing in this area.
- Determine appropriate amendments to Parkland County's current policy and administrative procedure.

Policy Topics Researched

What others are doing:

- Who do others compare themselves to?
- What factors should be used to determine comparators?
- What compensation elements should be compared?
- Where should the County be positioned relative to market?
- Is hourly rate a better comparator than annual salary?
- What is an appropriate cycle time for doing Salary Surveys?

Who We Looked At For Best Practices

Municipalities include:

- City of Calgary
- Strathcona County
- City of Edmonton
- City of St. Albert
- City of Red Deer
- City of Lethbridge

These Municipalities
Should NOT be
Confused with Parkland
County's Comparators
for Salary Purposes

Where appropriate we have inserted commentary based on our experience with other municipalities.

What We Found ... Compensation Policy

Policies vary dramatically in content and format:

- Some municipalities do not have a specific Council Policy on compensation;
- Others have a combined policy, practices and procedures into a detailed 'how-to' document;
- Most have something that address a selection of key themes:
 - Fairness, equity
 - The desire for highly qualified staff
 - The need to be competitive to attract and retain staff
 - Public sector affordability

What We Found ... Who Municipalities Compare Themselves to

Municipalities mostly compare themselves to other municipalities

– the reasons being:

- Apples-to-Apples comparison – corporate values, public service, not-for-profit etc.
- Comparability of unique municipal positions – Assessor, Ag Fieldman, Community Peace Officer, etc.
- At senior levels, municipalities are likely the only competitive market.
- In our experience, comparisons to the private sector are usually limited to technical positions (equipment operators, IT network support, etc.)

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Other Public Sector Agencies (e.g. School Boards) offer some limited comparability.

What We Found ... Who Municipalities Compare Themselves to

Municipalities usually don't compare themselves to the private sector – the reasons being:

- Reluctance of private sector firms to share competitive information (wage rates) with the public sector.
- Private Sector sees no benefit in receiving survey data about municipalities – don't view public sector as a competitor.
- In our experience, when private sector firms participate they do so with limited commitment to accuracy and timeliness.

Conclusion: Limit Comparison to Public Sector Organizations

What We Found ... What Factors Determine Who To Compare To

The Search for – Who Looks Like Us?:

- Most municipalities use factors such as proximity (neighbouring municipalities) and municipal status (City to City, M.D. To M.D.).
- Additional consideration is given to size based on population.
- Other factors considered – wealth (assessment) and positioning relative to large urban municipalities (geography).
- Some will vary comparators from year to year while others will codify the comparables and ignore all others.

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Conclusion: Base comparators on proximity, size, wealth and geography.

What We Found ... What Factors Determine Who To Compare To

The Search for – Who Looks Like Us?:

- See Attachment (page 17) for an analysis of potential comparative municipalities...

What We Found ... What Compensation Elements to Compare

Other than Salary are there other elements to compare:

- Base salary is the typically basis of Salary Reviews – by position.
- Benefit comparisons are usually performed separately – all positions.
- Experience shows that the benefit offerings among comparable municipalities do not vary significantly.
- Some variances occur with administration of benefits such as the:
 - Percentage of premium paid by employer
 - Number of years required to earn vacation benefits
 - Rewards for long-service.
- Differing approaches for taxable / non-taxable benefits (e.g. Premiums on L.T.D.)

Conclusion: Cash Compensation (Salary) should be the basis of comparison with Benefits being monitored separately.

What We Found ... What Percentile Ranking is Appropriate

There is some variation:

- Typically municipalities target to be in the middle of the pack – e.g. City of Edmonton @ 50th percentile, City of Calgary @ market average, City of St Albert @ 60th percentile, City of Lethbridge @ market median.
- Strathcona County stands out @ 75th percentile.

Conclusion: Use market median (50th percentile) as the measure of Market

What We Found ... Comparing Salaries – Different Work Week

Variations in Hours of Work have an impact:

- Some municipalities have chosen to make a comparison of hourly rates rather than salary where a variation in the length of the work week exists – e.g., City of Edmonton
- Typically municipalities ignore variations and focus on “... annual pay to do the job.”
- Has the potential for material differences – comparators with a higher salary but a lower hourly rate based on a 40 hour work week.
- In reality this practices only makes sense for overtime eligible positions.

Conclusion: Consider adopting this practice for overtime eligible positions.

What We Found ... Time Between Salary Surveys

Many municipalities have a shorter cycle time :

- Parkland County's practice calls for a Market review every 5 years.
- A typical cycle time is usually 2-3 years e.g. St. Albert every 2 years.
- Some such as Strathcona perform an annual review.
- Past experience demonstrates that the magnitude of the adjustment is correlated to the length of time between reviews.

Conclusion: Consider reducing the cycle time to every three years.

Policy Suggestions

Amendments coming from the review:

- Amend who the County compares with to include municipalities that are similar based on proximity, size, wealth and geography.
- Seek comparisons from other public sector organizations when municipal comparators are not found.
- Use market median as the definition of Market salary.
- Use hourly rates comparison for overtime eligible positions.
- Reduce the cycle time between market reviews to every three years.

These changes have a relatively minor process impact...

Summary comments

The Current Pay Administration Policy:

- Has many features we would expect to find in a Policy of this nature.
- The changes suggested are reflective of best practices.
- In addition to the suggested amendments there are a few other items we have discussed and suggested that be included in the latest draft of the Procedures (A-HR01-P1) related to the Policy.

Attachment – Who Looks Like Us?

POTENTIAL COMPARATOR MUNICIPALITIES							
MUNICIPALITY	2014	PER CAPITA EQUALIZED ASSESSMENT (PCEA)	PCEA	POPULATION	PROXIMITY	GEOGRAPHY	YES
	POPULATION	WEALTH	+ OR - 25%	+ OR - 50%			2 OR MORE ✓
STRATHCONA COUNTY	92,490	325,903	✓		✓	✓	Y
ST. ALBERT	63,255	168,354			✓	✓	Y
ROCKY VIEW COUNTY	38,055	398,627		✓		✓	Y
PARKLAND COUNTY	30,568	292,213					
SPRUCE GROVE	29,526	157,789		✓	✓	✓	Y
LEDUC	28,583	174,171		✓	✓	✓	Y
FORT SASKATCHEWAN	22,808	232,930	✓	✓	✓	✓	Y
FOOTHILLS NO. 31, M.D. OF	21,258	347,108	✓	✓		✓	Y
GRANDE PRAIRIE NO. 1, COUNTY OF	20,347	375,141		✓		✓	Y
STURGEON COUNTY	19,578	290,530	✓	✓	✓	✓	Y
RED DEER COUNTY	18,351	331,358	✓	✓		✓	Y
STONY PLAIN	15,051	158,640		✓	✓	✓	Y
LEDUC COUNTY	13,524	539,808			✓	✓	Y
MOUNTAIN VIEW COUNTY	12,359	354,797	✓			✓	Y
WETASKIWIN NO. 10, COUNTY OF	10,866	255,441	✓		✓		Y