

COUNCIL REPORT

April 29, 2010

To: Mayor & Council
From: Bill Preisenz, CAO
Re: Non-Union Salary 2010

Background

As it relates to non-union salaries, there are a number of factors impacting the determination of 2010 salaries for City of Kenora staff. While a majority of the City's union contracts have been settled and funding was approved in the 2010 municipal budget for non-union salary adjustments, additional information impacting non-union salaries has now come forward:

- o Council request for a salary survey of the market to compare salary levels of City of Kenora non-union staff
- o Bill 16 public sector non-union compensation freeze

In spite of these factors, a number of non-union staff have contacted the CAO office requesting some indication be provided on wage impacts for 2010.

Salary Administration Policy

Historically, the City of Kenora relies upon Policy HR-3-1, Salary Administration Policy, with respect to non-union economic adjustments. Section B of the Policy states:

CITY OF KENORA SALARY ADMINISTRATION POLICY

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B. Economic Adjustments

1. Annual economic adjustments to the Management Pay Grid may be authorized by Council.
2. Factors to be considered when any adjustment is to be made to the Management Pay Grid shall include:
 - Ability of the Municipality to pay based on approved budget guidelines
 - Wage and benefit package approved by Council for City employees covered by CUPE, IBEW, and KPFFA Collective Agreements
3. Effective date for any economic adjustment to the Management Pay Grid shall be January 01st or as otherwise approved by Council.

Non-union Staff Salary History

In 2006, non-union staff supported Council with a 0% salary freeze for both economic and movement of the salary grid in an attempt to find savings aimed at offsetting the Abitibi announced closure and lost tax revenue. Again in 2007, non-union staff received 0% as negotiations with CUPE commenced. While it had been Council's intent to freeze all salaries in 2006 & 2007, it was the non-union staff settlements that were held out as examples to other unions. However, CUPE's pending strike during negotiations and potential negative impact on the City's economy, resulted in Council's support to re-visit 2007 and provide a split increase in 2007 and 2008 of 3% for each year. In 2009, non-union staff received a 2.5% increase, similar to CUPE.

It is at Council discretion that any salary adjustment is approved, and historically, Council has relied upon other union settlements to bench-mark non-union salary adjustments.

Current Union Salary Approvals

CUPE -	2.5% salary increase - 2009
-	2.5% salary increase - 2010
-	2.75% salary increase - 2011
-	2.75% salary increase - 2012
KPFFA-	3.0% salary increase - 2010 (final year)
IBEW -	under negotiation

The IBEW (Waterplant) collective agreement is under negotiations at this time.

Provincial Government – Bill 16

As part of the implementation of its 2010 budget measures, the provincial government recently introduced Bill 16. Significant to the public sector employers is the introduction of the Public Sector Compensation Restraint to Protect Services Act, 2010 which would freeze the compensation structure for certain public sector employees for two years. The proposed legislation would take effect retroactively to March 25, 2010 and remain in effect until March 31, 2012. The Act will affect all members of provincial parliament and non-union employees and employees who do not bargain collectively in the Ontario Public Service. The Act would not apply to employees who are represented by a trade union, employees under the Education Act, Police Associations, Fire Protection and Prevention Associations, etc. Accordingly, the Act would not apply to unionized employees or non-unionized employees who collectively bargain. The other notable exception under the Act refers to a compensation plan that would have existed before March 24, 2010. An employee's rate of pay may be increased in recognition of i) length of employment service ii) assessment of performance iii) successful completion of a program or course of professional or technical education.

Other employees who are exempted from the Act include employees of municipalities and employees of local boards, however, municipalities have been urged to follow the provincial government's lead on the issue of employee compensation.

Other Municipal Settlements/Salary Survey

Canadian Labour Views have stated that most employers are predicting an average salary increase of about 2.8% in 2010. Closer to home, for 2010, Dryden and Sioux Lookout settled for 2% and 3% respectively, while in Fort Frances, negotiations with the Union have broken down and both parties have agreed to conciliation.

Following up with Council request, the Human Resources Manager, undertook a salary survey of Ontario municipalities of similar size to Kenora and the results were forwarded directly to Council. Not all non-union staff positions were exact matches but the survey results indicated the City of Kenora salaries were at or near the top for a majority of the 17 compared positions. The highest salary level (step 7) was used as a comparator in this survey and recognizing a majority of Kenora's non-union staff are not paid at step 7, there would still appear to be some consensus that the City's salary grid is not lacking in most areas.

Budget Impacts

Approved in the 2010 budget for non-union staff salary adjustments was \$140,965 calculated as follows:

	<u>Economic Adjustment</u>	<u>Grid Movement</u>	<u>Total</u>
City	\$58,632	\$60,136	\$118,768
Museum	\$ 5,138	\$ 5,098	\$ 10,236
Library	\$ 8,254	\$ 3,707	\$ 11,961

It should be noted that the Library staff salary compensation for 2010 would be determined by the Kenora Library Board.

Summary

The City of Kenora has strived to pay competitive and fair market salaries for non-union positions to attract and retain the skilled and experienced personnel required to manage a municipal corporation of Kenora's size and complexity. The challenge today is the same as 20 years ago "the right people in the right place at the right time". A competitive compensation plan and structure was most recently established in 2000 and in this past decade this municipal government has witnessed significant changes. Undertaking an independent review of the City's salary policy and structure would be a timely step in light of the recent salary survey results.

Recommendation:

That Council of the City of Kenora hereby freeze the City's 2009 salary grid; and That an independent review of the City's non-union salary grid be undertaken in 2010; and further That those staff who have met the requirements within the City's Salary Administration Policy HR-3-1 be allowed to move internally on the grid in accordance with the policy.