



April 26, 2013

City Council Committee Report

TO: Mayor and Council

FR: Karen Brown

RE: Non Union Salary Grid

Recommendation:

That Council hereby approves an economic adjustment of 1.7% to the City's Non-Union pay grid effective 1 January 2013; and further

That Council hereby approves an economic adjustment of 1.7% to the City's Non-Union pay grid effective 1 January 2014.

Background – Economic Adjustments:

Under the City's salary administration policy, #HR-3-1, the following section applies to economic adjustments to the non-union salary grid:

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.

In accordance with policy, the economic adjustment for non-union staff is now being brought forward to Council for consideration. The following table provides an overview of economic adjustments to the various City staff groups since amalgamation up to and including 2012, together with cumulative impacts.

City of Kenora

Comparative Analysis of Non-Union vs Union Settlements and Wage Rate Increases 1999 to 2012 Analysis

	Non-Union	CUPE	KPFFA	IBEW (WTP)
Municipal				
2000	0.00%	3.00%	3.00%	3.00%
2001	3.00%	1.50%	3.00%	2.50%
2002	3.00%	2.50%	3.00%	1.50%
2003	3.00%	3.00%	6.20%	2.50%
2004	3.00%	3.00%	6.40%	3.00%
2005	3.00%	3.00%	6.60%	13.00%
2006	0.00%	0.00%	0.00%	1.00%
2007	3.00%	3.00%	0.00%	3.00%
2008	3.00%	3.00%	3.00%	2.00%
2009	2.50%	2.50%	3.00%	2.50%
2010	0.00%	2.50%	3.00%	2.75%
2011	2.70%	2.75%	3.00%	2.75%
2012	2.75%	2.75%	3.00%	2.75%
Cumulative Change	33.03%	37.79%	52.59%	50.83%

- Wages restated to market based on union negotiations for WTP in 2005
- In 2007, CUPE, IBEW and non-Union increases were 2% as of January 1, and an additional 1% effective December 31
- In 2011 and 2012, Fire increase was 1.5% as of January 1, and an additional 1.5% effective July 1. In addition, this does not factor in the impacts of recognition pay, which were phased in commencing in 2011

All impacts are before step movement, skill trade adjustments, special negotiations (eg. CUPE Office Staff in 2003), signing bonuses, pay equity impacts, etc.

During the City's 2013 budget process, and as a result of the ongoing negotiations with CUPE, there were no economic increases budgeted either for Council remuneration, CUPE staff or non-union staff. The direction given by Council during

the budget deliberations was to fund any economic increases subsequently approved through the City's contingency reserve. Since that time, the City has reached a settlement with CUPE that includes a 1.7% economic adjustment per year for the next three years, commencing in 2013. With this, the following represent the approved economic adjustments for City bargaining unit staff for 2013:

- KPFFA (Kenora Professional Fire Fighters Association) – 3% (represented by 1.5% effective January 1st and 1.5% effective July 1st)
- CUPE (Canadian Union of Public Employees) – 1.7%

The IBEW (International Brotherhood of Electrical Workers, representing employees at the City's water treatment plant) contract has yet to be negotiated for 2013.

While under policy a number of factors are to be considered when reviewing economic adjustments to the non-union pay grid, the reality is that generally these adjustments tend to mirror the negotiated CUPE settlements. On occasion, due to budget constraints, no economic adjustment is made to the non-union pay grid.

In 2010 the City underwent a market survey review through an independent consultant to ensure the City's grid was competitive from a market perspective. Recommendations made by that consultant to amend the City's non-union pay grid were adopted by that Council. To ensure the grid remains competitive to market, average compensation adjustments for similar employee groups should be reviewed annually to determine whether future adjustments should be made to the City's non union grid. As an alternative, the adjustment to the non-union grid could mirror the negotiated settlements with CUPE. As such, it is recommended that the non-union grid be adjusted for both 2013 and 2014 by amount equal to the economic adjustment negotiated with CUPE staff for this same period, representing 1.7% per year for each of these years.

The City will undergo a municipal election in late 2014, and as such it is recommended that any decision with regards to amendments to the non-union pay grid for 2015 be left to the new Council.

Background – Council Remuneration Impact

In accordance with the Council Travel & Per Diems Policy (Policy #CC-15-1), any recommended economic adjustment to the City's non-union grid will also impact Council remuneration. This matter has been addressed under separate report and will also be brought forward for Council consideration at the same time as this report. For information purposes only, the net impact of the 2013 adjustment to Council remuneration in accordance with the provisions of this policy is \$6,437.

Background – Non-Union Grid Movement:

Approved within the City's 2013 budget was grid movement for non-union staff. This grid movement would be done in accordance with City policy #HR-3-1. The relevant section is as follows:

A. Job Classification, Wages, and Progression

1. Rates of pay and job classifications shall be established in accordance with the approved Salary Structure Grid for Non-Union/Management Staff, hereto known as the Management Pay Grid.
2. There shall be no upward movement between levels in the Management Pay Grid for a specific job classification established through the Pay Equity process.
3. An employee shall be eligible to receive a one merit increase upon satisfactory performance evaluation effective upon the employee's anniversary date and conditional upon meeting requirements as outlined in section 6 below. For purposes of this policy, an employee's anniversary review date will be December 31st of each year.
4. One merit is required to move one step on the Management Pay Grid.
5. Normal progression on the Management Pay Grid will be January 01st of each year.
6. Appointed Non-Union supervisory staff shall complete Performance Reviews and Job Plans for their respective staff on an annual basis by January 31st of the next year in order to be eligible for their own merit increase.

In accordance with City policy, grid movement for non-union staff, where approved based on performance of those staff, will be made in accordance with the allocations as approved within the budget. No further Council approval is required for this grid movement based on existing policy, with the exception of the CAO, for whom Council performs the annual performance appraisal and determines eligibility.

Budget:

During the City's 2013 budget process, and as a result of the ongoing negotiations with CUPE, there were no economic increases budgeted either for Council remuneration, CUPE staff or non-union staff. The direction given by Council during the budget deliberations was to fund any economic increases subsequently approved through the City's contingency reserve.

Since this time, the City has received notice from the OPP that they are reducing the City's 2013 budget estimate and billing by \$114,217. It is recommended that this reduction be used to fund the cost of an economic adjustment to the City's non-union pay grid. Anticipated costs for this adjustment are \$61,579, including applicable benefits.

The 2014 cost for the economic adjustment would be built into the City's 2014 operating budget.

Communication Plan/Notice By-law Requirements:

An updated non-union pay grid will be provided to the appropriate staff in the City's Human Resources and Finance departments.