



Town of Blue Mountains

Non-union Compensation Review

June 15, 2021 | Jane Mizanski



Gallagher

Insurance | Risk Management | Consulting

Objective

- Overview of Compensation Review Project
- Concepts and principles of compensation design
- Process and approach
- Market comparators - Council's input
- Project timelines

Introduction

Project Mandate Overview

Gallagher was retained to assist the Town of Blue Mountains with a compensation review to ensure the organization provides appropriate levels of compensation for its non-union employee group while meeting pay equity compliance requirements.

The scope of the review covers:



Job Evaluation

Implement Job Evaluation to assess internal equity and compliance with Pay Equity requirements



External Market Review

Assess competitiveness for talent and form the foundation of a new compensation program



Pay Equity

Analysis of any risk exposure and any adjustments to meet compliance



Pay Structure Development

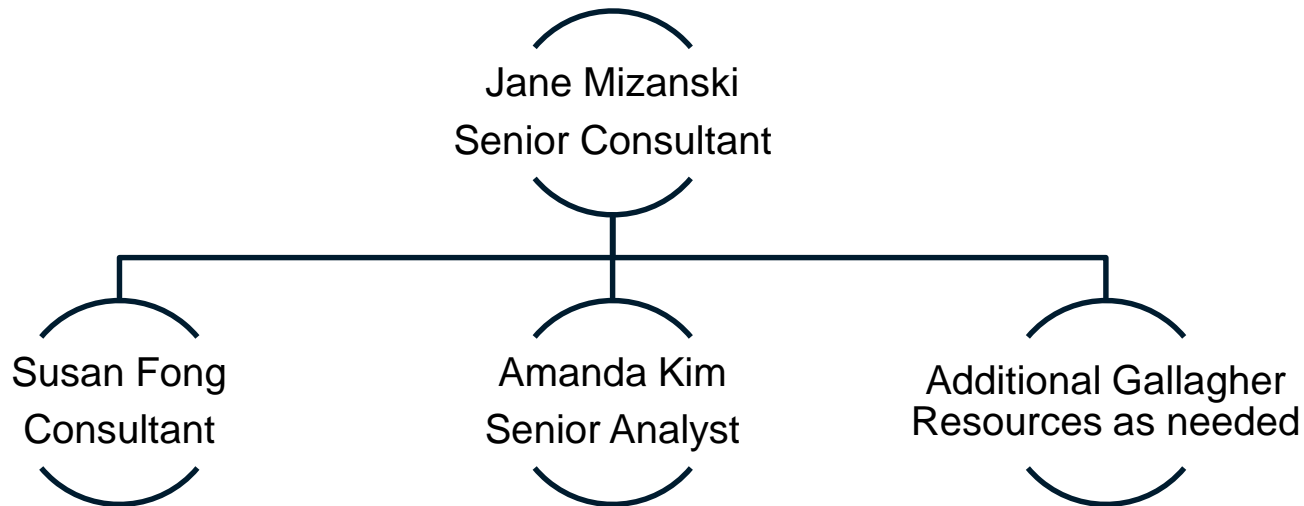
Development of a new/updated pay structure along with pay equity assessment and impact analysis

Gallagher HR & Compensation Consulting Group

- Specialized compensation and HR practice formed with the acquisition of McDowall Associates in 2015 and Accompass Group in 2019
- In-depth expertise in compensation data, tools and related processes for all aspects of total rewards design
- Pay equity and job evaluation design and implementation are unique core competencies of the firm
- Extensive experience developing and communicating compensation philosophy/pay policy, and designing market-aligned pay structures
- Significant experience in the municipal sector in Ontario

The Consulting Team

- Dedicated team to support the Town with:
 - Broader public and municipal sector focus
 - Extensive experience with job evaluation, market studies and pay equity compliance



Background to the Assignment

- Job evaluation maintained wherein new and changed jobs were evaluated
- The last market assessment for competitiveness completed in 2017; corporate policy: conduct assessment every 4 years
- Pay equity analysis updated as at 2017
- Scope includes approximately 150 full and part time non-union positions and seasonal roles
- Experience recruitment and retention challenges wherein pay is identified issue
- Time for a holistic review of the compensation program to ensure internal equity both in terms of grouping jobs as well as the salary structure, compliance and competitiveness of base salary and paid time off practices

Alignment with Corporate Strategic Priorities:

- Communications and Engagement:
 - Stakeholder communication to inform, manage expectations, and demystify compensation
 - Engage with foundation pieces including job information, market comparators, and validation of the output
- Organizational Excellence
 - ‘Felt fair’ pay – eliminate distractions, focus on performance
 - Flexible design to support organizational growth, individual growth
- Community
 - Internal equity = fair and equitable treatment of colleagues
- Quality of Life
 - Benefits – paid time off, hours of work

Components of Compensation Policy

- Fairness
 - Job rates based on the value of jobs as determined through job evaluation of current and actual qualifications and responsibilities; provides relative value of a job within an employee group
- Compliance
 - Based on analysis of job rates for female jobs relative to similar value male jobs in an employee group to achieve compliance
- Competitiveness
 - Address attraction and retention issues, achieved by paying at a competitive percentile of a defined pay market
- Affordability
 - Determined by Council having regard to budget

Developing Pay Program

Key Steps in developing a fair and equitable pay program

1

Job Information Collection

Job Information Collection includes:

- Job Descriptions
- Job Questionnaires

2

Job Evaluation

Job Evaluation is a systematic comparison between jobs to assess relative worth. Job Evaluations can be performed by:

- HR Team
- Job Evaluation Committee
- External Consultant

3

Pay Equity

The Pay Equity Act requires employers to pay female jobs the same as male jobs if they are of comparable value. The value of jobs are based on levels of:

- Skill
- Effort
- Responsibility
- Working Conditions

4

Market Review

Market Review is the process of analyzing external salary survey data to establish the worth of jobs, based on several scopes, such as:

- Geography
- Similar size/ population served
- Similar services

5

Salary Structure

Salary Structures are an important component of an effective compensation program and helps ensure that pay levels for groups of jobs are competitive externally while equitable internally

6

Ongoing Maintenance

Ongoing Maintenance involves reviewing an organization's pay structure annually to maintain target position

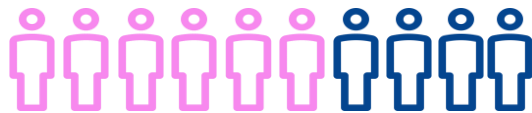
Ontario Pay Equity Legislation

Requirements

Under the *Ontario Pay Equity Act*, all public sector employers must achieve and maintain pay equity in their workplace.

All female jobs must be assessed for equity, as required in the *Act*. This includes Part-Time, Seasonal and most Casual positions.

Gender Predominance



If 60% or more of incumbents are female, the role is *female-dominated*



If 70% or more of incumbents are male, the role is *male-dominated*



The role could be possible *gender neutral* if it doesn't meet either test



Historical incumbency and gender stereotyping must also be considered

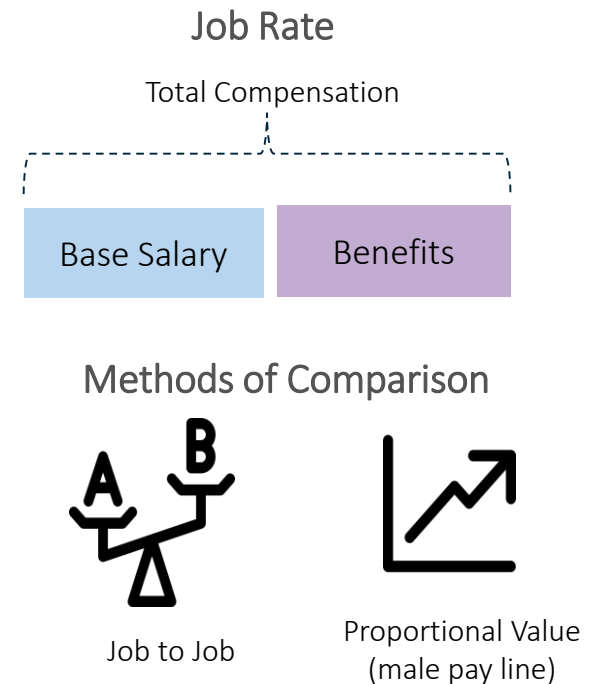
Important to Note



Non-compliance represents a “risk” in terms of exposure to employee complaints and/or audit by the Pay Equity Commission, resulting in possible current and retroactive adjustments

Pay Equity Compliance

- Is achieved:
 - When it can be demonstrated that all female job classes have the same job rate as the male comparator job class within the same band (job-to-job method)
 - If there is no male cross comparator through the job-to-job method, the proportional value method is used
- Is maintained:
 - By testing for compliance on a regular basis, ideally annually, to ensure new and changed jobs and job rates are addressed



Compensation Review

Proposed Approach: Internal Equity

- Job descriptions are robust and up-to-date; follow up with managers and incumbents on any gaps to ensure fulsome understanding of the jobs
- Using the Gallagher Universal JE Plan, Consultant will evaluate all jobs
- Output in form of ladder chart:
 - A hierarchy of points reflecting relative value of jobs
 - Group into bands deemed to be of similar value giving consideration to current banding, organizational relationships, mathematical concepts to support pay equity
- Validate the banding structure:
 - With Senior Management at minimum, and ideally with employees
 - Opportunity for reconsideration of band placement (appeals)

Pay Equity Compliance

- Identify male comparator position for each similar value group (job to job method of comparison)
- Analysis of job rates in accordance with *Pay Equity Act*

External Market Review

- Selection giving consideration to:
 - Comparable size
 - Similar employment markets
 - Equivalent scope of services
 - Seasonal influx
 - Municipalities with market competitive compensation programs
- Prior Market Reviews
 - 2012 8 municipal comparators
 - 2017 12 municipal comparators, plus sub-set analysis of Grey County, Grey Highland and Meaford
- Recommend 8 to 10 municipal comparator organizations

Market Comparators

9 municipal comparators recommended for 2021 review

Municipality	2016 Census	Previous Mkt Review	
		2012	2017
Blue Mountains	7,025		
Lambton Shores	10,631	Y	
Meaford	10,991	Y	
Gravenhurst	12,311		Y
Saugeen Shores	13,715	Y	Y
Clearview	14,151	Y	
Greater Napanee	15,892	Y	
Midland	16,864		Y
Niagara on the Lake	17,511	Y	y
Huntsville	19,816		Y
Wasaga Beach	20,675	Y	Y
Oro-Medonte	21,036		Y
Owen Sound	21,341		
Collingwood	21,793	Y	Y
East Gwillimbury	23,991		Y
King	24,512		Y
Orangeville	28,900		Y
Innisfil	36,566		Y
Grey County	93,830		

Next Steps

Next Steps

Project Phase	Task	June	July	August	Sept
External Equity	Confirm comparators				
	Job matching, analysis				
Internal Equity	Employee Town Halls <i>(Jun 22,23)</i>				
	Job Evaluation				
	Validation				
Pay Equity	Analysis				
Salary Structure Design	Cost impact, testing				
Final Report	Prepare and present				



Gallagher

Insurance | Risk Management | Consulting

Jane Mizanski

Senior Consultant

Jane_Mizanski@ajg.com

647-407-5256

181 University Avenue

Toronto, ON M5H 3M7

Canada

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