

August 20, 2024

***Confidential***

**Attention: Maria Saari**  
**Manager, Compensation and Benefits**  
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**Andrea Martin**  
**Compensation Officer**  
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City of Greater Sudbury  
200 Brady Street  
Sudbury, ON Canada  
P3A 5P3

Dear Maria and Andrea,

**Re: Compensation Review—Management/Non-union Group—Summary Report**

The Consultant was requested to provide an assessment of the City of Greater Sudbury's (CGS) compensation program for the Management/Non-union Group, and provide a summary report to address the following:

1. Assessment of suitability of the City's current municipal comparators and make formal recommendation of criteria for a refreshed municipal comparator list in alignment with Council Strategic Objectives.
2. Make comments and recommendations on the City's current compensation methods and practices (e.g. regression analysis, job matching, etc.).
3. Include a general costing of a comprehensive external market review and fulsome municipal comparator review and its implications to the payline if that was the resolution from Council.

***Background***

CGS HR Staff provided documents to provide context and background, including:

- CGS Strategic Plan 2019-2027
- Non-union Staff Bi-annual Payline Analysis, Report to ELT, March 3, 2022
- CGS 2024 Bi-annual Survey Results, July 14, 2024
- CGS Salary Administration Plan, 2000 Report
- Current Comparator List
- Comparator List for Senior Positions, 2004 Gazda Houlne report
- Comparator List for Management Compensation, 2002 Gazda Houlne report

- Pay Practice Benchmark Survey compiled by HR Staff, 2024 (percentile targets, comparators)
- Council Resolution FA2024-08, Corporation's Salary Administration Policy, March 26, 2024

The Compensation Committee reviewed a report dated July 2000 in which the Transition Board for CGS contracted with Gazda, Houlne & Associates Inc. (GHA) to conduct a review of CGS's market competitiveness for Management positions and make recommendations on market rates for the new municipality. The 50<sup>th</sup> percentile pay target was adopted for the management/non-union group.

In 2004 GHA provided the Compensation Committee with recommendations for a comparator group for the Executive Leadership Team. The composition of the comparator group included single-tier municipalities and municipalities of comparable size. The Regions of Niagara and Waterloo were added to the comparator group to take into account compensation practices in municipalities at the upper tier. GHA recommended that CGS' compensation policy target the 65th percentile as the City's overall pay position for its Senior Management positions. The recommendation was adopted by the Compensation Committee.

GHA recommended (and the Transition Board adopted) that CGS use the following municipalities to assess market competitiveness:

<b>Municipality</b>	<b>Non-union</b>	<b>CAO/GM</b>
City of Greater Sudbury		
Barrie	*	
Burlington	*	*
Cambridge	*	
Chatham-Kent	*	*
Guelph - City	*	
Hamilton - City		*
Kingston	*	*
Kitchener	*	*
London		*
Niagara - Region		*
Markam	*	
Oakville	*	
Oshawa	*	*
Richmond Hill	*	
St. Catharines	*	
Thunder Bay	*	*
Vaughan	*	
Waterloo - Region		*
Windsor	*	*

A fundamental element of CGS' compensation program includes a robust job evaluation process that ensures positions are grouped in pay bands by similar value in the salary grid based on job content and application of a gender-neutral job evaluation system. CGS uses a point factor job evaluation system developed by The Avalon Group that measures job content using sixteen (16) factors that measure skill, effort, responsibility and working conditions. The Plan is gender-neutral in design and meets the requirements of the Pay Equity Act. New and changed positions, Manager level and below, have been evaluated by the Committee of Peers (COP). The Consultant has been retained to evaluate Director positions and appeals.

Staff in the Compensation and Benefits section perform a bi-annual analysis comparing the CGS Non-union staff salary payline to a regression line representing the blended average/50<sup>th</sup> percentile base salary of the defined comparators. Pay data is sourced from the Mercer's published survey, and reliable matches are determined for each Pay Group. Select benchmark positions are identified for analysis; 36 of 325 Non-union positions were identified for the 2024 bi-annual review.

A comprehensive review of job evaluation, pay equity compliance and market competitiveness for all management/non-union positions has not been completed since 2000/2004. Pay equity compliance was reviewed in 2012 and in 2022.

### **1. Current Comparator Group**

CGS's current comparator group consists of 19 municipalities.

We reviewed these comparators against identified criteria, including:

- Size (population, budget)
- Scope of Service (e.g., Water/Wastewater, Waste Disposal, Paramedic, Fire, Long Term Care, Housing, Community Services/Recreation/Parks)
- Geographic placement, including Northern municipalities
- Growth (strategic goals)
- Historic comparators

Typically, 10 to 12 comparators that reflect the defined selection criteria are considered reasonable and representative; however, with a single-tier employer, a larger pool of comparators is selected to provide sufficient position matches (N=4 or more matches), producing a reliable percentile analysis.

A preliminary list of 17 comparators was identified as best aligned with the identified selection criteria (see **Appendix A**). Seven (7) comparators have been removed from the previous list, largely due to size, scope of service and geographic placement indicators. Five (5) comparators have been added based on similar considerations. This preliminary list would be tested in the next market review to determine appropriateness. For example, although Sault Ste. Marie and Haldimand have similar scopes of service, size may not be sufficient to provide reliable job matches. Hamilton, while not on the preliminary list due to size, may be considered as a substitute for one or both.

**Best practice is to validate and finalize the comparator group during the compensation review, as the results of the position matching exercise will provide insight into the viability of the comparators.**

**Best practice is to use a common comparator group for all positions in the employee group (e.g., Senior Management and management/non-union) to support equity and organizational design considerations.**

**Comparators should be reviewed every 3 to 4 years to ensure alignment with selection criteria and strategic priorities.**

## **2. Current Compensation Methods and Practices**

Foundational principles of **fairness (equity), compliance, competitiveness, sustainability and renewal** support many municipal compensation programs. These principles are included in CGS's originating Salary Administration Plan (2000).

Ensuring employees are paid fairly and competitively is a requisite for effective service delivery, given the limited resources in municipalities and the challenges in attracting and retaining staff in specialized, technical and management positions. **Testing the pay market every 3 to 4 years has evolved as best practice in the sector to ensure that the municipality is paying positions at the appropriate pay target (not over and not under).** This review cycle coincides with the term of Council, providing an opportunity to consider pay policy recommendations (i.e., percentile pay target) once a term. Municipalities are also paying particular attention to their comparator group and the percentile target.

**An increase in the frequency of Job evaluation activity has become more prevalent in the past few years** as municipal employers strive to address the challenges of an employee-centric job market, remote work, and the cost of living. A review of the competitive pay market can provide insight into whether positions are appropriately evaluated/banded, considering organization design and structure.

Ensuring that all positions are appropriately evaluated and that job evaluation results are current is integral to produce a reliable pay equity analysis. The legal obligation to demonstrate pay equity compliance is continual. Typically, a municipality will review job descriptions and job evaluation ratings every 3 to 4 years (together with a market review) to ensure that the revised salary grid is competitive, reflects internal equity and is pay equity compliant. Evaluations of new and changed positions are undertaken between the cyclical compensation reviews.

CGS's current practice of undertaking a bi-annual market review provides an assessment of the pay market for the benchmark positions included in the review (11% of the positions in the employee group) using published survey data and provides insight into competitive pay rates for the positions identified; however, does not provide an overall assessment of market competitiveness, allow for testing the viability of the current comparator group, the percentile pay target, or an overall assessment of internal equity/compliance.

**A comprehensive compensation review includes a review of the external pay market, internal equity and pay equity compliance; and provides the municipality with an opportunity to determine whether the current percentile target is adequate considering attraction and retention challenges and service demands.** Market survey results often identify positions for job evaluation maintenance whereby positions can move up the ladder chart where job content supports a re-evaluation, providing a more competitive job rate. Survey results also provide an opportunity to test the banding framework, ensuring that the current number of pay bands will support organizational design, internal equity and competitive pay. Pay equity compliance is also reviewed with a full pay equity analysis using gender determination as prescribed by the Pay Equity Act, job-to-job comparison and proportional value methodologies, as required.

Typically, **best results are produced through a custom market survey**, where job matches are produced by an external consultant based on the comparator's salary grid, organizational chart and job descriptions

(if available). Outlier matches are removed so as not to skew results. Where four or more job matches are provided, a percentile analysis can be produced. Various percentiles are tested, and deviations from the percentile target are provided.

If the objective of the market review is to adjust the salary structure to the competitive market, at minimum, 40% to 50% of an organization's positions should be included in the market review. However, the key consideration is to ensure that sufficient positions are covered at each level of the organization so that the resulting pay structure is as robust and representative as possible. As a result, the best practice is to match as many positions as possible using annual and hourly job rates (i.e., maximum rates).

Various percentile analyses can be prepared depending on the composition of the defined comparator group. The **Consultant performs the job matching, prepares tabulated comparative results showing the organization's market placement based on various percentile targets, recommends the preferred percentile market, and prepares a corresponding job rate for each band. Prevailing practice is to use the same percentile target for all positions in the employee group (e.g., Senior Management and management/non-union) to support equity and organizational design considerations. The viability of this practice for CGS can be tested during the market review.**

The market study may identify some positions for job evaluation/band placement, and the Consultant may require additional job information to support updated job evaluation results and revised band placement.

Published survey data can be used as a resource for ad hoc job matching between cyclical reviews; however, published survey data has proven less reliable than custom survey results for producing a market competitive salary grid, particularly in an evolving pay market.

CGS currently uses a pay line to determine competitive job rates. This is a viable practice in developing an updated salary grid; however, prevailing practice is to average the percentile target values for each band with positions of similar value. This provides greater alignment with the pay market for positions within each pay band and can be utilized where the organization has a reliable and active job evaluation program (ensuring internal equity in the ladder chart). A comprehensive market review will provide an opportunity to test both methods and determine the best approach for CGS.

### **3. General Costing for a Comprehensive External Market Review**

The following high-level work plan identifies steps and deliverables with a general fee estimate for your consideration:

#### **Step 1: Project Planning & Management**

- Defined Market Comparator group
- Communication Strategy and Project Updates
- Agreed upon timelines aligning with budget cycle Council meeting dates
- Launch Meeting with the Senior Team, if desired
- Excel file set up with gender classification, 2024 job rates and hours of work

#### **Step 2: Competitive Market Analysis (Benchmarking)**

- Market analysis with various percentile comparisons (e.g., 50<sup>th</sup>, 55<sup>th</sup>, 60<sup>th</sup>, 65<sup>th</sup>)
- Confirmed Market Comparator group

- Market Summary table showing market placement for positions with four or more matches; review with HR Team and preparation of revised analysis, as required
- Summary Observations of Comparator Organization Practice/Salary Administration Policy Statements (i.e., percentile targets, review cycles)

### **Step 3: Percentile Target and Pay Policy Framework**

- Proposed Pay Target (percentile)
- Revised 2024 Job Rates for each pay group (band), reflecting the recommended pay target
- Confirmed (tested) or revised Banding Framework
- Meetings with HR Team

### **Step 4: Compensation Framework and Updated Salary Grid**

- Recommended 2024 Pay Framework
- 2025 Grid for implementation costing
- Meetings with HR Team

### **Step 5: Update Job Evaluation and Internal Equity (*optional*)**

- *Flag positions for revised band placement based on competitive pay market; review/evaluate*
- *Updated Job evaluation results for all positions*

### **Step 6: Pay Equity Analysis and Pay Equity Maintenance Plan (*optional*)**

- *Pay Equity Analysis*
- *Amended Pay Equity Maintenance Plan*

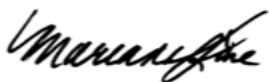
### **Step 7: Implementation Options and Summary Report**

- Draft Summary Report including assessment of comparators, recommended percentile target, proposed job rates, updated salary framework, costing recommendations, internal equity and compliance assessment, pay practice recommendations and future considerations including job evaluation and pay equity maintenance strategies
- Review with HR Team; Final Summary Report
- ELT meeting
- Council Presentation
- File transfer

**Estimated Budget: \$40,000**

Thank you for the opportunity to provide a summary report for your consideration.

Regards,



**Marianne Love, LLB, C. Dir**

**ML Consulting**

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Other Municipalities in Ontario			Population (2021)	Geography (sq. km)	Population Density	W/WW	Waste Disposal	Transit	Paramedics	Fire	LTC	Social Services	Recreation /Parks	Housing
Brant			39,747	817.66	48.61				x					
Kawartha Lakes			79,247	3,033.66	26.12	x	x		x	x		x	x	x
Norfolk			67,490	1,597.68	42.24	x	x		x	x			x	
Ottawa			1,017,449	2,788.20	364.91		x		x	x		x	x	x
Prince Edward			25,704	1,052.61	24.42	x	x				x		x	x
Toronto			2,794,356	631.10	4427.75	x	x		x	x	x	x	x	x
Pickering			99,186	231.10	429.19					x			x	
Ajax			126,666	66.64	1900.75					x			x	
Peterborough			83,651	64.76	1291.71	x	x	x	x	x		x	x	x
Sarnia			72,047	163.90	439.58	x	x	x		x				
North Bay			52,662	315.53	166.90	x	x	x		x				
Burlington	*	*	186,948	186.12	1,004.45			x		x			x	
Hamilton - City		*	569,353	1,118.31	509.12	x	x	x	x	x		x	x	x
Kitchener	*	*	256,885	136.81	1,877.68					x			x	x
Markham		*	338,503	210.93	1,604.81	x				x			x	
Oshawa	*	*	175,383	145.72	1,203.56					x			x	
St. Catharines	*		136,803	96.20	1,422.07					x			x	
Vaughan	*		306,233	273.56	1,119.44	x				x			x	

Regions			Population (2021)	Geography (sq. km)	Population Density	W/WW	Waste Disposal	Transit	Paramedics	Fire	LTC	Social Services	Recreation /Parks	Housing
County of Wellington (with Guelph)			97,286	2,577.93	37.74		x		x		x	x		x
Added New Comparators Based on Criteria														
Historic Comparators No Longer Recommended														