

February 26, 2023

Confidential

Attention: Jana Nethercott, Clerk
clerk@westelgin.net

Magda Badura, CAO/Treasurer
mbadura@westelgin.net

Municipality of West Elgin
22413 Hoskins Line
Rodney ON N0L 2C0

Dear Magda and Jana,

Re: 2023 Compensation Review—Work Plan and Fee Estimate

Further to our discussion, this will confirm that the Municipality of West Elgin requires HR/Compensation advisory services to facilitate the completion of a comprehensive compensation review for the Management/non-union employee group in 2023, approximately 20 positions, for implementation in 2024.

Based on the information provided, I can provide the following summary that will provide context for the review:

Section 1—Summary Background

The Organizational Review Report dated January 2020, recommended introduction of a process to update job descriptions to ensure work was appropriately defined and to support succession planning and cross training. The Report also recommended an evaluation of positions to ensure appropriate pay rates.

The Pay Equity Act requires the employer to demonstrate that Pay Equity has been achieved for all female job classes and continued maintenance. A pay equity review has not been conducted for some time.

The Municipality requires a job evaluation system to effectively evaluate the positions to determine pay rates and support pay equity compliance.

The Municipality is seeking to conduct a review of the current compensation program; specifically, to assess the competitive pay market and percentile targets, assess internal equity, update pay equity compliance, and develop a revised salary grid for implementation in 2024. The outputs of this review will provide the foundation to align fair and competitive pay with performance that can be reflected in a new performance management program, also recommended in the Organizational Review Report.

To achieve the desired end, the key objectives are as follows:

Section 2—Key Objectives

- Introduce a new job description template to define the elements of work required to evaluate the positions; train managers to assist in completion;
- Determine the job evaluation system that will be used for the 2023 Compensation Review;
- Review job content and evaluate all positions, based on updated job information; and review job value for positions identified in the market review to ensure equitable and defensible band placement;
- Identify an appropriate comparator group and conduct a customized external market review of select municipal comparators, determine market positioning for positions using various percentile comparisons;
- Recommend a Compensation Philosophy and Strategy, including percentile targets; identifying current and future directions;
- Develop a revised salary grid structure based on the competitive pay market and compliance requirements; test for compression and appropriate differentials between bands;
- Develop an updated Pay Equity Plan for Management/non-union positions; identify risks and compliance obligations;
- Review position titles and ensure alignment with job content and municipal practice;
- Provide a clear process for job evaluation maintenance and updating compliance and the salary grid framework;
- Provide recommendations regarding updating other compensation-related policies;
- Prepare a draft Summary Report in presentation format suitable and appropriate for Council; finalize the Summary Report; and
- Assist in the implementation of the updated program, engaging key stakeholders through an effective communication strategy during the implementation phase to optimize understanding and support for compensation changes, including a Council presentation.

Section 3—Company Overview and Project Team

Marianne Love Consulting Services Inc (operating as ML Consulting) was incorporated in 1994 and specializes in municipal compensation and organizational design including job evaluation, pay equity, market surveys and pay for performance systems. Marianne Love is President and Principal Consultant.

ML Consulting employs a Senior Analyst that performs statistical analysis and 2 Jobs Analysts.

The Project Team for this Project will be Marianne Love, Principal Consultant and Jeffrey Carey, Senior Analyst.

Section 4—Qualifications and Experience

A. Team Qualifications

Marianne Love will be the Consultant that performs the identified elements of this assignment. Jeffrey Carey, a senior level analyst, is proficient in complex statistical data analysis and preparation of pay equity plans. Jeffrey holds a PHD and has taught statistical analysis at the University level. Jeffrey has provided analytic support for all client work since 2010.

Marianne has worked in and serviced the municipal sector for 35 years with background in municipal and employment law and HR practitioner; a Compensation Consultant for 20 years; serves as a Board member on the OMERS Sponsors Corporation representing municipal interests, and provides pension and labour advice to AMO.

Marianne has extensive experience assessing, reviewing, developing and implementing job evaluation and pay equity solutions, conducting market reviews and developing compliant and competitive pay systems. Marianne has deep experience working with senior leaders and municipal councils to understand pay systems, current trends, the competitive pay market, and implementing affordable and innovative solutions.

CVs are attached as **Appendix A**.

The Senior Analyst can work with West Elgin staff to verify data; however, it is anticipated that Marianne will hold the direct interface with the Clerk and the CAO/Treasurer in order to ensure direct flow of information, advice and recommendations.

B. Comparable Experience

Marianne has a large municipal client base and has conducted similar assignments for many upper tier, single tier and local area municipalities across the province, including attendance at Council to present recommendations and outputs.

- Compensation Projects completed in 2018 through to 2022 that include job evaluation, pay equity, a market survey and updated salary grid include:

Central Elgin, Malahide, Woodstock, St. Thomas, Tillsonburg, Middlesex Centre, Thames Centre, Southwest Middlesex, Lucan Biddulph, Adelaide Metcalfe, North Middlesex, Amherstburg, Tecumseh, Leamington, Lakeshore, Kingsville, LaSalle, Orangeville, East Garafraxa, Mulmur, Mono, Erin, Grey Highlands, West Grey, Puslinch, Erin, Tay, Brock, Uxbridge, King, Severn, Ramara, Wasaga Beach, Clearview, Orillia, Bracebridge, Gravenhurst, Centre Wellington, Whitchurch Stouffville, East Gwillimbury, Springwater, Greater Napanee, Port Hope, Cobourg, Welland, Thorold, Port Colborne, Fort Erie, Grimsby, District of Muskoka, and Counties of Dufferin, Grey, Haliburton, Oxford, Simcoe, Middlesex, Wellington, Hastings and Stormont, Dundas & Glengarry.

The job evaluation system that is recommended for this Review has been introduced and implemented in many of the municipalities cited; and was approved by Review Services at the Pay Equity Commission as being a gender neutral comparison system.

Section 5—Project Understanding and Approach

The road to updating the **Municipality's compensation program** has six key activities/steps:

- Step 1: Project Planning & Management
- Step 2: Job Design & Evaluation
- Step 3: Competitive Market Analysis (Benchmarking)
- Step 4: Compensation Structure Design and Policy Framework
- Step 5: Pay Equity Analysis and Amended Plan
- Step 6: Summary Report and Implementation

Step 1: Project Planning & Co-ordination

This step includes identification of market comparators that will be used for the market study based on selection criteria (including size, scope of service, geographic placement). We will recommend a group of comparators having regard to selection criteria (e.g., size/scope of service, geographic placement, rural communities). We will consider the Municipality's current service mandate, size, organization design, and evolving municipal compensation practice.

We will discuss challenges experienced in attraction and retention, any compression issues and current compensation practices.

It is anticipated that West Elgin staff can assist in collection of the market data (i.e., organization charts, salary grids and policies/practices information); however, it is likely that the Consultant will have much of the comparator salary data on file.

The Consultant will review sample job descriptions and we will determine the most effective way to update and validate job content, which can include interviews with the senior team.

The Consultant will prepare the rating record/market file for the project, adding job class gender, 2023 annual and hourly job rates (maximum rates) to ensure that the market review and job evaluation exercise is focused on current positions/job rates.

The Consultant will introduce a new Job Evaluation System that will effectively evaluate all management/non-union positions. The Job Evaluation System, supported by excel, has been developed and used by the Consultant in the municipal and broader public sector with factor language for each level that reflects organization design, decision making and leadership frameworks unique to municipal government.

The rating tool has been tested for pay equity purposes and accepted by Review Services at the Pay Equity Commission; generates approximately 1500 points and has sufficient factor levels to differentiate diverse positions in municipal organizations and will produce a framework that can support the current organization design and future growth. Factor language and weights will be tested using a sample set of positions and revised, if required. The Job Evaluation System, including factor language, rating notes, weights, and points) will be provided to West Elgin for future job evaluation maintenance.

Appendix B shows the Factors in the Job Evaluation System, and sample Factor language.

Success of the project will be dependent on current job information. We will ensure that Job Descriptions are current, and provide time for additional updating, if necessary. A Job Description Template has been developed that supports the Job Evaluation System, accompanied by a Writing Guide.

The Job Description template will provide sufficient information for evaluation purposes, and Questionnaires will not be required.

We will determine how best to communicate the project launch with the employees and the Consultant can prepare employee communications and/or a Launch presentation.

We will confirm timelines and deliverables.

Deliverables:

- Defined/agreed upon Market Comparator group
- Confirmed timelines for Project Steps
- Confirmed approach for updating job content; Job Description template and writing guide
- Rating record and file set up
- Communications Strategy and Key Messages
- Engage the Senior Team and/or employees in a virtual Town Hall meeting format to facilitate collection (or finalize collection) of job content and discuss project steps and timelines

Estimated Consultant Days: 1 to 1.5 days

Step 2: Job Design and Evaluation

All full time and regular and recurring part time management/non-union positions will be evaluated by the Consultant to ensure that accurate job values can be used to support an updated pay equity analysis and internal equity.

The Consultant can recommend changes to job titles and naming conventions based on job content and best practice in the sector.

Deliverables:

- Job Evaluation System (including factor language, weights, points)
- Job evaluation results for all positions

Estimated Consultant Days: 2 to 2.5 days

Timeline: approximately 2 weeks

Step 3: Competitive Market Analysis (Benchmarking)

Based on discussions during the project launch, we will review and recommend select municipal comparators including criteria for selection and organizational issues. We will consider the following criteria:

- comparable size (population/households);
- similar employment markets (assessment base and geographic placement) and economies; and
- equivalent scope of services

We will identify 8 to 10 comparators for participation in the salary survey; and prepare necessary survey data collection materials for distribution. West Elgin staff can assist in collecting the market survey data to facilitate participation of the comparators. The Consultant may have much of the 2023 pay data on file

for many of the identified comparators given municipal work performed in 2022 and continued working relationships with these municipalities.

The Consultant will match the positions at the Municipality to the external market having regard to position responsibilities, organization charts and job rates. Various percentile analyses will be performed dependent upon the composition of the defined municipal comparator group and the number of observations for each position. The Consultant will perform the job matching, prepare tabulated comparative results showing the market comparisons, and prepare recommendations as to preferred market targets for positions within each band.

The market study may identify some positions for job value/band placement (i.e., 'outliers'); and the Consultant may require additional job information.

Deliverables:

- Market analysis with various percentile comparisons (e.g., 50th, 60th, 65th percentiles)
- Market Summary table showing market placement for positions with 3 or more matches; review with the CAO/Treasurer; finalize

Estimated Consultant Days: 2 to 2.5 days

Timeline: Market assessment will commence once all jobs are reviewed/updated for internal equity purposes; the market review can be performed in 2 weeks, pending timely receipt of the market information

Step 4: Compensation Structure Design and Policy Framework

The outcomes from the previous steps serve as the foundation for building the new pay structure.

The current banding structure will be tested to ensure that it can support organization design and market competitive rates. It may be necessary to produce an updated banding framework to support organization and job design and provide for future growth. Pay equity will need to be tested in any event.

The Consultant will establish 2023 job rates having regard to market percentiles, recommended banding framework and pay policy (i.e., percentile targets). The job rates will be tested for compression with positions supervised (including those in the bargaining unit). The Consultant will prepare a recommended 2023 salary grid framework, and a 2024 salary grid for implementation costing having regard to comparator and market projections, incorporating internal and pay equity compliance requirements.

We will review job titling based on job content and market comparators and recommend consistent position titles in the new salary grid.

Deliverables:

- Confirmed (tested) or revised Banding Framework; confirmed job titles
- Proposed Pay Policy (Percentile Target) and Proposed Job Rates for each Pay Band
- Recommended 2023 Salary Grid framework; and 2024 Salary Grid for Implementation

Estimated Consultant Days: 1 to 1.5 day for testing market placement, banding framework; preparation of revised framework, if required; 2024 salary grid

Timeline: 2 weeks

Step 5: Pay Equity Analysis and Amended Plan

The finalized rating results (ladder chart) will be used to prepare a pay equity analysis and a Pay Equity Maintenance Plan. Job class gender will be reviewed having regard to current and historic incumbency. Banding methodology, gender, total points and will be tested to ensure defensible results using the methodologies prescribed by the Pay Equity Act. The analysis will be prepared using 2023 job rates.

The Consultant will make recommendations regarding how best to identify and mitigate any retroactive obligations. Retroactive analysis, if required, would be subject of a separate work plan and fee estimate.

A Pay Equity Maintenance Plan will be prepared to reflect current job rates, current gender and identify adjustments, if any; and the Consultant will make a recommendation on posting/communication.

The Consultant will provide training and tools for tracking maintenance to ensure continued compliance and the ability for the Municipality to evaluate new and changed positions.

Deliverables:

- 2023 Pay Equity Analysis
- Pay Equity Maintenance Plan
- Training and tracking tool

Estimated Consultant Days: 1 day

Timeline: 1 week

Step 6: Summary Report and Implementation

A draft summary report will be prepared in presentation format that outlines the methodology, observations and recommendations of the market review incorporating the market analysis, recommendations, revised salary structures, recommended policy statements and future considerations.

The Consultant will review the draft summary report with the CAO/Treasurer and finalize. The final summary report will be prepared and presented to Council.

The Consultant will recommend implementation options that consider cost effectiveness, fairness, compliance and attraction/retention strategies and trends in the sector. The Consultant can prepare a detailed financial impact analysis (optional); however, typical practice for Compensation Reviews conducted with other municipalities, is for the Consultant to recommend options and review the costing prepared by Finance staff given that individual pay is involved (typically costing to the next closest step in the new grid).

The Consultant will be available to assist in any pay equity queries or appeals by employees during the implementation phase.

Communication with Council, senior management and employees, both during the review and at implementation, is critical to the success of this undertaking. Employees want to know how new programs affect them – without open and direct communications, rumors and misinformation often take hold and negatively affect morale and employee engagement.

The Consultant will work with the Clerk and the CAO/Treasurer at the outset of this project to develop a communications strategy to ensure expectations are managed throughout this project. Effective compensation communication can reinforce the positives of this process:

- Connecting the updated Compensation Program to the organization’s business and people strategies – articulating the business rationale for what is happening, alignment with Core Values and the Strategic Directions, and the process to be undertaken to ensure awareness and understanding of the mandate and why this is important;
- Minimize the risk of pay equity complaints; and
- Gaining trust in the process and the results

Deliverables:

- Draft Summary Report and implementation options
- Final Summary Report
- Council Presentation

Estimated Consultant Days: 1.5 days

Timeline: 2 weeks

Section 6—Value Added Services for this Review

Value added services include review of hours of work in relation to key duties performed, service units and municipal best practice; a review of historic pay equity maintenance obligations and strategies to mitigate risk; assistance in organization and job design and observations/recommendations regarding efficiencies and job duties.

We will ensure that the Municipality has the tools and resources necessary to maintain the compensation program once the Compensation Review has been finalized. The Consultant can assist on an as required basis.

This work plan has been prepared and fees mitigated on the understanding that West Elgin Staff will partner with the Consultant throughout the project. Work activities required of West Elgin Staff will include:

- Supporting the job description update process
- Providing position, pay, gender and organizational information
- Assistance with collection of market comparator data
- Implementation costing
- Logistical support for meetings (virtual)
- Facilitating regular and ongoing communication with Consultant and Council

Section 7--Work Schedule and Fees

Hourly rates/daily rates: \$300 per hour/\$2,400 per day plus HST with no administrative/overhead fee.

It is estimated that the work outlined for the employee compensation review can be performed using **8.5 to 10.5 Consultant Days**, totalling **\$20,400 to \$25,200 in fees plus HST**.

Additional work can be performed, as directed, and will be invoiced at the hourly rates described. Travel expenses for will be invoiced as incurred based on \$.59/km and will be limited to mileage; however, it is anticipated that meetings will be 'virtual' due to COVID and revised work restrictions.

Work can commence in March 2023; and it is anticipated that the Summary Report can be finalized within a 10 to 12-week period pending timely receipt of updated job information and market data. The timelines can be outlined in greater detail at the conclusion of the Project Initiation meeting (Step 1).

Please advise as to whether you require anything further in order to assist with the project budget or getting the project started.

Thank you for the opportunity to provide a work plan, and I'm looking forward to working with you and West Elgin staff on this assignment.

Regards,

A handwritten signature in black ink, appearing to read 'Marianne Love', with a stylized flourish at the end.

Marianne Love, LLB, C. Dir

ML Consulting Services

c. 647-404-9919 e. marianne@mlconsulting.org

ML Consulting Services

Marianne Love, BA, LLB, C. Dir

Marianne Love is a Senior Consultant, with more than 30 years in the human resources field. Marianne brings her clients a unique perspective with her collective experience as a consultant, human resources practitioner, and legal counsel. Prior to establishing *ML Consulting Services (Marianne Love Consulting Services Inc.)*, Marianne held the position of Senior Consultant and Municipal Practice Lead with McDowall Associates as well as a number of senior management positions including Legal Counsel for the City of Toronto and the Municipality of Metropolitan Toronto, as well as the positions of Commissioner of Corporate Services, Corporation Counsel, and Director of Human Resources for the City of Brampton.

Job Evaluation, Pay Equity and Compensation Expert

Marianne has developed, implemented and defended job evaluation, pay equity and compensation systems in a variety of unionized and non-unionized environments; and has deep experience in municipal sector compensation. She has conducted salary administration studies, benefits surveys, and competitive compensation analysis. Marianne has also helped clients determine the most appropriate pay methods to meet organizational goals as well as develop job competencies to support competency-based pay and performance appraisal systems. Marianne has prepared and defended pay equity plans covering jobs in a wide spectrum of work environments in the public and private sector; prepared expert reports and analyses on various job classifications for arbitration and pay equity purposes; and has been retained by organizations as Referee on a variety of job evaluation appeals.

Human Resources Generalist

Marianne has performed organizational studies and operational reviews, developed and led bargaining mandates, and mediated employment disputes. She has sat as employer nominee on a number of arbitration panels. Her previous management consulting experience also includes executive coaching, executive search, business planning, and project management. She has extensive experience in team facilitation and dispute resolution for clients in a broad range of industries, including municipalities, healthcare, public education and financial services.

Board Governance

Marianne provides labour and pension advice to the Association of Municipalities of Ontario; and serves as a Board Member on the OMERS Sponsors Corporation representing municipal employer interests, having held the position as Co-Chair of the Board from 2006 to 2019. Marianne regularly speaks at a variety of pension and stakeholder conferences on pension and governance practices.

Credentials

Marianne has a Law Degree from Osgoode Hall Law School, York University, and a Bachelor of Arts Degree from the University of Windsor. She holds a certificate in Executive Compensation from the Harvard Business School, has earned the designation of Chartered Director from the Degroote School of Business, McMaster University and is Human Resources and Compensation Committee Certified.

Jeffrey Carey, BA, PHD

Jeffrey Carey is a Senior Analyst, with more than 10 years of performing complex statistical analysis for a variety of compensation files, including market summaries, market pay lines and pay equity analyses.

Jeffrey holds a PHD in labour economics and has taught statistical analysis at the post graduate level. Jeffrey provides data analytics and project support, as required for our clients. He is an experienced jobs analyst and performs complex data analysis for all assignments.

He also has considerable experience with reverse engineering of Pay Equity histories from limited information to assist clients in recreating their original Pay Equity Plans.

Appendix B—Excerpt from the Job Evaluation System

A. Application:

The intent of job evaluation is to establish the relative ranking or hierarchy of jobs within the organization involving a systematic and detailed analysis and valuing of job content.

Job evaluation is a measuring process using gender-neutral and objective criteria which incorporates the legislated factors of skill, effort, responsibility, and working conditions (under the Pay Equity Act, R.S.O. 1990).

For a thorough and balanced analysis, this job evaluation tool uses the following criteria and weightings:

<u>Legislated Factor</u>	<u>Our Sub-Factor</u>	<u>Weighting Percent</u>
Skill (43%)	Education	10%
	Experience	10%
	Complexity/Judgement	13%
	Ingenuity & Creativity	10%
Effort (5%)	Physical/Mental Exertion	5%
Responsibility (46%)	Independent Action	9%
	Financial Management	8%
	Impact of Errors	8%
	Supervision	8%
	Communication (Contacts)	8%
	Confidentiality	5%
Working Conditions (6%)	Operating Environment/ Hazards	6%

This manual defines these factors and the grades within each sub-factor. It provides guidelines and explanations. Each grade within a sub-factor has a numerical point value assigned. Points allocated vary from factor to factor. Within a sub-factor, they systematically increase by grade. These differences reflect the weightings assigned and determine the total point value or job worth.

Job evaluation measures job content only; it does not measure or reflect on the performance, qualifications, or potential of the incumbent or the job's future changes.

B. Prerequisites:

Objective and effective job evaluation results require:

- *Provision of complete and current job data to the evaluation committee including realistic job titles;*
- *Knowledgeable rater/evaluation committee members who know the variety and scope of jobs across the organization;*
- *Commitment to be objective and fair in the rating of all jobs;*
- *Comprehensive training and understanding in the purpose, process and application of job evaluation;*
- *Appropriate use by the rater/committee of benchmarks, reference points and explanatory notes to support the consistency of the total evaluation process;*
- *Avoiding any tendency to pick words from factors in a narrow interpretive manner to "prove" a distorted high or low evaluation for a particular job;*
- *Evaluating the job requirements as defined by the organization (i.e., as if the job were vacant) and not influenced by the performance of the incumbent(s).*
- *When evaluating a job in each factor, it is best to start with the minimum definition (i.e., grade 1) and determine its applicability or "fit" to the job. If the elements of grade 1 apply, then move to grade 2, then 3, etc. until an acceptable definition is found. Working upwards this way gives best rating results.*

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Sample Factor Language:

Communications (Contacts)

This sub-factor measures the skill level required to communicate and inter-relate with staff, clients, Board, interdisciplinary teams or committees; internally and/or externally. The nature or type of interaction should be considered as well as frequency and size of group (consider the nature of the exchange, not the complexity of the information). Contacts can include talking face-to-face, on the telephone, oral presentations and/or using written media.

Skills can include the use of tact, discretion, courtesy, interpretation, analysis, explanation, clarification, persuasiveness, conciliation, negotiation, counseling, coaching, motivating, cooperation, teamwork, interviewing, empathy, etc.

