

	CITY OF LACOMBE COUNCIL POLICY COMPENSATION POLICY	
	Policy Number:	14/123.01 2018PO
	Effective:	September 10, 2018
	Rescinds:	14.123.01.14
	Review Frequency:	Every four (4) years
	Responsible Department:	Administration and Human Resources
	Reference:	

Purpose of the Policy

This policy establishes the City of Lacombe's Policy regarding staff compensation.

Policy Statement

The City of Lacombe commits to offering a comprehensive compensation program that blends market rates, internal equity and unique job market conditions.

Applicability

This Policy applies to all City employees, with the exception of those City staff covered by the terms of the Lacombe Police Association Agreement. Employees subject to an employment agreement and where the terms of an employment agreement conflict with this policy, the terms of the employment agreement shall prevail.

Non-Compliance

Inconsistent practices could result in a negative impact on City staff morale and may impact the City's ability to recruit and retain talent.

Definitions

- **Alberta Consumer Price Index (ACPI)** – is an indicator of changes in consumer prices experienced and is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers.
- **Anniversary Date** - is the date on which an employee commenced continuous employment with the City.
- **Band** - is the group of positions deemed to have the same level of internal and market equity and have the same salary range.
- **Band Pay Range** - is the dollar value attached to a band, expressed as the range minimum, a series of increments (steps), and the range maximum.
- **Benefits** – refers to the benefits provided by the City.

- **Corporate Leadership Team (CLT)** - means the CAO, Directors, Senior staff and Human Resources Manager.
- **Cost of Living Adjustment (COLA)** - the amount by which the band pay range, or an employee's salary, may be adjusted on annual basis to maintain salary levels with Alberta Consumer Price Index (ACPI) increases.
- **Internal Equity** - is the relative value of all jobs within the organization.
- **Lateral positions** – different positions contained in the same pay band.
- **Market Adjustment** - the amount by which the band pay range, or an employee's salary, may be adjusted from time to time to recognize changes to external influences (market, economic, skill set, supply and demand etc.) to maintain the market rate.
- **Market rate** - the median (50th percentile) of comparable municipalities.
- **Over Range** - a salary level above the maximum of the band pay range.
- **Promotion** - is the advancement of an employee to a position classified at a higher pay band.
- **Reclassification** - the classification of a position from one pay band to another resulting from a change in the duties, and responsibilities.
- **Red Circle** - the freezing of an employee rate of pay when it is above the maximum step of the position pay band.
- **Salary Grid** - a document setting out pay bands, pay ranges, step increments and positions within the bands.
- **Step Increase** - an upward step increase within a pay range.
- **Total compensation** - the total amount of monetary and non-monetary pay provided to an employee including, base pay, recognition, and benefits.
- **Unique market conditions** - relate to difficult to recruit positions.

Responsibilities

City Council

- to approve the Compensation Policy;
- to consider and approve material changes to the terms of this policy and/or changes to City staff compensation, save and except any legislated or regulatory changes.

Chief Administrative Officer (CAO)/Corporate Leadership Team

- to ensure compliance with the terms of this policy, guidelines and procedures;
- to review, evaluate and render decisions on reclassifications;
- to bring forward considerations and recommendations to Council for changes;
- to promote an understanding amongst City staff of compensation philosophy and terms of this policy.

Managers/Supervisors

- to promote an understanding amongst City staff of compensation philosophy and terms of this policy;
- to support their employees through the classification/reclassification process.

Human Resources

- to administer the terms of this Policy;
- to conduct compensation and benefit surveys;
- to make recommendations and outline the impacts of results of compensation and benefit surveys to the CLT for consideration;
- to manage the reclassification process;
- to provide guidance and interpretation of the terms of the policy and the corresponding guidelines.

Employees

- to be aware of the terms of this policy.

Overall Approach

The overall approach to the City's compensation program is a pay band system blending market and internal equity. Pay Bands and rates are based on market data, internal equity and ability to pay.

Total compensation and salary ranges are regularly reviewed using compensation surveys together with other pertinent, internal and external market factors.

Market Compensation Survey

Unless otherwise approved by Council, a market survey shall be conducted every second calendar year. For each intervening year, the City shall explore general salary and wage adjustments applied by the comparison group and shall consider this information in making any recommended changes to the compensation structure and/or band pay ranges.

Market surveys shall focus on information from the group of comparison municipalities as defined by this policy.

The comparator municipalities are:

Cities: Camrose, Fort Saskatchewan, Wetaskiwin.

Towns: Beaumont, Blackfalds, Cochrane, High River, Olds, Stony Plain, Strathmore, Sylvan Lake.

Market rate

Council has set Market Rate at the median (50th percentile) of comparable municipalities.

Market and Cost of Living Adjustment (COLA)

The amount by which the band pay range, or an employee's salary may be adjusted on annual basis to maintain salary levels with the market comparison municipalities and Alberta Consumer Price Index (ACPI) increases.

Market and COLA Calculation

Salary Survey years - on January 1st of the following year, the adjustment to salary ranges will take into account the market adjustment (based on salary survey results) and COLA will be equivalent to the ACPI.

ACPI is calculated based on the average of the Alberta CPI increases for the 12 months from July 1st to June 30th.

In Non Salary Survey years - on January 1st of the following year, the adjustment to salary ranges will be based on the Alberta Consumer Price Index (ACPI) calculated for the 12 months from July 1st to June 30th.

Reclassification

When a position is reclassified to a higher pay band, the incumbent employee(s) will be assigned to the new band and shall be placed at a step within the higher range that provides an increase. In extenuating circumstances, and upon discussion between the Director and CAO, the CAO may authorize an additional step increase to be applied to the incumbent employee(s).

When a reclassification is approved midyear, the financial implications will be implemented during the next Budget Cycle, retroactively to the date Human Resources received the initial request.

When an incumbent employee's position is reclassified to a lesser pay band, the incumbent employee(s) will be assigned to the new band. In the case of reclassification to a lesser pay band, incumbent employee's shall have their salary rate red circled.

Promotions

A promotion is the appointment of an employee to a position classified at a higher pay band. The placement of the employee on the higher pay band shall be at the step that provides for an increase. Additional step increases shall be on the anniversary date of the appointment to the new role.

Lateral Moves

A lateral move is a change from one position to another in the same pay band either within a department or unit, or between departments or units. There is no pay adjustment in the case of such a transfer.

Appointment to a Lower Pay Band Position

Employees applying for and being appointed to a position in a lower pay band shall be placed at the increment step of the lower pay band position commensurate with their service with the City.

Over Range

On a position specific basis, an employee may be paid over range where unique market conditions exist. When market conditions require the establishment of a salary range which differs substantially from the salary range for other positions in the same pay band, incumbent employees will be paid a premium for the period of time those specific market conditions exist. An annual review of the circumstances shall be conducted and determination made whether to continue the premium.

When the market conditions return to normal these position(s) will no longer be eligible to receive the premium amount and will continue to be paid the pay band rate and step.

Red Circled Employees

Red Circled employees will not receive a market nor COLA adjustment to their rate of pay; rather they will receive a lump sum equivalent to the COLA granted to other employees, until their pay ceases to be Red Circled.

Acting Incumbent

When an employee is requested and accepts an assignment to relieve in a higher pay band position and assumes the incumbent's responsibilities for a minimum of two (2) consecutive weeks, the employee shall receive an acting pay premium. The current premium for acting pay is 10% of the acting employee's regular salary.

An employee required to perform duties of a lower level on a temporary basis will continue to be paid at their current level.

Original Signed
Mayor

September 10, 2018
Approval Date

Original Signed
Chief Administrative Officer

September 10, 2018
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