

**TOWN OF  
AMHERSTBURG**



**POLICY NO.: H09-01 Salary Administration**

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**APPROVED BY:** Council

**PREPARED BY:** Human Resources

**REPLACES ISSUE OF:** October, 2008

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**SALARY ADMINISTRATION PROGRAM POLICY AND GUIDELINES**

**INTENT**

- This document has been developed to enhance a manager/supervisor's understanding of our base salary administration program and guide the manager/supervisor on how to effectively manage various compensation related situations when determining appropriate remuneration.

**SCOPE**

This policy applies to all permanent full-time non-union/management employees.

**PROCEDURE/IMPLEMENTATION**

***Salary Structure and Salary Bands***

1. Employee salaries will be determined with regard to a grading system that defines a minimum and a maximum amount for each salary band. Each salary band is comprised of a job rate and a salary range from 85% to 110% of that job rate. Subject to Council approval, these bands shall be adjusted for inflation annually.
2. Remuneration for positions that are assigned a salary band is limited to that band and is not to exceed the maximum without CAO approval.
3. Employees are only eligible for a merit increase after they have completed their probationary period within the same year that it is being considered for performance management.

***Hours of Work***

All non-union salary bands are established on the basis of a 37.5 hour work week. All non-union employees are expected to work a 37.5 hour work week as a minimum. The actual work schedules shall be subject to CAO approval.

## ***Lieu Time***

1. As management, employees are not eligible for overtime pay. The Town recognizes that managers are typically required to attend Council meetings, attend to Town business via the use of remote technology after hours, and generally work more than 37.5 hours per week on average. All management employees are entitled to (1) week of paid leave in lieu of overtime pay.
2. This lieu week must be used in the year that it is granted and has no cash value. Employees who begin work or accept a management position with the Town part way through a calendar year shall be awarded a proration of the (1) week lieu time.
3. Additionally, at the sole discretion of the CAO, employees who have been asked to work an inordinate amount of extra time for specific projects or other operational reasons may be awarded additional lieu time under the same terms and conditions noted above.

## ***Overtime***

Only non-union/non-management employees are eligible for overtime pay. Overtime pay is paid for all work in excess of 40 hours in a week. All overtime work must be preauthorized by the employee's supervisor. All overtime will be paid at a rate of time and one half (1 ½ x) the employee's normal hourly rate. The employee shall have the option of converting the overtime pay to paid time off (lieu time). Any unused lieu balances will be paid out with the last pay of the calendar year.

## **Management/Non-Union Compensation Administration Guide**

### ***Your Role as a Manager***

Your role as a Manager is to actively participate in the administration of employee compensation during the course of an employee's career – recruiting the employee into their new role, establishing an appropriate level of compensation that reflects their responsibility skills and competencies, reinforcing learning to support career growth and managing market and organizational pressures.

### ***The Role of the Senior Managers***

The Senior Managers are available to provide advice and recommendations ensuring your compensation decisions are in keeping with the Town's compensation philosophy and guiding principles and overall internal equity is maintained. They will help facilitate initial compensation recommendation discussion and provide final approval.

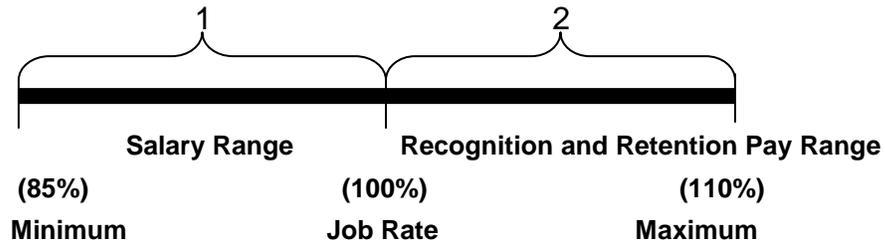
## ***Compensation Philosophy & Guiding Principles***

The Town of Amherstburg is committed to providing a competitive total compensation strategy that will allow the corporation to attract and retain talented people who will align themselves to the corporate vision and values and contribute to the success of the organization.

## ***Assigning Compensation***

When determining the appropriate level of compensation for an employee, it is important to consider their overall performance, as well as the extent to which an employee's skills and capabilities have developed to perform their expected job accountabilities. Some guidelines are provided below to assist you in determining an appropriate salary range positioning, or "zone" for your employees, that is reflective of their contribution.

## **Zone Management Within a Salary Range**



### **Zone 1**

This zone represents salaries that fall between 85% (minimum) and 100% of the job rate. Salaries in this zone are reflective of those for:

- Employees still developing the required skills for the position (i.e., employees without sufficient time in a role to measure sustained satisfactory performance)
- Employees with sustained, less than satisfactory performance
- Entry-level hires

## **Job Rate**

*The Job Rate is reserved to reflect the level of “full competence” in the job. This represents the maximum base salary achievable for all employees and should only be awarded when the employee has demonstrated the on-going skill, ability and motivation to fully and satisfactorily perform all aspects of their job.*

## **Zone 2**

This zone represents *recognition and retention pay* that generally falls between 105% and 110% of the job rate. Salaries in this zone are reflective of those for:

- Employees who possess and have demonstrated all of the required skills of the position and meet or exceed all of the expectations of the job
- Employees with sustained performance that exceeds all expectations over a significant period of time
- Market competitive reasons related directly to recruitment and/or retention

Recognition Pay is paid over the course of the year and is reflective of the prior year's performance. On January 1 of each year, recognition and retention pay is reduced to 0 and reintroduced after the performance of the previous year has been evaluated. Salaries increases within the salary range from 85% - 100% remain intact on January 1 of the following year. Further increases in following years are subject to the performance of the employee in the preceding year.

**Note:** Any *recognition and retention pay* recommendation in excess of 100% of the job rate for any position must be submitted for approval in writing, including supporting documentation, by the appropriate Senior Manager, Manager of Human Resources and Senior Management Team for review and recommendation, then to the CAO for final approval.

The main intention behind the “Zone Management” of employee base salaries and recognition and retention pay is to ensure there is a relative consistency in how employees are compensated for the work they are expected to perform and how well they perform it. This “pay for performance” philosophy adopted by the corporation may serve as a guide when assigning appropriate levels of compensation.

## ***Annual Increases***

Council may award an annual overall increase to the salary grid (i.e. inflationary increase). Any recognition and retention increases are provided to employees by the Town based on their contribution and employee performance. Each year the employee's performance is reviewed and any merited salary increases will be provided after the Town has approved any increase to the salary grid.

## ***How Contribution is Assessed in a Salary Range***

In a salary range, an employee's performance is the measure of contribution and performance and is an important component of determining base salary as the employee moves through the salary range, any increase awarded should be primarily driven by an employee's performance demonstrated over a period of time. The size of the adjustment is impacted by the following factors:

- The employee's current placement within the salary range
- The employee's current and sustained level of performance

When determining the appropriate level of award for an employee, it is important to consider their overall performance rating resulting from the performance evaluation process, as well as the extent to which an employee has demonstrated the required skills and capabilities have developed to perform the expected job accountabilities.

## ***New Employees***

When hiring a new employee, the initial step in the salary determination process is to identify the pay level within which the vacancy or new job falls. Once this has been confirmed, the salary range associated with the pay level establishes the parameters within which an appropriate salary for the new employee may be established.

Starting a new employee at a salary within Zone 1 of the salary range provides some latitude to provide annual increases that reflect the employee's performance toward 'full competence' and also ensures some internal equity of salaries relative to other longer-term employees currently in a same functional group. Some flexibility is required, however, to accommodate those situations where the new employee has significant prior experience in a similar position or brings special skills that reduce the on-the-job learning period. In any event, a longer term salary

management plan that reconciles the expected learning curve of the employee with a progression toward the job rate must be established. Human Resources and the senior manager for the department can be expected to provide assistance in this regard.

There may also be a need to occasionally pay slightly higher salaries (recognition and retention) to employees working in jobs matched to some pay levels that are impacted by market volatility (these situations require the approval of the CAO). Careful consideration of providing compensation that is truly reflective of the job/position expectations, the employee's capability, and how the new employee's salary is viewed relative to other employee salaries and performance is necessary when making such decisions.

### ***Promotions***

Promoting an employee from one job level to a higher job level generally involves the filling of a vacant, pre-approved and/or internally posted position or a situation where an employee's job has evolved to reflect significantly changed accountabilities and has been approved at the higher level through the job evaluation process. Promotional increases must ensure the employee's new salary is at least at the minimum of the new salary range and in any event no less than 3% of the employee's current rate. Again, when determining appropriate compensation, careful consideration of providing compensation that is truly reflective of the job/position expectations, the employee's capability, the expected timeframe to 'full competence' and how the employee's salary is viewed relative to other employee salaries and performance is required.

### ***Reconsideration of Positions***

In the event that the duties and responsibilities of a position are altered from the original ratings assigned to the position, a request may be submitted that the position be re-rated using the following process:

- a) The request for the position to be re-rated is submitted to the appropriate manager on the "Request for Re-Evaluation" form with an updated job description and any other supporting documentation. The Manager is to consult with the Human Resources Manager with regard to the merit of the request within the Job Evaluation System and the completeness of the documentation.
- b) The Manager shall submit the request to the Director for consideration. The

Director shall then submit the request to the CAO. A request approved by the Director will be forwarded to the Job Evaluation Committee. In the event that the Director's position is to be re-evaluated, the request is to be approved by the CAO.

- c) The Job Evaluation Committee shall review requests received for re-rating on a semi-annual basis utilizing the existing salary administration program.

### ***Demotions***

If an employee is demoted or is moved involuntarily to a position in a lower salary grade for non-disciplinary or performance reasons, the present salary level should be continued, unless there is a compelling reason for not doing so. The salary is considered to be "red circled" when it exceeds the job rate of the range. This means that the base salary is frozen until such a time when it is once again aligned with the job rate in the salary range of the new lower level position (recall that the job rates generally experience regular increases over time as the market dictates). This approach ensures that the employee is earning a base salary that is commensurate with the level of work accountabilities and responsibilities associated with their assigned role level. When an employee is demoted for disciplinary or performance related reasons, their salary should be adjusted to the job rate of the new position.

### ***Temporary Transfers or Acting Positions***

Occasionally, employees may be transferred to a new job/position on a short-term or temporary assignment. When the temporary job is at the same level as the incumbent's current position, no salary change should occur. In situations when the temporary job is rated lower than the employee's current salary, the employee's salary should continue to be administered at the current level unless the transfer is deemed to be a demotion for disciplinary or performance related reasons.

Guidance for making the appropriate salary decision for promotions to a higher salary range may be found in the guidelines under the Promotions section.

## ***Lateral Transfers***

For the purposes of career development and growth, an employee may be provided the opportunity to move into a job which is part of a different job description, but where the salary range of the new pay level is the same as the salary range for the employee's previous pay level. In this case, the employee's salary should continue to be administered at the current level. However, the compensation will need to be monitored carefully as the employee is new to the job even though the salary range has not changed. Therefore, the employee's salary should be viewed relative to other employee salaries in the same job description level based on the job/position expectations, and the employee's capability and potential for performance in the new job.