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C2020-1135
Presentation

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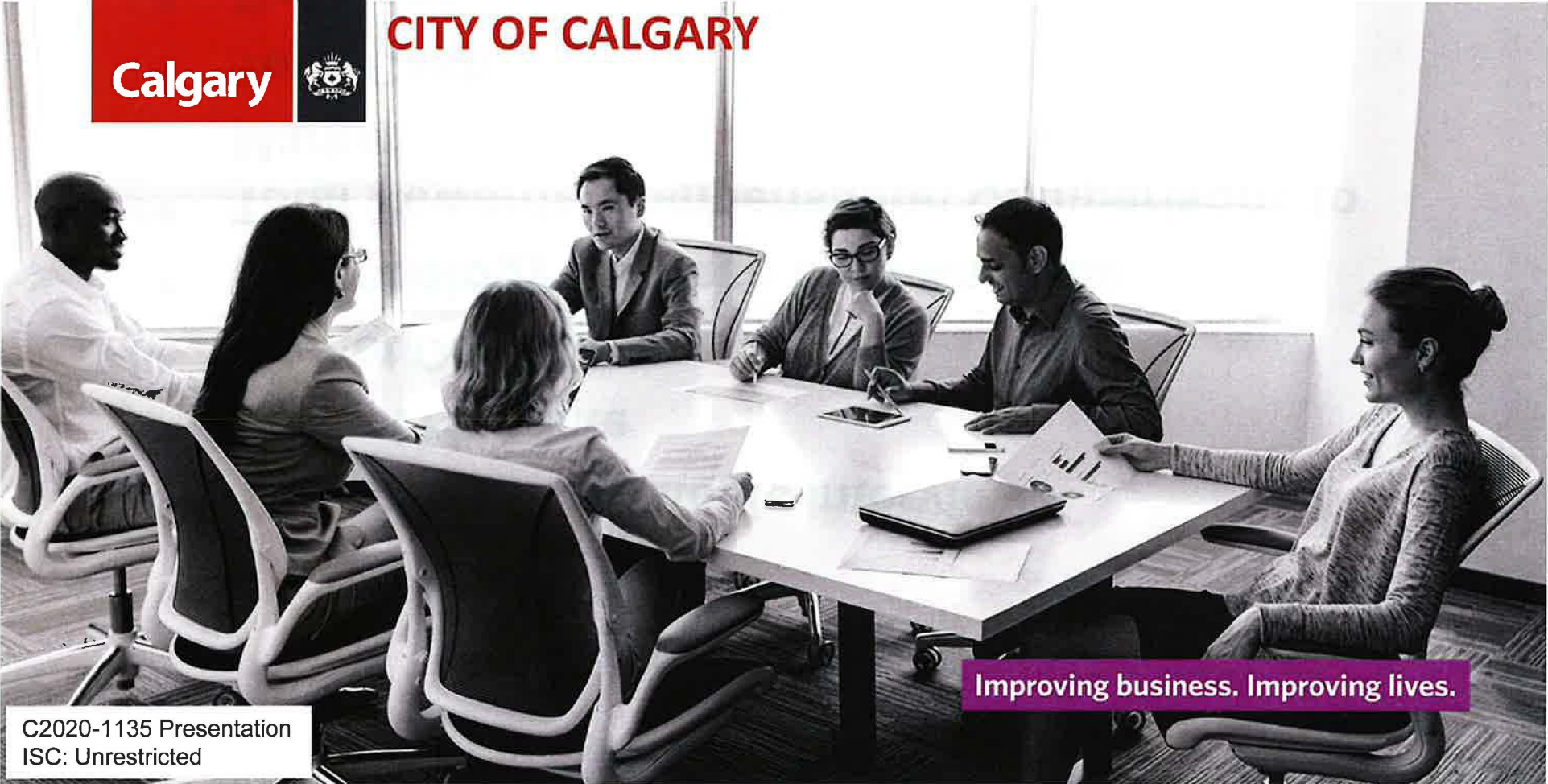
**Wynford
Group**

Summary of Total Compensation Review

January 18, 2021



CITY OF CALGARY



Improving business. Improving lives.

C2020-1135 Presentation
ISC: Unrestricted

Agenda

- **Themes from Strategic Interviews**
- **Project Mandate**
- **Market Definitions**
- **Methodology for Cash Data Analysis**
- **Total Rewards Compensation Comparisons to Market**
- **Total Cash**
- **Pensions**
- **Benefits Plans**
- **Perquisites**

Themes from Strategic Interviews

- Defensible, evidence-based report to confirm actual overall market position of the City.
- Clearly identify relative value of the City's Total Compensation compared to the market.
- Address concerns by the Council and the public perceptions regarding the City's pay vs. private sector, such as:
 - Entry level jobs
 - Management pay relative to the private sector
 - Pensions

Project Mandate

- The purpose of The City of Calgary Total Compensation Review Project was to benchmark against the market, The City of Calgary's cash and non-cash compensation elements (Total Rewards) including:
 - Base Salaries
 - Short-term and Long-term Incentives
 - Benefits
 - Pensions
 - Perquisites and selected employer practices
- To assess how The City is positioned relative to its market for talent including both public and private sector comparisons.
- The total compensation packages reviewed and benchmarked include:
 - Senior Management Team
 - Exempt
 - Union
 - Sworn Officers

Market Definitions

- **Public Sector:** Major Municipalities across Canada, Major Alberta and Calgary government or government owned organizations.
- **Private Sector:** Major Calgary or Alberta-based employers or specialty employers.
- **All Data:** Combination of equal weighting of market rates for both Public and Private Sector data for each position.
- **50th Percentile (“P50”):** Represents the data point below which 50% of the data points lie and is considered the middle (median) of the market.
- **75th Percentile (“P75”):** Represents the data point below which 75% of the data points lie.

Market Definitions

Definitions of Competitiveness used in this Study

Competitive	<5% +/-
Significantly ahead of the market	>10% +
Slightly ahead of the market	Between 5% & 10%
Slightly behind the market	Between -5% & -10%
Significantly behind the market	> -10%

Data Sources

- Custom Survey (Private & Public Sectors) conducted May – July 2020
- Wynford National Surveys – Private & Public Sectors
- Mercer National Surveys – Primarily Private Sector
- Association of Professional Engineers & Geoscientists of Alberta (APEGA) Survey
- Government of Alberta PBCO Survey
- HR Trading Post (Western Canadian Municipalities)
- Collective Agreements
- Consultant's Proprietary Database

Methodology Notes

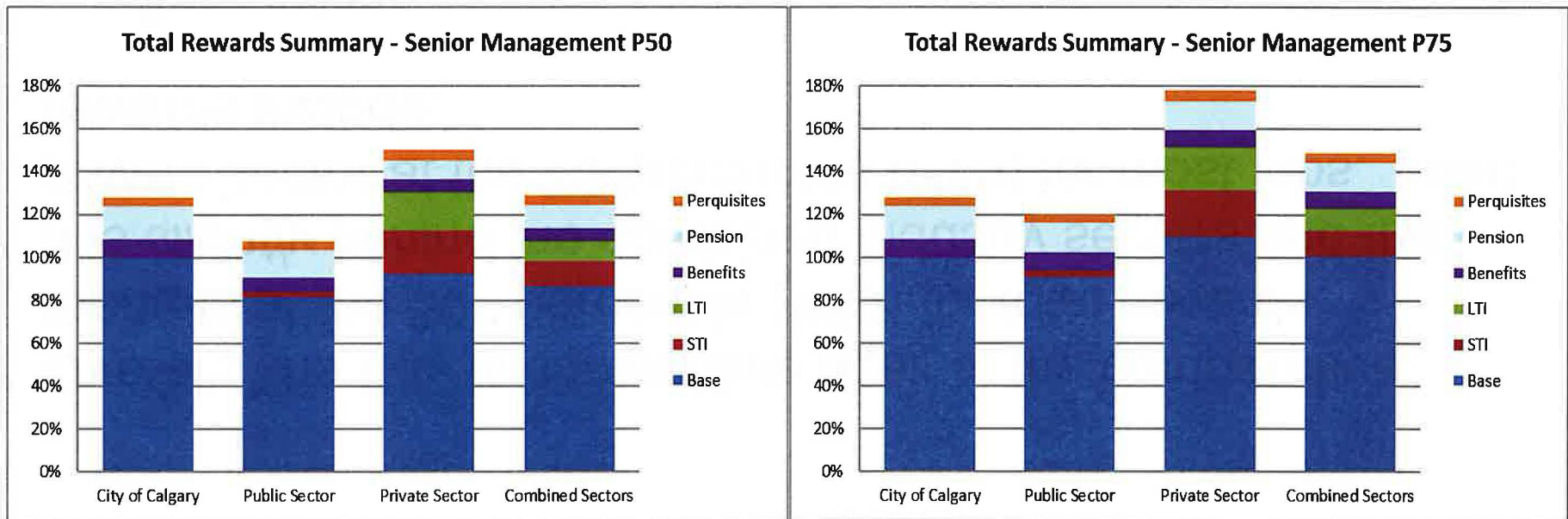
- Each of the 191 benchmark jobs was compared to market rates from various data sources that were grouped into public and private sector and combined rates for comparison.
- The City's salary range maximums have been used as the basis of comparison to the actual pay rates in the competitive market. They are deemed to be the City's job rate and represent the market rate for each job band.
- Data sources for the benefits, pension and perquisite components included:
 - Custom Survey
 - Published National Surveys
 - Consultant's Proprietary Database

Total Rewards Compensation to Market

- Overall, The City is *competitive* against the comparative markets at the 50th percentile (P50) for total rewards.
- It is *slightly behind* the combined industry sectors and the private sector at the 75th percentile (P75) for most jobs. Total rewards include:
 - Base salary
 - Short-term and long-term incentives
 - Benefits
 - Pension, and
 - Perquisites

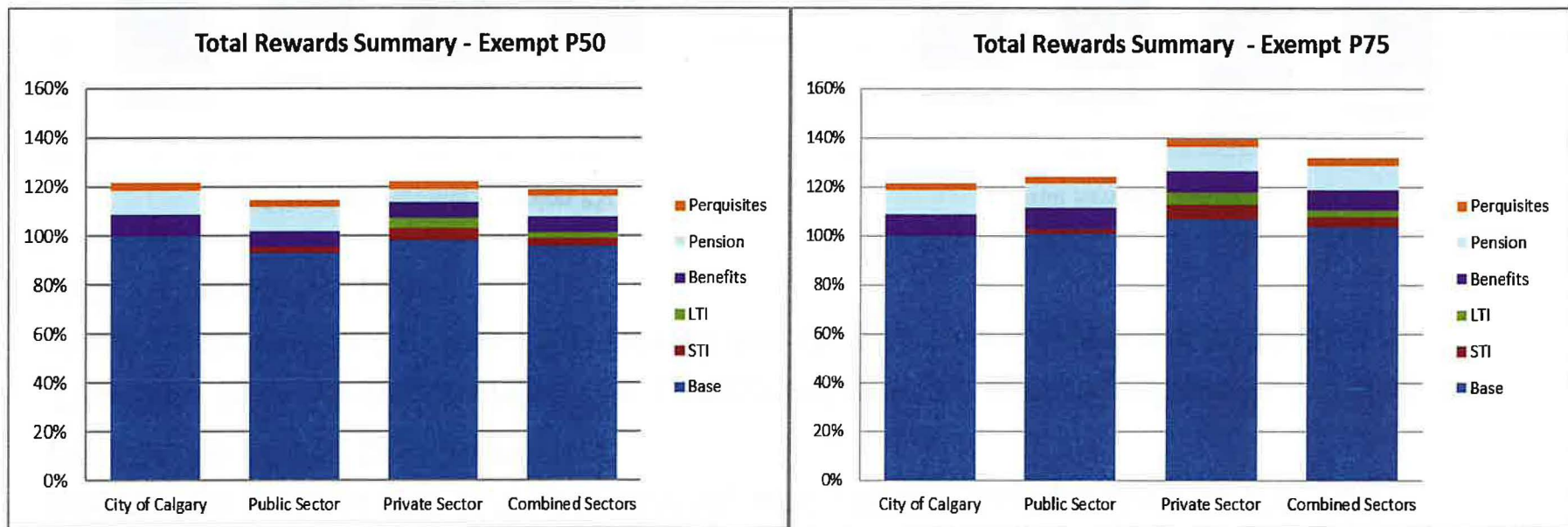
Senior Management

The City is ahead of the public sector for total rewards, based primarily on base salary. It is competitive with combined sector at the 50th percentile and falls behind at the 75th. However, it is significantly behind the private sector at both the P50 and P75, due to the lack of short-term and long-term incentive components.



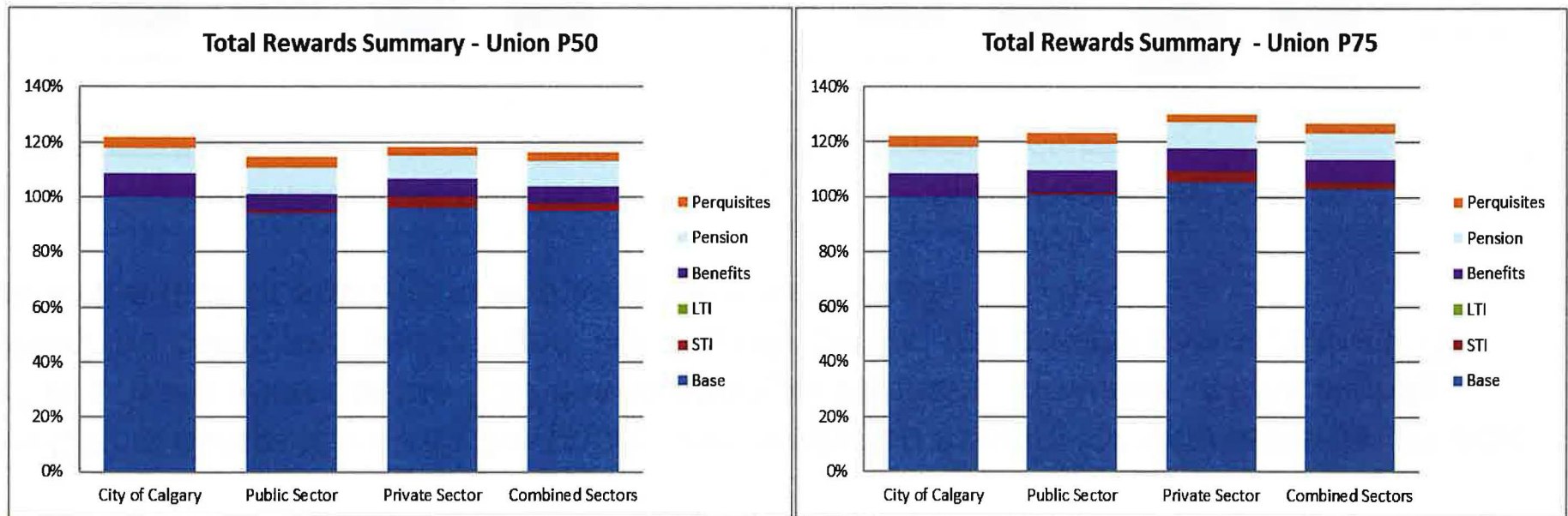
Exempt

The City is competitive with the public and combined sectors for total rewards, as well as the private sector at the P50 due to stronger benefits. However, it falls slightly behind the combined sectors and significantly behind the private sector at the P75 due to the lack of short-term and long-term incentives.



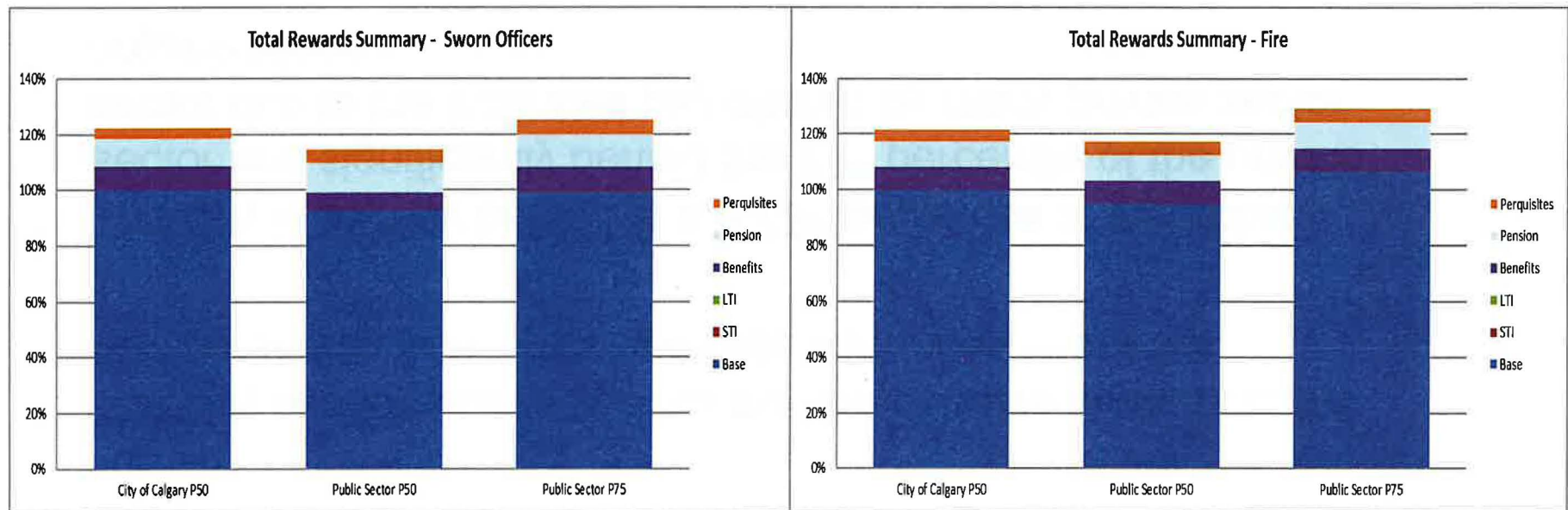
Union

- Overall the Union employee group total rewards are slightly ahead of all sector markets at the 50th percentile, and remain competitive at the 75th percentile of the public market.
- The City falls slightly behind the combined market and significantly behind the private market at the 75th percentile due to lower base salaries and lack of incentive pay.



Sworn Officers and Firefighters

- For Sworn Officers, The City is slightly ahead of public sector comparators and slightly behind at the P75, primarily due to smaller pensions.
- For Firefighters, The City is competitive at the P50 for the public sector comparators and slightly behind the P75, primarily due to lower wages.



Total Cash

- The City is competitive against the comparative markets at the 50th percentile with typical average variances under 5%.
- The City is slightly behind at the 75th percentile of the public sector and significantly behind the 75th percentile of the private sector due to the incentive pay offered by many private sector organizations.

Total Cash

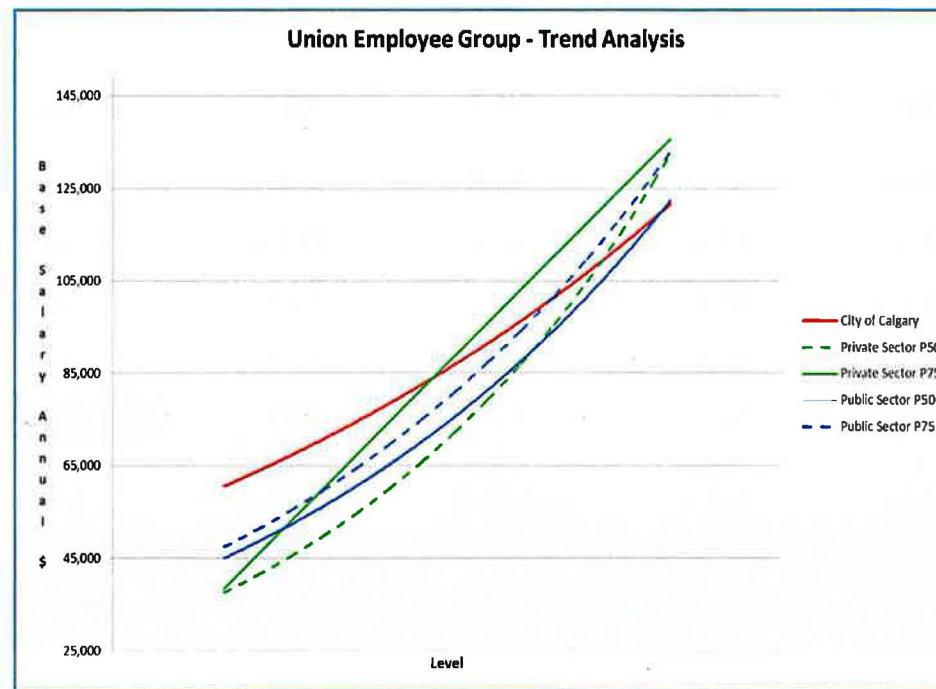
TOTAL CASH City of Calgary % Ahead or Behind Comparative Market (Averages by Pay Grade)						
JURISDICTION	PUBLIC P50	PRIVATE P50	COMBINED P50	PUBLIC P75	PRIVATE P75	COMBINED P75
Senior Management	16.3%	-9.8%	7.1%	7.1%	-32.6%	-6.2%
Exempt	3.0%	-6.2%	-1.5%	-6.6%	-17.6%	-12.0%
Union	4.9%	-0.5%	2.4%	-3.0%	-10.8%	-6.5%
Fire	5.1%	no data	5.1%	-6.5%	no data	-6.5%
Sworn Officers	6.5%	no data	6.5%	-0.7%	no data	-0.7%
Grand Total Average (non-weighted)	7.2%	-5.5%	3.9%	-1.9%	-20.3%	-6.4%
Grand Total Average (weighted)	4.9%	-1.3%	2.6%	-3.6%	-9.3%	-6.6%

Legend: Competitive Position

Competitive	<5% +/-
Significantly ahead of the market	>10% +
Slightly ahead of the market	Between 5% & 10%
Slightly behind the market	Between -5% & -10%
Significantly behind the market	> -10%

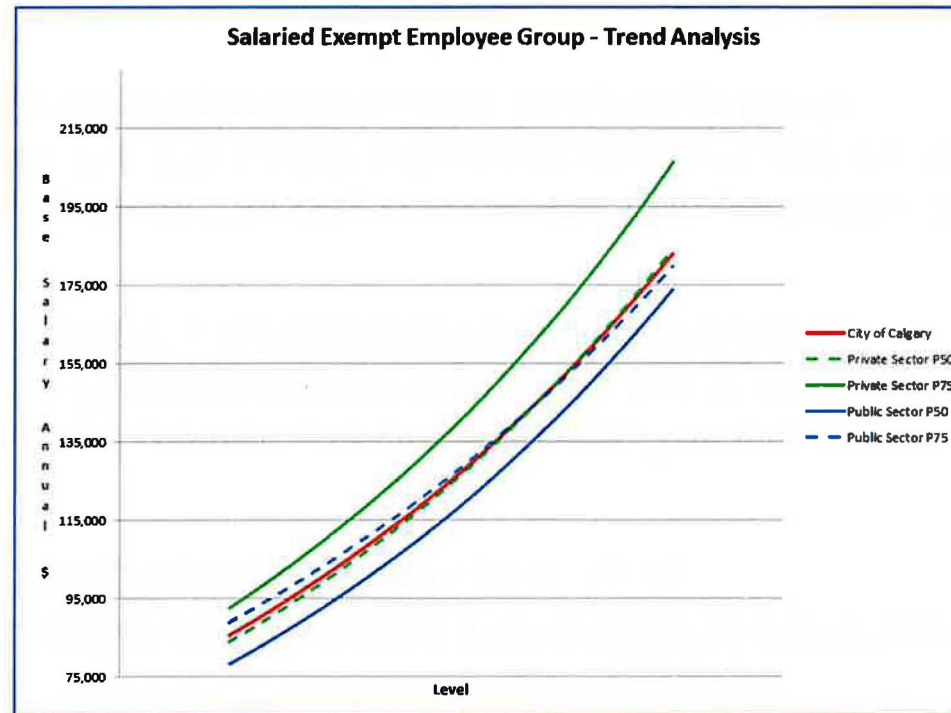
Total Cash

- The City appears to frequently pay above both public and private markets for the lower level union positions and significantly behind the private sector for more senior union positions, particularly at the 75th percentile.



Total Cash

- The City appears to frequently pay above the 50th percentile for both public and private markets for the lower level exempt positions and significantly behind the private sector for more senior positions at the 75th percentile.



Pension

- Both pension and capital accumulation plans (CAPs) were benchmarked on both a total and employer provided value basis.
 - For both the Salaried Exempt and Union groups, The City is at approximately the 75th percentile of the market due to the generosity of the LAPP's early retirement subsidies and indexation provisions.
 - For Senior Management, The City is above the 75th percentile. The biggest differentiators are The City's early retirement subsidies and the SPP which provides a 2% Defined Benefit formula at all earnings levels.
 - For Sworn Officers, The City is below the 25th percentile and not considered competitive on a total provided basis. The employer provided value is considered competitive, although below median but within 1%. The largest contributing factor is the indexation rate in the SFPP.

Benefits Plans

- The MEBAC and Firefighter Plans are consistently ahead of both public and private sector markets at overall above the 75th percentile.
 - The extended health benefits are ahead of market for both plans, but the Firefighter Plan is more robust and is very competitive against the overall market.
 - The MEBAC Dental Plan has 90% coinsurance for basic dental services which is competitive to other public and private sector organizations, while the Firefighter Plan has is ahead of the overall market with 100% coinsurance.
 - The Short-Term Disability (STD) benefit provided by the MEBAC and Firefighter Plans are more generous than the average short-term disability benefits provided by both public and private sector organizations. The salary replacement ratios provided by the MEBAC and Firefighters Plans are higher than most other organizations, and there is no weekly maximum.

Benefits Plans

- The long-term disability (LTD) provisions provided through the MEBAC and Firefighters Plans have a similar salary replacement ratio and a higher monthly maximum than the overall market. However, The City of Calgary employees pay the cost for this benefit while 30% of other organizations cover the cost.
- The MEBAC Plan offers a Health Care Spending Account (HCSA) with annual amount of \$300 while the Firefighters Plan does not offer an HCSA. 40% of comparator organizations offer an HCSA with an average annual amount of \$800. However the City benefits plan provides coverage for items that other organizations may use their HCSA plans to supplement.

Perquisites

Overall, The City of Calgary is competitive with most perquisites provided to employee groups.

Areas where the City of Calgary provides more generous perquisites include:

- Retiring Allowances, Relief (Acting) Pay and Service Pay.
- Financial Counselling and Executive Business Allowance, and Flexible Spending Account for Senior Management.

Areas where the City of Calgary perquisites are behind the market include:

- Fitness Memberships reimbursement of \$250 compared to average of \$400, although free fitness facilities are available in many locations.
- Higher parking fee payments are typically provided for senior management and selected exempt employees.
- Shift Differentials for Union and Sworn Officers are behind both markets.
- For Sworn Officers: Service Pay and Canine Unit Allowance.



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Thank you!



1. Reset The City's pay philosophy

- What we compensate
- The mix of programs
- Our target to market for: total compensation, base salaries, executive compensation

2. Modernize Exempt compensation

3. Update governance and policy

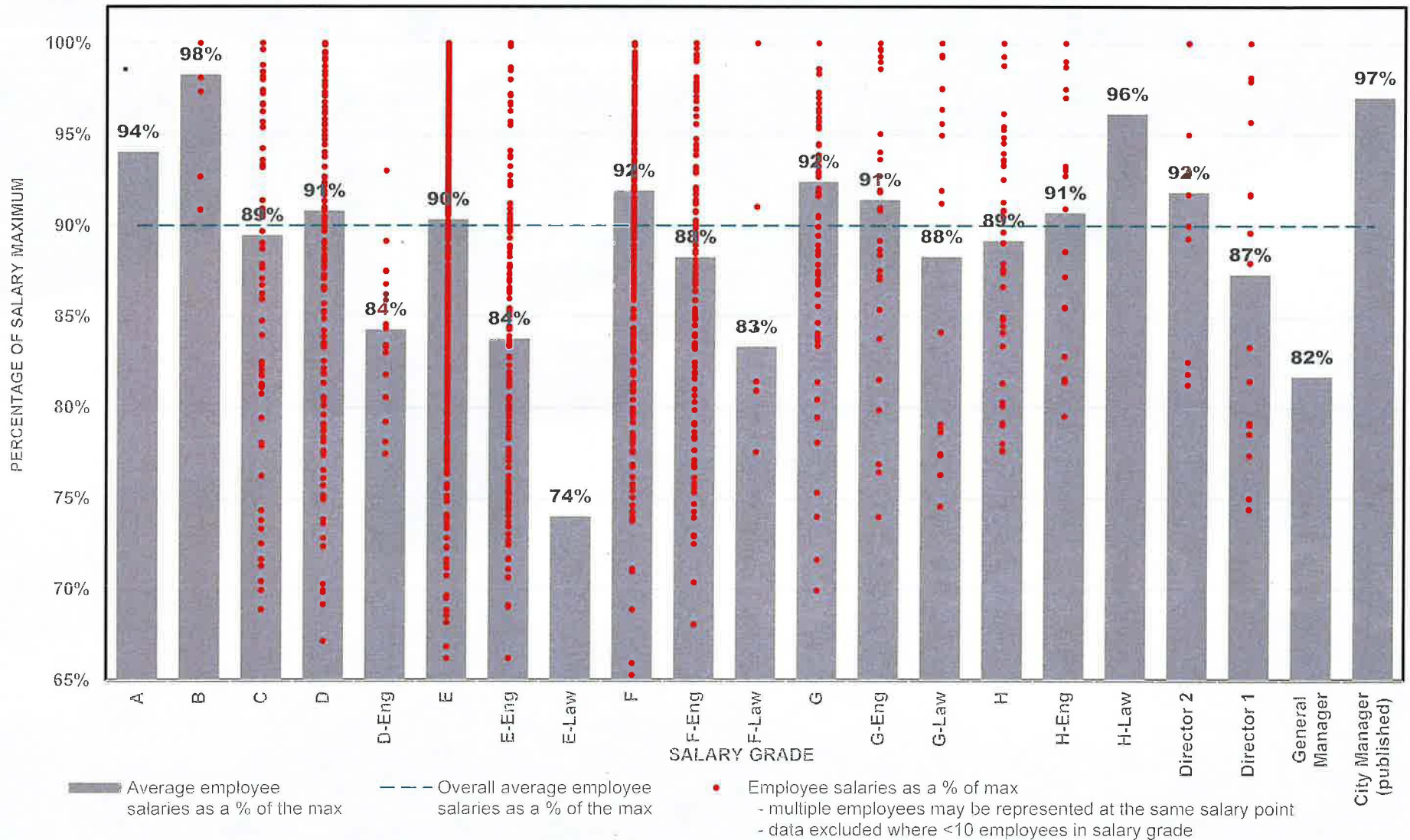
4. Examine areas where The City is ahead or behind to determine actions



Recommendation

That Council Direct Administration to return to Council no later than 2021 June 30 with a Briefing Note updating their progress in undertaking identified actions based on the data provided from the Consultant review.

Salaries in Relation to Range Maximum





Questions?

