

Pay Concerns in HH

To ensure constituents are informed on the operations of HH, I regularly report on revenues and expenses and a few other key metrics that can impact the municipality longer term if not well managed: these include long term debt, tax arrears, fiscal reserves, and overall salary costs .

And the recent record on these has generally been very good. We continue to forecast a decrease in the LT Debt in 2019 to about \$1.6MM, our tax arrears are now in the \$700 thousand range, a great improvement, our reserves have gotten a big boost, thanks to a \$1.7 MM grant recently approved for road work on Hwy 62 long overdue.

But salary costs are a concern.

Last year we saw an increase in our total costs of 7% to \$3.2MM. That came on top of a 4% increase in the previous year, and a 9.1% increase in 2016. So our total bill for salaries has gone up in the 2016-2018 period by 22%, almost double our total expense growth of 13%.

We have three groups we pay in HH: 7 Council members, about 22 unionized staff and a non-unionized group of about a dozen, mostly professionals, administrative and management. We have full disclosure on the first two groups but none for the third group, although many municipalities do provide this.

Back in January of 2019, council was presented with a proposed salary grid by-law for this group of employees. This came about because 2 years ago, Council had rightly requested a proper system of pay grades. The proposal showed a "job rate" for the CAO position of \$147,225 although our CAO made \$118,665 in 2017 according to the Sunshine list which requires disclosure of employees making >\$100,000.

So I did a quick survey in Eastern Ontario and found 15 municipalities with a CAO/Clerk making an average of \$116,000 in 2017(the last year we had then for the Sunshine List) I also found 10 municipalities where the highest paid employee (various titles but generally the CAO) did not make the \$100 K threshold

Why was a salary grid being proposed suggesting a 27% shortfall in the pay for the CAO position in HH? Well a consultant had done some internal work on pay equity.

Now there are two key issues to consider in pay grades: does the pay system recognize properly the internal relationship between the worth of jobs (in other words, is the ranking of the jobs correct), and secondly, how does the pay for jobs in HH compare with like jobs elsewhere.

Well no one had done any work at that stage on the important external comparisons. So Council sent the proposal back to the consultant for work on this issue. And in July the consultant came back with a report that showed that the proposed job rate (\$147,225) for the CAO position was well above the median in their survey (\$132,900 in 2019) and of course, my survey in January (\$116,000 in 2017). But this survey did show that some lower level positions in HH were below the market. And proposed extensive work for the remainder of 2019. Council voted to review this subject again in October.

Something to follow carefully, as a pay grade system that shows we are grossly underpaying our employees will guarantee “catch up” payments in the future that will further exacerbate our salary cost inflation of the past three years.

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