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BUDGET COMMITTEE
JUN 16 2009

DATE: June 9, 2009

TO: Chair and Members of Budget Committee
Meeting Date: June 16, 2009

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: **2010 Budget: Economic Adjustment Provisions for
Non-union Staff**

RECOMMENDATION: That the Budget Committee provide direction on the economic adjustment option for non-union staff as outlined in the report dated June 9, 2009 from the Commissioner of Corporate Services and Treasurer.

BACKGROUND: Each year, as part of the salary and wage budget preparation for the upcoming year, a provision is made for an economic adjustment to non-union staff salaries and wages. To do this, the City obtains comparator information from other municipalities with respect to their economic adjustment awards made in the current year, along with any early indications they may have as to their intentions for the upcoming year in this regard. The economic adjustment provisions awarded under the City's union contracts are also taken into consideration. Council approves the actual economic adjustment award for the year as part of the budget approval process.

Historically, the City's non-union groups have typically received an economic adjustment similar to the increases provided in the City's unionized staff contracts.

City Union Contracts

Most union contracts at the City of Mississauga were negotiated during 2008 and 2009 and have been ratified for the next three years with annual economic adjustment rates as follows:

Union	Contract Term	Year 1 2008	Year 2 2009	Year 3 2010
IAMAW (Facilities & Property Management)	April 1, 2008 – March 31, 2011	3%	3%	3%
Library CUPE 966	April 1, 2008 – March 31, 2011	3%	3%	3%
CUPE 66 (Works)	April 1, 2008 – March 31, 2011	3%	3%	3%
UFCW (Transit)	April 1, 2008 – March 31, 2011	3%	3%	3%
ATU Full-time (Transit)	October 1, 2008 – September 30, 2012	3%	3%	3%
ATU Part Time (Transit)	September 17, 2006 – September 16, 2009	3%	3%	To be negotiated
FIRE	January 1, 2006 – December 31, 2008	3 %	Currently in negotiations	

In addition to the 3% economic adjustment, certain market rate increases were necessary to ensure Mississauga was able to retain and attract qualified employees. Such adjustments occurred for Fire, ATU full-time and part-time employees, and CUPE 66 (outside employees). The Library part-time rates were increased as a result of the provincial government's increases to the minimum wage rate.

COMMENTS:

In light of the current economic environment and Budget Committee direction to reduce the City's tax rate increase to between 0% to 3%, Human Resources and Finance conducted a review of options to reduce the impact of economic adjustment increases. Consideration was given to achieving cost savings, equity in economic adjustment awards between union and non-union groups across the City, and remaining competitive with our municipal comparators.

As a result of the recent economic downturn, some municipal comparators have opted to restrict economic adjustment increases, in particular, to their non-union employee groups. This approach is also being considered for Mississauga staff.

Information has been confirmed from the following comparator groups as follows:

Year	Miss	Peel	Brampton	Hamilton	Ottawa	Toronto
2009	3%	3%	3%	0%	1.5%	0%
2010	As per report	TBD	TBD	1.5%	TBD	1%

It is important to note that a significantly larger component of Mississauga's full time work force is non-union compared to the other municipalities. The composition of the non-union groups at the other municipalities who received the economic adjustments stated in the chart above are comprised of the following:

Toronto – 3,600 non union employees specifically General Managers (GM), Assistant to GM's, the Human Resource Department, Engineers and Budget Analysts. (16% of employees excluding Transit and Police which if included would provide an even lower percentage of employees receiving the above stated economic adjustment)

Ottawa – 1,370 employees specifically Executive, Dentists, Councillor Assistants, Members of Council and Volunteer Firefighters (11% of employees)

Hamilton – 700 employees including some non-union Administrative staff, Managers, Supervisors and full time non-union employees who have no direct supervisory responsibility (ex. Specialists) (25% of employees)

Mississauga – 1,880 full time non-union employees which encompasses job groups from clerical to senior management levels (48% of total full-time employees).

For 2010, staff have developed an option that would award a lower economic adjustment to staff in higher salary bands while allowing staff in lower salary bands to receive increases on par with union contacts as follows:

- Grades A - E = 3% (2009 salaries range from \$34,947 to \$77,295)
- Grades F - G = 2% (2009 salaries range from \$65,980 to \$95,695)
- Grades H - L = 1% (2009 salaries above \$82,537)

The difference in the economic adjustment levels recognizes the different levels of positions and in particular would provide only 1% increase to senior level management positions, 2% to supervisory, junior management, and some senior professionals, and 3% to the rest of the non-union staff.

The City will monitor the economic adjustment awards of surrounding municipalities to ensure that Mississauga continues to be competitive with their closest comparators.

Although we would be differentiating on the economic adjustment in 2010, we are proposing to adjust all the salary bands by 3% which will allow for future adjustments for senior level compensation based on performance, if the economic environment improves.

In addition, if warranted in 2010 some minor adjustments can be made to the pay for performance program for non-union staff as a further effort to reduce costs, similar to adjustments made in 2009. Toronto and Ottawa also have pay for performance programs which will be maintained in 2010.

FINANCIAL IMPACT: The proposed tiered economic adjustments ranging from 1% to 3%, with economic adjustments higher for lower salary grades, and some other minor adjustments to the pay for performance program, would generate a cost savings of \$650,000 for the nine month period from April 1, 2010 to December 31, 2010.

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CONCLUSION:

The City will continue to monitor the economic adjustments being awarded for the non-union groups by our closest competitors as well as reviewing recent contract awards for union groups.



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