

CORPORATE POLICY



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[Employment Standards Act \(ESA\)](#)
[Pay Equity Act](#)
[Ontario Human Rights Code](#)

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POLICY STATEMENT:

The City of Waterloo ("the City") is committed to providing compensation and benefits that balance employee satisfaction and well-being within budget considerations. The City offers competitive compensation and benefits designed to attract, engage and retain high performing employees to support the City in achieving its legislative obligations, advancing Council's strategic plan, delivering programs and services, and meeting its corporate objectives in a fiscally responsible and sustainable manner.

PURPOSE:

The purpose of the Compensation and Benefits Policy is to provide transparency, accountability and consistency in the principles, practices and procedures that the City will apply when establishing and maintaining compensation and benefits for employees. Core principles and practices are to be fair, equitable, inclusive, competitive and compliant with the legal requirements of the [Pay Equity Act](#), the [Employment Standards Act](#) and any other applicable legislation.

The City's Compensation and Benefits Policy supports the following objectives:

- Attracting and retaining dedicated and skilled employees;
- Being competitive with similar municipalities;

- Supporting employees in their health and wellness;
- Addressing systemic gender-based discrimination in compensation practices; *and*,
- Contributing to good employee morale.

DEFINITIONS:

Base Pay is the payment of wages for time worked by an employee, normally quoted as an hourly rate or an annualized salary as specified in the employment contract.

Compensation Structure is a wage/salary grid framework that defines the pay rates for job classifications or pay bands. Each pay band/classification defines a specific pay level and may include step rates.

Cost-of-Living-Adjustment (COLA) is the salary increases that are bargained (e.g. CUPE Local 1542, Staff Association, Waterloo Professional Fire Fighters Association etc.) or set based on Council policy.

Defined Benefit is a plan that provides members with a defined pension income when they retire. This benefit usually depends on factors such as years of membership in the pension plan and the member's salary.

Equal Pay for Equal Work under the *ESA*, subject to certain exceptions, an employer cannot pay one employee at a rate of pay less than another employee on the basis of sex when they perform substantially the same kind of work in the same establishment, their work requires substantially the same skill, effort and responsibility and their work is performed under similar working conditions.

Group Benefit Plans are insurance plans purchased by organizations and then offered to their employees.

Internal Equity is achieved through the comparison of employee positions in the organization to ensure fair pay amongst employees working similar roles in the same workplace.

Job Evaluation System uses a Gender-Neutral Comparison System (GNCS), which is an externally developed framework, for the purposes of determining the placement of jobs into the compensation structure. The process is designed to reduce and/or remove gender bias.

Job Rate is the highest rate of compensation for any given job class.

Long-Term Disability (LTD) Insurance provides financial assistance to covered plan members that are unable to work due to an injury or illness. The insurance carrier adjudicates each claim to determine if the member is eligible to receive this benefit.

Market Adjustment is temporary or permanent additional compensation applied to a position in order to maintain market competitiveness and/or to address recruitment and/or retention challenges due to external influences.

Market Comparator Group are the group of municipalities and regional government(s) selected by the City to review and compare compensation and benefits (e.g. the City of Kitchener, the City of Cambridge, etc.), as approved by Council. The grouping is selected based on factors such as size and scope of services provided, geographic location, etc.

OMERS (Ontario Municipal Employees' Retirement System) is a Canadian public pension fund. OMERS is a defined benefit, jointly sponsored, multi-employer public pension plan created in 1962 to administer retirement benefits and manage pension investment funds of local government employees in Ontario. A permanent, full-time employee who works at least 32 hours per week (also called continuous full-time), automatically becomes a member of the OMERS Plan on the date they are hired by the City, or on the date they become regular full-time. Effective January 1, 2023, all OTCFT (Other Than Continuous Full-Time) employees may elect to join the OMERS Plan following their hire date.

Red-Circling involves holding the pay rate of an employee at their current base pay level. No cost-of-living or other increases are provided since the employee's current pay rate is above the given base pay for their position. The employee will remain at their current base pay level until they vacate the position, otherwise the red circle rate continues until the salary range for the reclassified position meets or exceeds the employee's red-circled salary.

Step Rate consists of a series of "steps" within a pay band.

The Pay Equity Act requires employers to pay female dominated jobs at least the same as male dominated jobs if they are of "equal or comparable value", *Pay Equity Act* (6) 1. Pay equity compares jobs usually done by women with different jobs usually done by men.

The Percentile Rate from the market comparator group will be used as a guiding principle together with any other factors determined relevant and applicable to be used for external compensation reviews, as approved by Council. Salary compensation adjustments as a result of any external market comparisons will be dependent on the City's financial situation and be subject to Council approval.

SCOPE:

This Policy applies to all employees of the City, including full-time, part-time, casual and temporary employees.

Employees of the City who are members of a bargaining unit (i.e. CUPE Local 1542, Staff Association and Waterloo Professional Fire Fighters Association) will have their salaries and benefits determined through the collective bargaining process, and through the administration of their respective collective agreement. Where language exists within a collective agreement that is contrary to the language in this policy, the provisions of the collective agreement will apply.

POLICY COMMUNICATION:

This policy will be made available on the City's website and through the City's intranet. A hard copy of this policy is available in Human Resources.

POLICY:

This policy includes the following sections:

- 1.0 [GENERAL](#)
- 2.0 [BASE PAY](#)
 - 2.1 [INTERNAL EQUITY](#)
 - 2.2 [EXTERNAL MARKET COMPETITIVENESS](#)
 - 2.3 [COMPENSATION STEPS](#)
 - 2.3.1 [STEP PLACEMENT - NEW HIRE](#)
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 - 2.3.3 [STEP PLACEMENT - JOB EVALUATION](#)
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- 3.0 [HEALTH BENEFITS, PENSION & OTHER BENEFITS](#)
 - 3.1 [HEALTH BENEFITS](#)
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- 4.0 [REVIEW](#)

1.0 GENERAL

The City strives to ensure that compensation and benefit plans and processes provide employees with fair and competitive compensation for the work performed. This includes maintaining internal equity within the following employment groups:

- Canadian Union of Public Employees (CUPE) Local 1542,
- Waterloo Professional Firefighters Association (WPFPA),
- Staff Association (SA),
- *Non-Union,
- *Management,
- *Fixed-Term Contract and Casual.

**For groups above not represented by a union or association, compensation and benefits plans are approved by the Corporate Management Team (CMT).*

The City shall develop and maintain formal compensation and benefit structures for each employment group. All positions will be assigned a pay band within a predetermined compensation structure, in accordance with this policy.

2.0 BASE PAY

2.1 INTERNAL EQUITY

Internal equity for base pay will be maintained by the ongoing use of a gender-neutral job evaluation system that is compliant with the *Pay Equity Act*. The job evaluation system will be used to determine the placement of any new positions within the compensation structure and a re-evaluation process will be used to review existing positions that have significantly changed in function or responsibilities. “Significant changes” are defined as permanent changes in job duties and responsibilities that affect the overall evaluation of the job in terms of skill, effort, responsibility and working conditions. It is not based on workload, volume of work or the performance of specific people in the job. Job evaluation is a defensible process for establishing relative internal value of jobs, which is the “composite of the skill, effort and responsibility normally required in the performance of the work and the conditions under which it is normally performed”, *Pay Equity Act* (5) 1.

2.2 EXTERNAL MARKET COMPETITIVENESS

To ensure the City remains competitive with similar municipalities, external market surveys will be conducted on a re-occurring schedule as determined by CMT, but at a minimum conducted every two (2) to three (3) years in order to review and analyze the salaries of similar positions to the City’s identified market comparator group. A formal external market survey may also be conducted as agreed to with the various employment groups, or as deemed necessary by CMT. Within specific employment groups, key benchmark positions will be identified and used as the basis for review, however, the positions used may change over time. The purpose of the external market review is to review the competitiveness of the City’s salary structure, not to determine or adjust the salary for specific positions. The results of the survey are used to determine the City’s competitiveness and to develop salary budget recommendations.

The target percentile rate for the City's compensation structure is the 50th percentile rate of the market comparator group, as approved by Council direction. The City will conduct a market comparator group review at least every ten (10) years to ensure that the appropriate peer comparators are being used to minimize the impact of outlier data. Market comparator municipalities and regional government(s) used in the external salary review will be identified on the basis of criteria that includes:

- Size as measured by total expenditures, number of full-time employees and total population;
- Geographic proximity which influences local area pay practices;
- Similar services and scope of service delivery; *and*,
- Municipalities with which Waterloo competes for employees in the employment marketplace.

In unique circumstances, jobs may be eligible for a market adjustment. Market adjustments require prior approval through CMT.

2.3 COMPENSATION STEPS

2.3.1 STEP PLACEMENT - NEW HIRE

Newly hired SA, Non-Union and Management employees will be placed at the step rate corresponding with their skills, education and worked experience. The City will recognize and take into consideration an individual's past worked and lived experience where such experience is directly related to the job and or role requirements.

2.3.2 STEP INCREASES - EXISTING EMPLOYEE

Beginning in January 2025, a step increase for newly hired or internally transferred SA, Non-Union and Management positions will be granted at intervals of twelve (12) months from the date of entry into the position or pay band. An employee who was hired or internally transferred prior to January 2025, and is not at step 6, will continue to receive a step increase annually on May 1st, unless stated otherwise in their offer letter, or they have been otherwise notified in writing through either a Personal Skills Development Plan or Progressive Disciplinary Action that they will not be eligible, and this documentation is received in HR before December 31st of the year prior to the increase. All employees who have reached the Job Rate will not receive a step increase.

2.3.3 STEP PLACEMENT - JOB EVALUATION

- When an existing job is moved into a higher pay band through the job evaluation process, where more than one step rate exists, SA, Non-Union and Management employees in the role will be placed at the step in the higher pay band which is nearest to, but higher than their current salary.
- When an existing job is moved into a lower pay band through the job evaluation process resulting in the employee being paid above the job rate for their position, the employee will be red-circled until the pay band catches up to the current pay rate of the red-circled employee. Cost of living increases are not provided to employees while they are red-circled.

2.3.4 STEP PLACEMENT - TRANSFERS

- If an employee transfers into a new position with only one (1) pay step, they will be paid at that designated step.
- If an employee transfers into a new position where the pay band is higher than their current position (and more than one step exists), the step rate that applies is the lowest step that provides at least a 10% increase from the rate in the current employee's position. If a 10% increase is greater than the Job Rate of their new position, the employee will be placed at the Job Rate.
- When an employee transfers into a new position at the same pay band as their current position, they will remain at the step they are currently in. The date in which the employee originally moved into the current pay band/step will become the anniversary date in which they are eligible to receive a step increase every 12 months of completed service, as outlined in section 2.3.2.
- When an employee transfers into a new position at a lower pay band, they are placed at the step within the new pay band nearest (but higher) than the Voting Member's current salary. If the entire pay band is lower than the Job Rate of their current position, the employee will be placed at the Job Rate. Employees of the City may also refer to their respective collective agreement for further information regarding this provision.
- Any deviation from the above provisions must be approved by the Director of Human Resources, in consultation with CMT.

2.4 COST-OF-LIVING ADJUSTMENT (COLA)

- A COLA is when wage rates are being determined through negotiations, arbitration and legislation where applicable.
- As per Council's direction, the COLA for the Management salary structure will be aligned with what is agreed to by the SA. COLA for the Non-Union Employees group is determined through SA bargaining.
- The compensation structure for all other employees, including Casual staff, shall be reviewed each year to ensure that all employees earn, at a minimum, the living wage rate for Waterloo Region, as determined by *The Ontario Living Wage Network*. The final compensation structure will be approved by CMT.

3.0 HEALTH BENEFITS, PENSION & OTHER BENEFITS

3.1 HEALTH BENEFITS

The City will provide group benefits as negotiated by employee labour groups. Where there is no official bargaining process in place, the City will endeavour to provide reasonable and competitive benefit plans and participation in OMERS for pensions, within the City's ability to fund the plan and contributions. Where not bargained, benefits are subject to amendment at the discretion of CMT.

Regular part-time staff who work a minimum of 17.5 hours per week will have the option to enroll in the same benefits as regular full-time staff but will pay for a portion of the benefit premiums commensurate with their standard hours as shown in the table below:

Premium Sharing Based on Standard Workweek Hours

Hours per Week	% of Benefits Premium Paid by City	% of Benefits Premium Paid by Employee
17.5 – 19.0	50%	50%
19.5 – 22.5	60%	40%
23.0 – 26.0	70%	30%
26.5 – 29.5	80%	20%
30+	100%	0%

Regular part-time employees who are seconded to a position with full-time hours, or working full-time hours because of a temporary assignment will not be required to pay benefit premiums during the secondment/temporary assignment period.

Full-time fixed-term contract employees, with a contract greater than one (1) year, will have the option to enroll in Extended Health Care and Dental Care benefits after three (3) months of full-time employment with the City and will be required to pay for 50% of the benefit premiums. Furthermore, these employees will also be permitted to start accruing sick leave as of their contract start date at a rate of one and one-half (1.5) days per month. Employees must remain employed in a full-time temporary contract capacity to maintain benefits coverage.

Coverage provisions differ by employment and labour group and are detailed in individual plan booklets which can be downloaded in PDF format from the City's intranet.

Group benefit coverage ceases for an employee as follows:

- Immediately upon termination of employment, except in accordance with statutory obligations or a written agreement that extends the benefits;
- Immediately upon the employee's date of retirement (except for long-term disability which terminates on the earlier of an employee's 65th birthday or retirement date);
- Three (3) months after the start date of an approved personal leave of absence of more than three (3) months, unless a further extension is approved by the benefits carrier and the employee pays 100% of the premium cost; *and/or*,
- While on an unapproved leave of absence (e.g. failure to follow absence reporting procedures, taking a leave without supervisor approval or notification etc.).

Please note that for active employees, extended health and dental benefits terminate at the end of the month in which an employee's 70th birthday occurs. For WPPFA it would terminate at the end of the month in which an employee's 60th birthday occurs.

If an employee is eligible for group benefits they will continue during approved sick leaves, long-term disability leaves, Workplace Safety and Insurance Board (WSIB) leaves, maternity/parental leaves and any job protected leave in accordance with the [Employment Standards Act](#). Group benefits continuation during self-funded leaves are subject to approval by the carrier. Employees who have a cost share for premiums will be required to maintain their regular contributions while on leave.

Early Retiree Benefits

If an employee retires prior to the age of 65 and meets the requirements below, the City will provide extended health care and dental care coverage. This applies to CUPE, WPPFA, SA, Non-Union and Management members.

The eligibility requirements for early retirement benefits for an employee are as follows:

- a) Voluntarily retires from the City before the age of sixty-five (65) and within ten (10) years of their normal retirement date,
- b) Is in receipt of a retirement pension from the Ontario Municipal Employees Retirement System (OMERS),
- c) Has a minimum of ten (10) years continuous employment with the City at the time of retirement, *and*
- d) Is enrolled in a City group benefits plan immediately prior to retirement.

Extended health care and dental care benefits will end when the retired employee reaches the age of sixty-five (65).

3.2 PENSION

Participation in the OMERS pension plan is mandatory for all regular full-time employees immediately upon hire. Non-Full-Time (NFT) employees, also referred to as “other than continuous full-time” (OTCFT), including all temporary employees, are eligible to join the OMERS Pension Plan upon hire or at any time while employed with the City, subject to OMERS terms and conditions. Once an employee is enrolled in OMERS, they cannot opt out.

Members of the WPPFA and Fire Management employees (i.e. the Fire Chief, Deputy Fire Chief(s) and Assistant Deputy Fire Chief(s)) will have a normal retirement age (NRA) of sixty (60). All other employees will have a normal retirement age of 65 (sixty-five). OMERS pension contributions are made equally 50% by the employee and 50% by the employer (City).

3.3 VACATION TIME

Please refer to the City’s Vacation Policy on the City’s intranet for further information. Employees of the City may also refer to their respective collective agreement, where applicable, for further information.

3.4 SICK TIME

For regular full-time positions based on a standard thirty-five (35) or forty (40) hour work week, and for full-time suppression fire fighters on an average of forty-two (42) hours a week or fire prevention personnel on an average of forty (40) hours a week, sick leave shall be accumulated at a rate of one and one-half (1.5) days per month of service to a maximum of eighteen (18) days per year and shall be recorded in hours. For regular part-time positions, sick leave accumulation shall be pro-rated based on the employee’s regular hours of work.

Sick days may be carried forward from one year to the next and are intended to act as both a credit for the Short-Term Disability (STD) benefit period as well as a bridge during the Long-Term Disability (LTD) qualifying period, as defined by the insurance carrier. Employees of the City may also refer to their respective collective agreement, where applicable, for further information.

3.5 PERSONAL TIME/DAYS

For regular full-time positions, employees are entitled to use a number of their accumulated sick leave days for personal reasons (e.g. unforeseen family emergencies, family or elder care, medical appointments not able to be made outside work hours, etc.). Personal time is not intended to supplement or extend vacation time. Employees of the City may also refer to their respective collective agreement, where applicable, for further information regarding this provision.

4.0 REVIEW:

Human Resources reserves the right to review and evaluate this Policy on a regular basis and amend as necessary with approval from Council. The Corporate Management Team, Directors, Managers, and the unions/associations will have the opportunity to participate in policy reviews.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.