



City of
Peterborough

To: Members of the Peterborough Public Library Board

From: Sandra Clancy, Director of Corporate Services

Meeting date: April 26, 2016

Subject: Report CPFS16-011
Pay Equity Settlement – CUPE Local 1833 and 2015 Operating Deficit

Purpose

A report to provide an update to members of the Library Board regarding the CUPE Local 1833 Pay Equity settlement, to seek direction from the Board regarding the payout; and to update the Board on the Operating results for the 2015 budget year.

Recommendations

That the Library Board approve the recommendations outlined in Report CPFS16-011 dated April 26, 2016 of the Director of Corporate Services, as follows:

- a) That the retroactive wage adjustments resulting from the pay equity settlement with Local 1833 be funded in part from transfers from Library Reserves as follows:
 - i. Library Surplus Reserve - \$200,000, and
 - ii. Materials Acquisition Reserve - \$300,000, leaving the balance estimated to be \$224,100 funded from the City.
- b) That the 2015 Operating budget deficit in the amount of \$62,559 be funded from a transfer from Library Surplus Reserve.

Budget and financial implications

The annual cost to maintain pay equity on a go forward basis is estimated to be \$143,000 inclusive of salary and benefits. The retroactive cost back to January 2011 to settle the pay equity issue is estimated to be approximately \$845,400. An amount of \$121,300 has been accrued in the Library accounts, leaving a shortfall of \$724,100.

The Library Surplus Reserve currently has a balance of \$283,788. If the transfers being proposed in this report are approved, the balance in the reserve would be \$21,229.

The Materials Acquisition reserve currently has a balance of \$362,625. If the transfer being proposed in this report is approved, the balance in the reserve would be \$62,625.

The City's Director of Corporate Services is committed to seeking the balance of the funds required for the pay equity payout (approximately \$224,100) from the City.

Background

Pay Equity Plan – CUPE Local 1833

The Pay Equity Act requires that positions that are female dominated be compensated at the same rate of pay as comparable male dominated positions. Once established, the employer is responsible for ensuring that pay equity is maintained.

Most of the positions at the library are female dominated positions. Comparable male dominated jobs are, therefore, sought throughout the organization. The Library Pay Equity Plan was last amended in 2008 with adjustments retroactive to 1999.

In 2010, several Library positions underwent changes and were re-evaluated by the Job Evaluation Committee. The committee met on the following dates: January 22, 2010, June 23, 2010, March 21, 2011 and the resulting changes precipitated a review of the Pay Equity Plan. The City and representatives of CUPE 1833 met in May of 2013 and began the arduous task of finding new male comparator positions. Any potential male job within the organization was first considered by HR. HR did a preliminary evaluation of the jobs to see if it might be a possible comparator position. Then the Job Evaluation Committee had to review and evaluate each position. The Job Evaluation Committee met on the following further dates: May 24 2013 and in 2015 on January 29, March 31 and November 10. If the evaluation did not result in the position being a match, HR had to search again for positions. This was an extremely lengthy process.

The comparator positions were agreed upon in late 2015.

In February 2016, the Parties signed an amended Pay Equity Plan with adjustments retroactive to January 1, 2011. Altogether, the Pay Equity obligation amounts to \$845,400.

Partial Funding from Library Reserves

Library Surplus Reserve

The Library Surplus Reserve has been accumulating over the last number of years and currently sits with a balance of \$283,788. The Reserve was first established in a motion of the Board on April 27, 2010, which read as follows:

That the Board of Trustees of the Peterborough Public Library will establish a general reserve for surplus funds from 2008 to 2009. Carried

Since that time, surplus funds, if available, have been transferred to the Reserve and used on a periodic basis for specific initiatives of the Board.

Given the size of the Pay Equity adjustments, had the liability been accounted for annually over the past 5 years, the reserve balance would not built up to this extent. It is now appropriate to look to this reserve to help fund the current obligation and as such, is recommended that \$200,000 be drawn from the reserve to help fund the cost.

Materials Acquisition Reserve

The Materials Acquisition Reserve has a residual balance of \$362,625 at the end of 2015. The 2016 Budget for Materials Acquisition has been approved at \$490,000, and altogether results in combined financial resources available for materials acquisition in the amount of \$852,625 in 2016. Using 10 years of historical data, the average spend per year is approximately \$397,148; with 2013 having the largest spend in any single year at \$476,610. The projected spend in 2016 during this renovation period will be for replacement materials only, and is estimated at 75% of the current year approved budget or \$367,500. This far exceeds the typical level of spend in a given year and as such, it is recommended that \$300,000 be re-directed to help fund the pay equity obligation leaving . Should the Board support the re-direction of \$300,000, the projected balance in the Materials Acquisition Reserve at the end of 2016 will be \$185,125.

Carrying that residual balance of \$185,125 forward into 2017, and assuming the 2017 Budget for Materials Acquisition is approved at the same level of \$490,000 as approved in 2016, the financial resources available to purchase materials would be approximately \$675,125. In addition, if at that point in time the Library has transitioned back into its new space, Development Charge funds become available and will support further expenditures of \$200,000 (\$180,000 net eligible cost) for new materials acquisition, for a revised budget of \$855,125.

2015 Operating Budget Deficit

Staff are in the midst of closing the books on the 2015 budget year and preparing for Audit. Prior to the impacts resulting from Pay Equity, the Library had a 2015 Operating deficit of approximately \$62,559.

It is recommended that the deficit be funding by a transfer from the Library Surplus Reserve.

Summary

This report proposes that the Library Board partially funds the pay equity settlement and provides for the 2015 Operating deficit.

Submitted by,

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