

Schedule “A” to By-Law No. 1478-25

**Employee Compensation
and
Incentive Program Policy**

DATE APPROVED: December 10, 2025

RESOLUTION #: 2025-254

PURPOSE:

The Township seeks to Establish guidelines for fair, transparent, and consistent compensation and incentive and recognition programs to reward municipal employees for outstanding performance, innovation, cost-saving measures, and long-term service. The goal is to enhance employee morale, retention, talent acquisition, and overall organizational effectiveness.

SCOPE:

This policy applies to all permanent full-time municipal employees, and permanent part-time municipal employees of the Township of Hilton.

This policy does not apply to elected officials or contractors.

DEFINITIONS:

“Active Service” shall mean the continued service that an employee has been employed, including any time the employment relations exists even if the employee is not working. This includes time performing regular duties, approved scheduled vacation, holidays, approved paid leave of absence, pregnancy and parental leave, paid time off due to sickness or accident, and temporary layoff.

“Incentive Program” shall mean programs designed to motivate specific behaviors or achievements, often involving a tangible reward (monetary bonus, extra time off, etc.)

“Compensation” shall mean the structure and pay range of an employee

“Recognition Program” shall mean programs focused on acknowledging and appreciating employee contributions, often with non-monetary rewards (awards, public acknowledgement, etc.).

“Performance Metrics: The specific, measurable criteria used to evaluate performance or achievement.

“Pay Scale” shall be the overall pay structure that defines the salary or wage for different job positions based on factors like experience, skills, education, and performance.

“Pay Equity” shall mean equal pay for work of equal value. *The Pay Equity Act* requires employers to compensate female job classes at least equally to work done by comparable male job classes.

PRINCIPLES:

Fairness & Equity: Programs will be applied consistently and equitably across departments.

Transparency: Eligibility criteria, nomination/selection processes, and rewards will be clearly communicated.

Alignment: Programs will align with the municipality's strategic goals and values.

Fiscal Responsibility: All programs and awards must be within budgeted allocations.

TYPES OF PROGRAMS:

Performance-Based Incentives: Rewards tied to achieving specific, measurable goals (e.g., departmental cost savings, project completion ahead of schedule).

Innovation Incentives: Awards for employees who develop new, efficient processes or significant service improvements.

Longevity/Service Awards: Recognition for significant employment milestones (e.g., 5, 10, 15+ years of service).

Spot Recognition: Immediate, small-scale rewards for exceptional day-to-day efforts.

Professional Development/Tuition Reimbursement: Programs to invest in employee education and skill enhancement.

ELIGIBILITY AND CRITERIA:

Eligibility: Employees must be in good standing (not under active disciplinary action) to be eligible for most incentive programs.

Criteria: Each specific program will have defined, measurable criteria determined by the Personnel Committee.

ADMINISTRATION AND PROCEDURE:

1. Periodically the Township may seek compensation information from comparable Townships for analysis and comparison to their wages and benefits.
2. The Township utilizes a gender-neutral Job Evaluation System that meets legislative requirements for pay equity and supports internal equity in compensation.
3. Results of job evaluation and external compensation information are considered when determining compensation system changes and incentive program changes.
4. Employees are placed on the pay scale for their position upon hire at the Level 1 on the Pay Scale if they have the minimum required education and experience required for the position.
5. The Township will consider relevant education and experience over and above minimum requirements for the position to determine if the employee should be started at a higher step on the scale, commensurate with the employee's additional skills, abilities, qualification, and experience, as determined relevant by the Township.

6. Employees advance up a level on the pay scale annually provided their performance in all areas of expected competency, is achieving standard at a minimum, as noted in the employee's annual performance appraisal.
7. Performance appraisals will occur in January of each year.
8. Employees will receive clear and timely information about their compensation, including details about the components, eligibility criteria, performance expectations, and opportunities for advancement.
9. Where an employee is not achieving standard in all areas of expected competency, the employee will not advance a level on the pay scale. The employee's performance will then be assessed quarterly to determine if the employee is achieving standard in all areas of expected competency and once this occurs, the employee will be advanced to the next level on the scale.
10. Advancement annually on the salary scale also takes into consideration active service as an employee must have a full year of continuous active service to be considered for advancement.
11. Financial rewards and recognition programs aimed at acknowledging, appreciating employee contributions and promoting the ongoing improvement of staff development shall be determined each year in January.
12. All compensation adjustments and incentive rewards require the prior approval of the Council.
13. Where an employee has reached the highest level on the pay scale, it shall be determined yearly what the minimum financial or non-financial bonus shall be, taking into consideration that they are achieving the minimum standard at a minimum, as noted in the employee's annual performance appraisal.
14. The Human Resources (HR) department will be responsible for administering the policy and maintaining records of all awards granted.

RECOMMENDATIONS:

Recommendations will be submitted by department heads to the CAO which will be presented to the Township's Personnel Committee for evaluation against the established criteria.

Budgeting: Department heads are responsible for including incentive program costs in their annual budgets.

TYPES OF REWARDS:

Rewards can be monetary (bonuses, gift cards) or non-monetary (extra paid time off, formal certificates, public recognition at a council meeting, Township swag, professional development opportunities, etc.).

POLICY REVIEW AND UPDATES:

This compensation and incentive policy will be reviewed at least once every five (5) years, or more frequently if required by legislative or organizational changes, to ensure its continued relevance, effectiveness, and compliance with evolving legal and regulatory requirements.