

COUNCIL POLICY

TITLE – COST OF LIVING ADJUSTMENT (COLA)

Policy #: P-10-2026

Section: Personnel

Rescind Policy #: N/A

Legislative Reference: Alberta Employment Standards Code, Personnel Policy

1. PURPOSE

1.1 The purpose of this policy is to establish a consistent and transparent approach to annual cost of living adjustments (COLA) for employees of the Town of Smoky Lake, ensuring compensation reasonably reflects changes in the cost of living.

2. DEFINITIONS

2.1 In this Policy:

- a) “*CAO*” shall mean the Chief Administrative Officer of the Town of Smoky Lake;
- b) “*Consumer Price Index (CPI)*” shall mean the Alberta Consumer Price Index as published by Statistics Canada.
- c) “*COLA*” shall mean Cost of Living Adjustment, an annual percentage increase to employee wage scales based on CPI.
- d) “*Reference Period*” The period from July 1 to June 30 used to calculate the annual CPI change.
- e) “*Town*” shall mean the Municipal Corporation of the Town of Smoky Lake;

3. POLICY STATEMENT

3.1 The Town of Smoky Lake supports maintaining competitive and fair compensation by adjusting employee wage scales annually in accordance with changes in the Alberta Consumer Price Index, subject to Council approval and financial capacity.

4. CALCULATION METHOD

4.1 The annual COLA shall be calculated based on the percentage change in the Alberta CPI for the Reference Period (July to June) of the preceding year.

4.2 The CPI change shall be determined using the 12-month average or year-over-year percentage change as published by Statistics Canada.

4.3 The calculated percentage shall form the basis of the COLA adjustment. The COLA adjustment is distinct and separate from any Merit adjustment.

5. ADJUSTMENT PARAMETERS

5.1 The annual COLA adjustment shall typically:

- Reflect 100% of the Alberta CPI change; or
- Be adjusted by Council as outlined in Section 5.2

5.2 Notwithstanding Section 5.1:

- Where the Alberta CPI increase is 2% or greater, a minimum COLA of 2% shall be applied
- Any COLA increase above 2% shall require Council approval
- Council may establish an upper limit for COLA in any given year based on financial considerations

5.3 Negative CPI values shall not result in a reduction of employee wages.

6. IMPLEMENTATION

6.1 COLA adjustments shall be applied effective January 1 of each year, unless otherwise approved by Council.

6.2 Adjustments shall apply to:

- Salary grids
- Hourly wage rates

6.3 Individual step increases or performance-based increases are separate from COLA adjustments.

7. APPROVAL

7.1 The Chief Administrative Officer (CAO) shall present the calculated CPI adjustment to Council annually prior to or as part of the budget process.

8. RESPONSIBILITIES

Council - approve annual COLA adjustments

Chief Administrative Officer (CAO) - Ensure accurate calculation and recommendation of COLA and Administer implementation

Administration - Apply approved adjustments to payroll systems

9. RELATED POLICIES AND LEGISLATION

- Alberta Employment Standards Code
- Town of Smoky Lake Budget
- Town of Smoky Lake Personnel Policy

	DATE	RESOLUTION NUMBER
Approved	April 7, 2026	224-2026

Original Signed
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