

COMMITTEE REPORT



TO **Governance Committee**

SERVICE AREA Human Resources
DATE **May 10, 2010**

SUBJECT **Council Remuneration 2011 - 2014**
REPORT NUMBER HR-10-03

RECOMMENDATION

THAT Council approve the Guiding Principles for Council Remuneration as outlined in Appendix A;

That Council approve the municipal Comparator Group used for the purposes of determining Council Remuneration (contained in this report);

That Council approve the 60th percentile as the competitive position for the purpose of determining the 2011 compensation Job Rate for the Mayor and Members of Council positions;

That the salary for the position of Mayor for the Council term commencing 2011 be set at \$88,983.86.

That the salary for the position of City Councillor for the Council term commencing 2011 be set at \$29,706.39.

That no changes be made to the current benefits provided to the Mayor and Members of Council, including OMERS pension.

That the current annual method of compensation adjustments for the Mayor and Members of Council be retained (i.e. That in non-election years, the remuneration for the Mayor and Members of Council be automatically adjusted by the same percentage increase received by the City's management staff.).

That the current policy of conducting a formal market review for Council every four years during the last year of the Council's term of office be maintained.

BACKGROUND

In October 2009, Council approved the establishment of a Citizen Review Committee to review and make recommendations to Council respecting Council remuneration for the 2011 – 2014 council terms.

Recruitment for five citizen volunteers was conducted in November/December 2009 to review the matter of compensation as it relates to public office, reflect on fiscal and corporate objectives as outlined in the Compensation report for non-union staff, consider compensation adjustments supported by market data and comparable municipalities in terms of scope, size and nature of elected officials' work, review compensation data and proposals prepared by City staff, and oversee preparation and presentation of a final report and recommendations to Council for its approval.

In considering the citizen applicants, knowledge of Human Resource Management, specifically compensation and pay policies, and an understanding of the role of elected officials were considered an asset.

The following citizens were selected to participate on the Citizen Committee following the recruitment in November/December 2009:

Ms. Janet Roy, President, Premium HR Solutions
Ms. Moragh Lippert, Branch Manager, Meridian Credit Union
Mr. Lloyd Longfield, President/CAO, Guelph Chamber of Commerce
Mr. George Arndt, President, ESP Employee Solutions
Ms. Mireille Valliere, HR Advisor, Labour Relations/WSIB, Bell Technical Solutions Inc.

The Terms of Reference for the Citizen Committee are outlined in Appendix B.

The Director, Human Resources and Manager, Compensation, Benefits/Payroll provided staff support to the Citizen Committee, which met from the period February – April 2010.

Meetings focused on the establishment of Guiding Principles for Council Remuneration, the selection of an appropriate comparator group of municipalities based on established criteria to compare compensation practices, the establishment of an appropriate competitive position (i.e. the percentile where to situate City of Guelph Council remuneration relative to the other municipalities within the comparator group), a review of total compensation (i.e. salary and benefits, annual compensation adjustments where applicable), a review of the recommended salaries against the Guiding Principles, and development of the recommendations above.

REPORT

In total, the Citizen Committee for Council Remuneration met five times to deliberate the issue of compensation for the Mayor and Members of Council.

Following a review of the Terms of Reference for the Committee, members spent time in each meeting reviewing background information gathered to support their work.

This information included: previous Council approved documents related to Council remuneration, information concerning the roles/responsibilities of municipal councils, the Mayor and Members of Council, survey information estimating time commitments for the Mayor and Members of Council and compensation survey data from multiple Ontario municipalities related to salary, benefits and other perquisites. Cities from other regions of Canada were also reviewed for best practices and review processes relating to establishing elected official's remuneration.

Reviewing the matter of compensation as it related to public office in a manner that reflects the duties, responsibilities, skill, effort, authority and decision-making requirements placed on the Mayor and Members of Council, required a set of Guiding Principles to provide direction and an ability to anchor recommendations made with respect to what appropriate compensation levels should be.

The recommended set of Guiding Principles are outlined in Appendix A. They base the compensation for the Mayor and Members of Council on realistic standards so that elected officials of the city may be compensated according to their roles in order to attract citizens of the highest quality to public service.

Fairness, reasonableness, and fiscal responsibility are characteristics of the Guiding Principles that recognize the complexity and importance of issues dealt with by City Council and recognize that elected officials' work is demanding and requires significant time commitment.

Comparator Group

In order to determine an appropriate compensation for the Mayor and Members of Council, a set of criteria was required to determine what other municipalities to compare to.

The Terms of Reference for the Citizen Review Committee detail as one of its functions was to "enable compensation adjustments (that) are supported by market data and comparable municipalities in terms of scope, size and nature of work."

To that end, the following criteria were developed by the Committee to guide decision making related to the selection of appropriate comparator municipalities.

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1. Operating Budget
 2. Size of Council
 3. Ratio of voters to each Member of Council
 4. Population
 5. Scope of services (Tier of Municipality)
 6. Average family income in the municipality.

Applying these criteria within Ontario, the following municipalities were selected as appropriate comparators for the purposes of establishing compensation for elected officials:

1. City of Barrie
2. City of Brantford
3. City of Chatham-Kent
4. City of Kingston
5. City of Kitchener
6. City of Sudbury
7. Town of Oakville
8. City of Waterloo
9. Region of Waterloo

(N.B. The above municipalities are within the current Council approved Municipal Comparator Group)

Competitive Position

In keeping with the Guiding Principles for Council Remuneration, the Citizen Review Committee recommended that the 60th percentile appropriately demonstrates the value of the position of Mayor and City Councillor, and demonstrates fair compensation that is aligned with the performance expectations of these senior roles within the City.

Setting the competitive position at the 60th percentile achieves the following:

1. Financial responsibility: this level represents middle ground between the 50th and the 75th percentiles from other municipalities; Council remuneration does not migrate to the top of the comparator group, yet is not at the bottom and therefore mitigates the risk of systemically lagging behind;
2. Fairness and reasonableness to attract a diverse and representative pool of candidates for elected office;
3. Reflect appropriate compensation for the Mayor and Members of Council in view of the responsibilities, time commitment and accountability associated with these roles;
4. Aligns compensation practices for other positions within the City.

Salary

Analysis was conducted using the above list of comparator municipalities to determine what the salary level should be for the position of Mayor and City Councillor.

The current salaries for the Mayor and City Councillor for 2010 respectively are:

Mayor: \$78,372.73 (full time) City Councillor: \$28,796.85 (part time)

Within the comparator group of municipalities, the current Mayor's salary is at the 38th percentile, while the City Councillor salary is at the 58% percentile.

Based on the 60th percentile of the above comparator group of municipalities, the recommended salaries for the positions of Mayor and City Councillor are:

Mayor: \$88,983.86 (full time) City Councillor: \$29,706.39 (part time)

Analysis conducted of the comparator group indicated that no additional compensation is provided for items such as chairing committees, or representing the City on an agency, board or commission.

The Citizen Review Committee was keenly aware that recommending this increase in view of the current economic recession may be viewed as problematic.

Recognizing this, the Committee wished to make an important distinction. That is, the salary recommendation above is for the position of Mayor and City Councillor. In other words, the recommendation to Council is to set only the salary for the position at the above levels.

The implementation of the recommended salary as it affects incumbents in the positions is where Council can choose to adopt one of three alternatives:

- 1) Implementation of the compensation adjustments effective January 1, 2011.
- 2) Implementation of the compensation adjustments in equal installments during the Council term 2011-1014 so that the Mayor and Councillor compensation will achieve the 60th percentile by the end of the next council term.
- 3) Implementation of the compensation adjustments subject to economic recovery of the City's revenue of 4 million dollars.

If Council chooses alternative one, commencing with the new term of Council, the salaries for Mayor and City Councillor would be adjusted as above.

However, in light of the current economic recession, Council may choose to defer the adjustments as per alternative 2) or 3). Both of these alternatives incorporate

the commitment to adjust the salaries to the 60th percentile of the comparator group, but on a timeline that is either phased in or to occur subject to certain criteria.

Alternative 2) would see equal adjustments phased in over each year of the next Council term, ending in the Mayor and City Councillor positions achieving the 60th percentile of the comparator group.

Alternative 3) would see the salaries for the Mayor and City Councillor positions adjusted at such time as recovery to the City's revenues would occur. Council will recall that the 2010 budget projected a revenue shortfall of approximately 8 million dollars. Current economic indicators suggest that there are preliminary signs of economic recovery locally, provincially and nationally, yet it is premature to suggest that these recent trends are an indicator of longer term recovery.

The Citizen Review Committee felt there needed to be some concrete milestone indicators in place should Council wish to defer the salary adjustments subject to some indicators of recovery. The Committee felt that an example of a milestone trigger would be a 50% recovery of the revenue shortfall projected for 2010 (i.e. 4 million dollars).

This alternative would only see the Mayor and City Councillor salaries adjusted at such time as there has been the above described recovery to city revenues, the timing of which is not predictable, but is tied to the economic performance of the City to some measurable extent.

Benefits

Following an analysis of the benefits provided to the Mayor and Members of Council in each of the comparator municipalities when compared to those provided in the City of Guelph, no change is recommended at this time.

In each case, the benefits provided to the Mayor and Members of Council in the comparator group mirror or are the same as those provided to the City of Guelph Mayor and Members of Council.

Benefits reviewed (that are provided unless indicated otherwise) specifically were:

- Group Life Insurance
- Dependant Life Insurance
- Accidental Death and Dismemberment
- Extended Health Benefits
- Dental Benefits
- OMERS (not provided)
- Leased Vehicles (not provided)
- Monthly Car Allowance (not provided)
- Mileage Reimbursement
- Lodging (reasonable and customary)
- Meal per Diem

ALTERNATIVES

Council could not approve the above recommendations with respect to the salary levels for the positions of Mayor and City Councillor. This is not recommended as the Mayor and City Councillor compensation would not adhere to the Guiding Principles developed by the Citizen Review Committee. Deferring increases will only make the gap worse in future terms of Council, making it harder to meet the terms of the guiding principles.

Council could recommend an alternative not described above regarding the implementation of the proposed salary adjustments for the Mayor and City Councillor.

CORPORATE STRATEGIC PLAN

The recommendation in consistence with the Corporate Strategic Plan, specifically:

- Goal 5: "A community focused, responsive and accountable government"
- Objective 5.6: "Organization excellence in planning, management, human resources and people practices; recognized as a top employer in the community."

FINANCIAL IMPLICATIONS

The total cost of compensation adjustments recommended in this report is: \$21,525.61.

For the Mayor's position, the total compensation adjustment is \$10,611.13.
For the City Councillor position, the total compensation adjustment is \$10,914.48 for the 12 Councillor positions.

Should Council adopt alternative 2) described above, the annual adjustments for the Mayor and City Councillor positions would be \$5,381.40.

DEPARTMENTAL CONSULTATION

N/A

COMMUNICATIONS

N/A

ATTACHMENTS

Appendix A
Appendix B

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Mr. Lloyd Longfield

“original signed by George Arndt”

Mr. George Arndt

Guiding Principles for City of Guelph Council Remuneration

The philosophy is to base the compensation for the Mayor and Members of Council on realistic standards so that elected officials of the city may be compensated according to their roles and responsibilities.

To achieve the above, a Compensation plan reflects one that:

Is fair and reasonable and will attract a diverse and representative pool of candidates from Guelph residents wishing to seek election to Council but also be seen as fair by taxpayers;

Recognizes that the work of the mayor and council is demanding and important and as such they should be appropriately compensated;

Recognizes the complexity, responsibilities, time commitments and accountabilities associated with the role of Mayor and Council;

Is aligned to the 60th percentile (similar to the City's non-union employees) of the comparator group and is appropriate for the average full-time earnings within the community;

Applies an appropriate ratio between the role of a part-time councilor and that of a full-time mayor;

Must demonstrate fiscal responsibility and align to the Strategic Plan for the City of Guelph.

**CITY OF GUELPH
REVIEW OF COUNCILLORS' REMUNERATION**

TERMS OF REFERENCE

PURPOSE:

To appoint a Citizen's Committee to review and establish Elected Officials remuneration.

ACCOUNTABILITIES

Supported by staff from Human Resources, the Committee will provide recommendations on base compensation for Elected Officials.

In developing its recommendations, the Committee will recognize that benefits currently provided to Elected Officials constitute an integral part of the overall compensation package.

FUNCTIONS:

Reflect on fiscal and corporate objectives as outlined in the Compensation report for non-union staff.

Review the matter of compensation as it relates to public office.

Enable compensation adjustments that are supported by market data and comparable municipalities in terms of scope, size and nature of work.

Review data and proposals submitted by staff from Human Resources

Oversee preparation and presentation of a final report and recommendations to Council for its approval

MEMBERSHIP

The Committee will consist of 5 members selected from the community, based on expressions of interest solicited by placing an advertisement in Guelph's local newspaper. The Chair of the Committee will be chose by the members at its first meeting.

Members of the Committee will undertake to attend each meeting as required and the Committee will remain in force until Council approves recommendations in these matters, or such time as the Committee is formally disbanded.

In the event a member is unable or unwilling to continue to serve, a replacement will be appointed by the City Clerk from the expressions of interest previously received. The members of the Committee, including the Chair, shall serve in a volunteer capacity only with no remuneration other than for reasonable expenses incurred by attending meetings.

TIMEFRAME:

The Committee will be established by November 30th, 2009 and will attempt to make its recommendations in respect of compensation for elected officials by February 22, 2010.