

STAFF REPORT

TO Governance Committee
SERVICE AREA Corporate and Human Resources
DATE May 6, 2014
SUBJECT Council Remuneration
REPORT NUMBER CHR-2014-41

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To recommend changes for Council remuneration (i.e. total compensation) for Mayor and Members of Council commencing for the 2014-2018 Term of Council.

KEY FINDINGS

- The Citizen Review Committee was appointed on February 24, 2014 and met during March and April 2014;
- Human Resources staff provided professional support to Committee;
- The Committee reviewed material from the previous Citizen Remuneration Committee that recommended changes for the 2010-2014 term of Council, as well as material from the cities comparator municipalities and information from across Canada from other Citizen Remuneration Committees to inform their decision making process
- Highlights of the recommendations include changes to:
 - The competitive position used to compare Council positions with other municipalities;
 - Compensation (i.e. salary) for both the Mayor and Councillor positions;
 - Acknowledgement of the role of Chairs of Standing Committees;
 - Some benefits for the Mayor and Council positions; and
 - How the annual cost of living increases are calculated for the Mayor and Councillor positions.

FINANCIAL IMPLICATIONS

If approved the financial impact on an annualized basis would be:

- \$46,288 in the 1st year
- \$ 3,611 in the 2nd year
- \$ 3,611 in the 3rd year
- \$ 3,611 in the 4th year
- CPI increases to be determined on an annual basis

ACTION REQUIRED

Council to consider approval of the recommendations in this report.

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RECOMMENDATION

THAT Council approve the revised Guiding Principles reducing the competitive position from 60th to the 55th percentile for establishing the salary for the Mayor and Members of Council 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 the salary for the position of Mayor for the Council term commencing December 1, 2014 be set at \$105,393 (a one-time adjustment of \$10,000);

THAT the salary for the position of Mayor be increased by \$3,611 each year on December 1st for the years 2015, 2016 and 2017 as a phased approach to migrate the Mayor's salary to the 55th percentile by the end of the term of Council;

THAT the Mayor be provided with an RRSP matching the Mayor's contribution amount not to exceed 3% based on the taxable portion only;

THAT the Mayor be provided with an automobile allowance equal to \$425.00 per month;

THAT the salary for the position of City Councillor for the Council term commencing 2015 be set at \$33,433;

THAT Members of Council (excluding the Mayor) who serve as a Chair of a Standing Committee be provided an additional 5% of the total compensation amount paid to a Member of Council;

THAT no changes be made to the current benefits provided to the Mayor and Members of Council;

THAT for the Mayor and Members of Council attending conferences, workshops, etc. they will be provided with a meal allowance of \$70.00 for a full day event and \$35.00 for a half day event;

THAT compensation adjustments for the Mayor and Members of Council be equal to the Consumer Price Index (All Ontario, All Items from September to September) or the Non-union increase whichever is lower effective January 1st of each year for the next term of Council;

THAT the current policy of conducting a formal market review for Council every four years and the continued engagement of a Citizen's Review Committee during the last year of the Council's term of office be maintained;

THAT the Citizen Review Committee for Council Remuneration further recommends that Council direct staff to explore the feasibility of going to a full-time Council and give consideration to the composition of the structure in terms of number of Councillors.

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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 term. The Committee met a number of times and made a number of recommendations to Council and the following were approved:

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.

REPORT

Recruitment for five citizen volunteers was conducted in January/February 2014 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:

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Ms. Janet Roy, President, Premium HR Solutions (returning Committee Member)
Mr. Lloyd Longfield, President/CAO, Guelph Chamber of Commerce (returning Committee Member)
Mr. Greg Sayer, Director Legal Services, AgriCorp
Ms. Amy Kendall, Chair, School of Business and Hospitality, Conestoga College
Mr. Alan Jarvis, (Retired) Vice-President – Human Resources, The Allianz Group

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

The General Manager, Human Resources and Manager, Compensation, Benefits/Payroll provided staff support to the Citizens Committee, which met from the period March - April 2014.

Process

Meetings focused on the reviewing the previous Council approved Guiding Principles for Council Remuneration, reviewing the previous Council approved comparator group and determining the appropriateness for the next term of Council, reviewing the Council approved competitive position (i.e. the percentile where to situate City of Guelph Council remuneration relative to the other municipalities within the comparator group) and determining if a change is required, a finally 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.

In total, the Citizen Committee for Council Remuneration met three times to deliberate on 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, survey information, estimated 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 relates to public office in a manner that reflects the duties, responsibilities, skill, effort, authority and decision-making, the Mayor and Members of Council require a set of Guiding Principles to provide direction and an ability to anchor recommendations made with respect to what appropriate compensation levels should be.

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Revised Guiding Principles

The recommended change to the set of Guiding Principles as outlined in Appendix A, by reducing the competitive position from the 60th to the 55th percentile, was in consideration of Council reducing the competitive position for staff from the 60th to the 55th percentile during the last term of Council. Appendix C

Competitive Position

In keeping with the Guiding Principles (and recommended change) for Council Remuneration, the Citizen Review Committee recommended that the 55th 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 55th percentile achieves the following:

1. Financial responsibility: this level is within the range of 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. Aligns to the competitive position approved by Council for the Non-union and Management Employee group;
3. Fairness and reasonableness to attract a diverse and representative pool of candidates for elected office;
4. Reflects appropriate compensation for the Mayor and Members of Council in view of the responsibilities, time commitment and accountability associated with these roles;
5. Aligns to compensation practices for other positions within the City.

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 recognizes that elected officials' work is demanding and requires significant time commitment.

Comparator Group

The following criteria was developed and used by the Committee to guide decision making related to the selection of appropriate comparator municipalities.

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

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The Committee considered this information again to gauge whether it remained relevant given the strategic direction, corporate priorities and the complexities of the issues requiring Council’s attention and decision making.

The Committee unanimously agreed that the comparator group used for staff should also be acceptable for determining Council remuneration given that both staff and Council are dealing with the same complex issues albeit from different perspectives.

The Committee recommends using all 18 municipal comparators for Council compensation; however, ensuring that only those municipalities with part-time Councillors are used for comparing Councillor salary and benefit information. The table below will demonstrate the structure of the 18 comparator municipalities.

Tier	Comparator	FT Mayor	PT or FT Councillor
Single Tier	Barrie	Full-time	Part-time
	Brantford	Full-time	Part-time
	Chatham-Kent	Full-time	Part-time
	Hamilton	Full-time	Full-time
	Kingston	Full-time	Part-time
	Sudbury	Full-time	Part-time
Lower Tier	Brampton	Full-time	Full-time
	Burlington	Full-time	Full-time
	Cambridge	Full-time	Part-time
	Kitchener	Full-time	Part-time
	Mississauga	Full-time	Full-time
	Oakville	Full-time	Part-time
	Waterloo	Full-time	Part-time
Upper Tier	Halton Region	Full-time	Part-time
	Waterloo Region	Full-time	Part-time
	Peel Region	Full-time	Part-time

Salary Adjustment for the Mayor

Sixteen of the eighteen comparator municipalities responded to the compensation survey and under the direction of the Citizens Committee, staff analyzed the data and presented various options to the Committee.

The current salary for the full-time Mayor is \$95,383.

Within the comparator group of municipalities, the current Mayor’s salary is at the 41st percentile.

Based on the 55th percentile of the above comparator group of municipalities, the recommended salary for the position of the Mayor is \$116,226 (full time).

Phased In Approach for the Mayor

The Citizen Review Committee was keenly aware that recommending a 21.7% increase for the position of Mayor may be inappropriate for a number of reasons. Recognizing this, the Committee wishes to make an important distinction. That is, the salary

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recommendation merely advises that the 55th percentile is \$116,226 and that the implementation of the recommended salary is as follows:

- Effective December 1, 2014 – Salary for the Mayor is \$105,393 which is 44.6th percentile which represents and one time increase of \$10,000 the balance of \$10,833 to be split in equal installments as:
- Effective December 1, 2015 – Equity increase of \$3,611
- Effective December 1, 2016 – Equity increase of \$3,611
- Effective December 1, 2017 – Equity increase of \$3,611

With the intent being that the compensation for the position of Mayor will achieve the 55th percentile by the end of the next term of Council.

RRSP for the Mayor

Ten (10) of the sixteen (16) responding municipalities provide the Mayor position with an OMERS pension and one (1) municipality provides an RRSP. The Committee, recommends providing the position of Mayor with an RRSP matching the Mayor's contribution amount not to exceed 3% based on the taxable portion only.

The Committee was concerned about binding either the incumbent or the City to an approximate cost of \$12,500 annually for an OMERS pension. The Committee deems the RRSP matching contribution with an estimated cost of \$2,114 per year, to be both fair to the incumbent and to the community.

Vehicle Allowance

All sixteen (16) comparators provide a vehicle or a vehicle allowance to the position of Mayor. The Committee recommends a vehicle allowance equal to \$425.00 per month be offered to the incumbent.

The recommended amount was established after reviewing the amounts provided to other Mayors within the responding comparators. The monthly allowance takes into consideration the significant amount of travel the Mayor does representing the City.

Salary Adjustment for Councillors

Sixteen of the eighteen comparator municipalities responded to the compensation survey and under the direction of the Citizens Committee, staff analyzed the data and presented various options to the Committee.

The current salary for a part-time City Councillor is \$31,846.

Within the comparator group of municipalities, the current Councillor's salary is at the 48.4th percentile.

Based on the 55th percentile of the above comparator group of municipalities, the recommended salary for the position of City Councillor is \$33,433 (part time).

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Chairing Standing Committees

The Committee recommends that 5% be added to the salary for any Councillor who is responsible to Chair a Standing Committee. The additional knowledge, skill and ability required to Chair a Standing Committee and the increased responsibilities and time commitment to effectively fulfill the role needs to be recognized and compensated accordingly.

The Committee acknowledges that although only one other municipality provides additional compensation to Chair a Standing Committee, there was considerable discussion around the following:

- the time involved for a Member of Council to Chair a meeting;
- monthly meetings with the Executive Team;
- the skill sets required to effectively Chair a meeting;
- knowledge of the "rules of procedure"; and
- data from the Clerk's Annual Report as used to quantify the number and length of meetings

The Committee reached a consensus that additional compensation was due in consideration of this increase in workload and commitment for a part-time Member of Council.

The Committee acknowledged that the Mayor position is full time and the base salary encompasses any responsibility required to Chair a Standing Committee.

RRSP & Vehicle Allowance

The survey data from other municipalities did not support and were not benefits typical of part-time Councillors. However, in the event that the City was to move to a full-time Council, Members of Council should be provided with an RRSP and vehicle allowance similar to the recommendation for the position of full-time Mayor.

Economic increase

The Terms of Reference for the Citizen Review Committee states "compensation adjustments that are supported by market data and comparable municipalities in terms of scope, size and nature of work."

There was lengthy discussion on the optics and appropriateness to continue the practice of providing the same economic increases for the Mayor and Members of Council to that of the Non-Union and Management Employee (NUME) group. Based on the discussion, the Committee recommends economic adjustments equal to the following, which in the Committee's view removes any potential conflict of interest:

- 1) Increases equal to the average Consumer Price Index (CPI) or to NUME whichever is less
- 2) The use of the CPI for Ontario only
- 3) CPI period is from September to September

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- 4) Adjustments to take place January 1st each year of the term of Council

The Committee recognizes that if approved, every four years a Citizens Review Committee will review the salary payable to the Mayor and Members of Council and that it will be appropriately aligned to the 55th percentile at the commencement of each term or at Council's direction.

Furthermore, most of the sixteen (16) responding municipalities provide a similar approach to establishing an economic increase and that if Council approves the recommendation the salary should keep pace with the comparators.

Benefits

Based on an analysis of the survey data, the Committee recommends no change to the benefits provided to the Mayor and Members of Council.

Administrative Change

The Committee reviewed the meal allowances provided to a Member of Council attending a conference or offsite training session. The Committee recommends an amount equal to \$70.00 for a full day and \$35.00 for a half day. The current policy of \$15.00 for breakfast, \$20.00 for lunch and \$35.00 for dinner is an administrative burden and inconsistent with the comparator group. The total value is unchanged.

Citizen's Review Committee and Market Review for Council Remuneration

The Committee recommends continuing the use of a Citizen's Review Committee and the current policy on conducting a formal market review every four years for the purpose of establishing Council Remuneration. The practice demonstrates fiscal responsibility and offers transparency to the citizens of Guelph.

Explore Feasibility of a Full-time Council

In reviewing the roles and responsibilities for the position of Mayor and Council, the Citizen's Committee believes there is benefit of moving to a full-time Council and give consideration of the overall structure in terms of numbers of Council members.

After reviewing some of the information contained in the Clerk's Department Annual Report for 2013, there was appreciation of the volume of materials to read, the number and duration of various official City business meetings and the timing of these meetings make the option of public office undesirable and cost prohibitive for someone employed elsewhere full-time.

ALTERNATIVES

Not approved recommendations

Council could decide to not approve the recommended salary adjustment for the positions of Mayor and City Councillor. This approach is not recommended given it

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would be contrary to the Guiding Principles developed by the Citizen Review Committee.

The Citizens Review Committee values the work of the Mayor and Members of Council. The recommended salary adjustments fairly compensate the Mayor and Councillors according to their roles and responsibilities as elected officials.

Not approve phased in approach for Mayor’s salary

The Citizens Committee recommended a phased in approach to bring the position of Mayor to the 55th percentile over the next term of Council. However, Council could elect to approve the alternative which is to move the position of Mayor to the 55th percentile effective December 1, 2014 (at the onset of the next term). This would be a one-time adjustment of \$20,833.

Providing an OMERS Pension rather than an RRSP

Council could consider providing the position of Mayor with the OMERS pension at a cost of \$12,500 per year. This is not the recommended approach as this decision will bind the City of Guelph and will continue to escalate year over year. Given there are no age restrictions for the position of Mayor, OMERS is not an option for anyone elected to the role after age 70.

CORPORATE STRATEGIC PLAN

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

Innovation in Local Government:

- 2.3 Ensure accountability, transparency and engagement

Organizational Excellence:

- 1.2 Develop Collaborative work teams to apply whole systems thinking to deliver creative solutions

FINANCIAL IMPLICATIONS:

The total cost of compensation adjustments recommended in this report is as follows:

Cost of Recommendations	
Description of Cost	Annual Cost
RRSP Option for the Mayor approximately:	\$2,114
Cost of car allowance for the Mayor:	\$5,100
Wage Increase for the Mayor, one-time cost 1 st year of term	\$10,000
Wage Increase for Members of Council (Current salary of \$31,846 – recommended salary of \$33,433 x 12 Councillors)	\$19,044
Chairing a Standing Committee for Members of Council @ 5% (33,433 x 5% = 1671.65 x 6)	\$10,030
Total Cost of all Recommendations of the Citizen’s Review Committee effective December 1, 2014	\$ 46,288

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Additional cost after the 1st year of Council	
Additional cost over the 2 nd , 3 rd , 4 th year of the term of Council (to phase in Mayor salary increases to achieve 55 th percentile)	\$3,611 in the 2 nd year \$3,611 in the 3 rd year \$3,611 in the 4 th year
Annual CPI Increase	As determined each year

Cost of Alternatives	
Description of Cost	Annual Cost
OMERS Pension for the Mayor approximately:	\$12,500
Wage increase for the Mayor Effective December 1, 2014 move immediately to the 55 th	\$20,833

*Note the above total amounts have been rounded to nearest dollars

DEPARTMENTAL CONSULTATION

N/A

COMMUNICATIONS

Clerks' Annual Report 2013

Survey Data obtained from 16 of the 18 comparator municipalities

ATTACHMENTS

Appendix A – Previous Guiding Principles

Appendix B – Terms of Reference

Appendix C – Recommended Guiding Principles

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Approved By

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Recommended By:
Council Remuneration Citizen Committee

Ms. Janet Roy

Ms. Amy Kendall

Mr. Alan Jarvis

Mr. Lloyd Longfield

Mr. Greg Sayer - Chair

Submitted By:

A handwritten signature in cursive script that reads "Mark Amorosi".

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Appendix A

Previously Approved

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 councillor 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
COUNCILLORS' REMUNERATION

TERMS OF REFERENCE 2014

PURPOSE:

To appoint a Citizens' 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 City staff.
- Review the matter of compensation as it relates to public office
- Enable compensation adjustments 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 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 chosen 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 on 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 February 2014 and will attempt to make its recommendations in respect of compensation for elected officials by May 2014.

Appendix C

Recommended Change to 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 55th 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 councillor and that of a full-time mayor;
- Must demonstrate fiscal responsibility and align to the Strategic Plan for the City of Guelph.