

Town of The Blue Mountains

Council Compensation Committee

Presentation to Council, October 7th, 2019



Recommendations

- ▶ Mayor compensation increase from \$31,000 to **\$39,427**
- ▶ Deputy Mayor compensation increase from \$22,000 to **\$28,250**; (18.2 % below the Mayor factoring in both Town of The Blue Mountains and Grey County earnings)
- ▶ Councilor compensation increase from \$17,500 to \$29,120; (26 % below the Mayor)
- ▶ Effective the next term of Council, Council membership would be reduced from 7 to 5. The Deputy Mayor role become that of a rotational Councilor - each fulfilling the role for an annual term of office - selection process lying outside of the scope of this Committee

Background

- ▶ Council compensation has not been adjusted since 2009.
- ▶ In March 2017, the Federal Government passed legislation that eliminated the 1/3 tax exemption for elected officials effective January 1, 2019.
- ▶ In the spring of 2018, the HR department undertook a survey of 12 comparator municipalities in Ontario. Historically staff have relied heavily on municipal comparators to determine Council remuneration. This is common across the municipal sector.
- ▶ During 2019 budget deliberations Council decided not to increase the remuneration of Council, leaving changes to the next Council as recommended by a newly appointed Council Compensation Review Committee.

Council Compensation Committee

- ▶ On July 9th 2018 Council resolved to create a Council Compensation Committee to be appointed the next term of Council.
- ▶ Council appointed Robert Turner and John White to work with internal staff to review the compensation of Council.
- ▶ The Chief Administrative Officer, the Director of Human Resources and the Executive Assistant Committees of Council were assigned as staff resources to the Committee.
- ▶ Working over the past few months we have developed several recommendations for the Public to review and Council to consider.

Our Mandate

- ▶ Assist, in an advisory capacity, Council and staff on matters related to Council compensation;
- ▶ Provide advice to Council and staff in developing a compensation package for elected officials which:
 - ▶ Reflects the nature, responsibilities and accountability associated with these positions including Council participation on committees and boards;
 - ▶ Is reflective of the research and comparators established;
 - ▶ Demonstrates fiscal responsibility;
 - ▶ Attracts strong, qualified candidates to local government.

Total Compensation Key Principles

Committee created and approved a total compensation philosophy for their use to guide their decision making - Key Principles outlined as follows:

- ▶ **Accountabilities** - defined by the scope, complexity and responsibility of each position;
- ▶ **Leadership Competence** - defined by measuring “how” the results for accountabilities are obtained;
- ▶ **External equity** - defined by providing total compensation that is competitive and “felt fair” as compared to elected roles of similar title and complexity;
- ▶ **Internal equity** - defined by how members of Council’s total compensation compares to each other - specifically, Councillors relative to the Mayor and Deputy Mayor.
- ▶ **Financial responsibility** - defined by the Town’s budget that respects its stewardship of public funds;
- ▶ **Legal compliance** - defined by any legislation governing any of the positions within Council;
- ▶ **Publicly transparency** - defined as being consultative to the community that the Town serves.

Committee Work

- ▶ The Committee spent time reviewing past surveys and work completed by staff.
- ▶ A survey of Council members was created and provided to Council, with follow-up in depth interviews. This survey was created to analyze the current workload of Council and to determine the complexities of the role.
- ▶ A past member of Council was also interviewed for comparison and insight.
- ▶ Research papers created by the Association of Municipal Clerks and Treasurers of Ontario (AMCTO) was reviewed with the conclusion that the role of a Council member has changed in recent years.
 - ▶ The role requires a Council member to devote themselves to the role at a minimum of 40 hours a week and requires a Council member to be available to constituents and community stakeholders 24/7.

Committee Work con't

Kurt Schobel, a Lecturer at Smith School of Business (Queens University) and Assistant Professor in the Management & Economics Department at the RMC used a cross-Canada sample of twenty-two municipal remuneration and compensation reports.

Professor Schobel's findings helped guide the Committee as follows:

- ▶ Salary increases proposed to Council are "often greater than the rate of inflation.....because council has foregone increases for a period of time."
- ▶ Processes used by most municipalities (to determine Council compensation) are "inherently flawed....using quantitative analysis and recommendations from comparative studies of other municipalities."
- ▶ Accountability of the role was deemed as being important due to the inherent "obligation for members of Council to explain and justify their conduct" and decision making.
- ▶ The "desire to use remuneration to attract the largest possible group of candidates" and "higher pay would attract municipal candidates with higher education and professional backgrounds."
- ▶ Many councilors consider their position as full-time and desired "changes in their working conditions to reflect ... a regular 40-hour workweek".
- ▶ Differentials within council based on the number of Committees they sit on should be avoided. The exception is "councilors that are given the role of deputy mayor" whereby increased remuneration should be provided

Change in Philosophy

- ▶ Past methodology assumed the role was honorarium and elected officials could maintain other employment alongside of their elected role.
- ▶ Based on the reviewed research, in-depth interviews with all Council Members, correspondence from members of the public and considering the uniqueness of our community, the Committee determined that the most appropriate method to determine a fair wage for Council members was to consider Council members as full-time in their elected roles.
- ▶ This Committee recommends ensuring that at a minimum, a Councilor contractually receives the hourly provincial general minimum wage for those working a 40 hour work week - with escalation in step with provincial changes.

Final Conclusions

- ▶ That given the current gap in total compensation (TBM + Grey County) between Mayor, Deputy Mayor and Councilors THAT the Mayor and Deputy Mayor compensation be adjusted by the 1/3rd loss in tax exemption status and the rate of inflation (2009 through 2019) to \$39,427 and \$28,250 respectively
 - ▶ that these positions continuing to earn Grey County compensation over and above the TBM amount.
- ▶ That Councilor member compensation increase automatically annually thru a two part formula:
 - ▶ Any provincial minimum wage increase; and
 - ▶ Annual CPI as reported in September as approved thru the budget process.
- ▶ That given the adjustments in compensation for all Council members, no further consideration be given to their health and benefit's plans at this time.

Questions

