

MANAGEMENT REPORT

Date: October 22, 2024
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, Director of Corporate Services
Report Number: FIN24-032
Attachments: 1. Council Remuneration By-law No. 20-98, as amended
2. Report on Council Remuneration dated August 26, 2019

Title: Council Remuneration Review

Objective: To begin the Council remuneration review and to determine the method for completing the review.

Background: Section 283 of the Municipal Act, S.O. 2011, Chapter 25, as amended ("the Municipal Act, 2001"), provides authority for Council of a municipality to provide payment of remuneration to the Members of Council, and such remuneration may be determined in any manner that Council considers advisable.

Council remuneration can be challenging to compare given the vast differences in scope and size of municipalities in Ontario as well as the impacting economic, demographic and financial variables. Work performed by elected officials also varies significantly given jurisdiction (county, single-tier, upper and lower-tier) and is further impacted by the number and type of secondary committees and sub-committees.

In 2018, Council approved the establishment of an Ad Hoc Citizen's Committee on Council Remuneration given the Canada Revenue Agency (CRA) elimination of the 1/3 tax free exemption for members of municipal councils. The mandate of the Committee was to review and provide recommendations on the remuneration of both the Mayor and Councillors, considering related benefits and pension. The committee considered: current total compensation including the per-diem structure, roles and responsibilities, historical remuneration data and appropriate survey information and comparators.

In 2019, the following resolutions were adopted:

THAT Council Remuneration Option#2 be adopted as follows for all Members of Council:

- **A revised base pay, which accounts for the elimination of the 1/3 tax exemption retroactive to January 1, 2019; and**
- **\$4000 in lieu of group extended health care and dental coverage or the option to purchase group extended health care and dental coverage through the Corporation to commence January 1, 2020.**

The City of Stratford amended By-law No. 20-98, to reflect the recommendations arising from the Remuneration report associated with that term.

The purpose of this report is to explore options available for the completion of the current term of Council remuneration review.

Analysis: The following options have been identified for completing a Council remuneration review.

Option 1: Staff Undertake Review

The first option is to direct staff to undertake the Council Remuneration Review. The proposed review would be comprised of the following steps:

Step 1: Research: Gather elements of council remuneration from comparator municipalities, along with the City's current practices and any issues or matters requiring clarification. Comparator municipalities to include but not be limited to: City of Woodstock, City of St. Thomas, Town of St. Marys, City of Orillia.

Step 2: Analysis, Observation and Draft Report: Staff would then review the data and provide a summary of observations for base pay and/or ancillary compensation.

Step 3: The final summary report would then be presented to Council to outline comparators, methodology, elements survey, observations and recommendations relating to base pay. The report will reflect best practice in the sector gathered from informal surveys within the municipal finance staff of participating municipalities.

This option could be accommodated within the current work plan and budgets established for the Corporate Services department.

Option 2: Compensation Consultant

This option is to direct staff to undertake a fulsome Council Remuneration Review with a Compensation Consultant ("Consultant") with previous compensation market survey services. The proposed review would be comprised of three steps under the Consultant review (inclusive of a Market Study), including project initiation and collection of market data, analysis, observation and draft report and final report outlining comparators, methodology survey, and recommendations.

Costs will be incurred to have the third-party consultant undertake the review and prepare draft and final reports for consideration by Council. These funds have not been

previously identified in the operating or reserve funds and are estimated to be \$25,000-\$40,000.

Option 3: Ad-Hoc Committee

A Council Remuneration Ad-Hoc Committee could be created to fulsomely review the remuneration and benefits to be paid to Council members for the remainder of the 2022 to 2026 term of office.

An ad-hoc committee would be made up of citizen representatives and would work with staff requiring administrative support, including the gathering of information and resource materials to assist the group with its review. There would be no decision-making afforded to the ad-hoc committee, rather their role would be to gather data.

Minor costs will be incurred to recruit for an ad-hoc committee on Council remuneration. Staff support will be required from Corporate Services. The costs for the ad-hoc committee could be funded within the existing operating budget. The Council Remuneration Ad-Hoc Committee's mandate would be to:

- Conduct research
- Review existing policies and practices
- Make comparisons with similar-sized peer and neighbouring municipalities
- Produce an independent report with recommendations for the total level of compensation, benefits and expenses for the term of office.

Based on the depth of work done by the previous ad-hoc committee, staff suggest the process for this term of Council could be an update exercise consisting mainly of looking at comparator municipalities under Option 1. Utilizing staff and neighbouring municipalities' information sharing would be the basis for the update to ensure that the Council remuneration paid to elected officials is consistent with similar municipalities. A final report could be expected prior to January 1, 2025, to be implemented in 2025.

Financial Implications:

Financial impact to current year operating budget:

The intent is that any outcomes from the review would be effective on a prospective basis and could be accommodated within the 2025 budget.

Financial impact on future year operating budget:

Financial impacts will be incorporated into future year operating budgets.

Alignment with Strategic Priorities:

Not applicable: This report does not align with one of the Strategic Priorities as it deals with an administrative matter.

Alignment with One Planet Principles:

Not applicable: This report deals with an administrative matter and, as such, does not align directly with one of the One Planet Principles.

Staff Recommendation: THAT the Director of Corporate Services be authorized to proceed with the Council Remuneration Review as further outlined in Option 1 in this report;

AND THAT upon receipt and approval of the final remuneration report by Council, the Clerk be directed to prepare a new Council Remuneration By-law to reflect the recommended process for and final recommendations arising from the Council Remuneration Review, and to repeal By-law 20-98.

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