

MANAGEMENT REPORT

Date: January 21, 2025
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN25-005
Attachments: 1. Council Remuneration Comparators
2. Council Remuneration Draft by-law

Title: Council Remuneration Review and Recommendations

Objective: To provide Council with comparative remuneration data and recommend changes to the per diem rates.

Background: The last Council remuneration review was undertaken in 2019 by an ad-hoc committee formed by the previous Council. The group reviewed various components of remuneration, including base remuneration, per diem rates, conference attendance, health and pension benefits and allowances, for IT, phone, and travel. Any amounts paid on behalf of the member of Council because of their position on Council is considered remuneration for reporting purposes.

At the November 25, 2024, Regular Council meeting, Council passed the following resolution:

THAT the Director of Corporate Services be authorized to proceed with the Council Remuneration Review as further outlined in Option 1 in this report (FIN24-032);

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.

Analysis: Staff reached out to the comparator municipalities, and did not receive responses directly. However, earlier in 2024, a similar request was circulated with a Treasurer group, and Orillia and St. Marys data was provided in that report along with several similar sized municipalities. The annual treasurer-prepared Council remuneration reports for Woodstock and St. Thomas (2023) were publicly available, so this data was

used to augment the comparator group, noting that these represent totals, not just the base or per diem rates.

General conclusions

Base remuneration varies and is correlated to the size of the municipality and the size of the Council. This makes sense as generally speaking, smaller municipalities provide fewer services, and larger and single-tier municipalities have a larger suite of mandatory and discretionary services involving Council direction. There are significant variations in discretionary services and in level of mandatory services provided, so the comparison is driven by overall population and size of Council and a general assumption that similar sized municipalities would face similar scope and complexity of issues.

As Stratford's size of Council is larger than the base comparator groups the municipalities of East Gwillimbury, Cornwall, and Tillsonburg were included to provide a rounder comparison base.

Expense and Training Allowances

Some municipalities provide specific amounts for each member for items like phone, IT, vehicle allowances or other related business costs, while others provide a general discretionary expense allowance. Discretionary expense amounts are treated as taxable income. Stratford opts to offer these as corporate benefits to mitigate the personal tax effect on members. Amounts per member are comparable.

Health and Pension/Retirement Benefits

Most municipalities offer some form of benefits, or payment in lieu of benefits. The type of benefits, health, dental, accidental death and dismemberment, long-term disability and pension, varies widely. Most within the comparator group do not offer a suite of benefits, rather opt for specific benefits, such as health only, or benefits only for the Mayor, etc. Stratford's approach of a flat rate of \$4,000 per member in lieu of benefits appears reasonable.

Per Diems

Some municipalities include all remuneration in the base remuneration, while others provide additional full or partial day compensation (per diem) for participation in various committees of Council and other appointed positions. In cases where external boards provide remuneration, members are not eligible for the per diem to ensure there is no 'double dipping.' Participation in committees, their meeting frequency and complexity differences can vary widely which has resulted in per diems being a way to provide compensation over and above the base amount for those that may be more actively involved in activities that assist Council with furthering its objectives.

Mileage

Most municipalities follow the CRA guidelines for both Council and staff to ensure reasonability by the CRA definition, and no taxable benefit. Some use the CRA rate for kilometres up to 5,000, while Stratford uses the Department of Finance Canada rate for

kilometres over 5,000, plus one cent (in 2024, \$0.65 per km, increasing to \$0.67 in 2025).

Stratford addresses this component in the Conference and Travel policy recently reviewed and updated by Council.

Meal reimbursement

Reimbursement with receipts ensures that the amount is not a personally taxable benefit. Some municipalities use a flat rate that matches the CRA 'quick method,' while others opt for a higher daily limit with receipts. Both are acceptable. Stratford addresses this component in the Conference and Travel policy recently reviewed and updated by Council.

Annual adjustments

In the current City of Stratford by-law, the base remuneration was to be adjusted by the Consumer Price Index. The inflationary variable was not included in the data provided by member municipalities; however, staff recognize that CPI for Council, compared to collective bargaining increases for the employee groups can result in vastly different adjustments and distortion to the overall increases. In times of significant inflation, this index can also result in a higher-than-expected adjustment to Council, when other groups and expenditure types are locked-in. As such, in 2021 and 2022 when inflation was 5-8%, the inflator used was lower than CPI so that Council wasn't receiving increases to their compensation that exceeded all the other corporate expenses.

Recommendations:

1. The 2025 base remuneration for members of Council be as follows (which includes a 3% increase from 2024):
 - Mayor \$86,800.16
 - Deputy Mayor \$24,333.75
 - Councillors \$22,390.14
2. Staff recommend that the per diem for 3 hours or less be increased to \$75 from \$60 to reflect the time commitments of partial days or evenings.
3. Staff recommend that the per diem for more than 3 hours in any one day be increased from \$90 to \$150 to reflect the time commitment length of these meetings. This rate is typically used for attendance at conferences or meetings lasting longer than 3 hours.
4. Staff recommend no changes to the base remuneration

5. Staff recommend that Council remuneration be adjusted annually in a similar fashion to the administrative staff, which currently mirrors the collective agreement CUPE 1385.

Other Considerations

The recommendations herein are based on an analysis of the attached comparators as well as others plus anecdotal experience. Council could choose to accept the staff recommendations as presented and could also delve deeper into the items noted below.

Council could consider a more fulsome review of benefit packages and part of this could include additional insurances that are available through the City's benefits providers and municipal insurer, like Accidental Death & Dismemberment, Critical Illness coverage or Travel insurance options that are not currently part of the Council remuneration package. These would have a financial implication, which has not been considered with this report.

Council could consider specific amounts for elected officials for Training or General Expense accounts. Again, these would have a budgetary impact that has not been considered at this time and may also have a personal tax impact, depending on how these were structured.

Council could consider removing or amending the compensation package combination of base remuneration and per diem. Options could include consideration of lowering the base remuneration, and increasing the per diems paid, or eliminating per diems and having an all-encompassing base remuneration.

Council could opt for a different indexing system or no system, thereby freezing the compensation levels until the next review, which can happen at any point in a term of Council. This is not recommended. It is recognized that the rates of remuneration at their current levels do not fully compensate members for the time they invest preparing for meetings and attending meetings and functions. Not adjusting the amounts paid annually would result in misrepresentation of the work that goes into being an elected official. When trying to attract candidates to run for Council, the intent is not that the positions are full-time, fully compensated positions, rather that there is recognition that individuals' time has value.

Financial Implications:

Financial impact to current year operating budget:

The 2025 draft budget includes a 3% increase to the base remuneration, resulting in a \$9,200 increase over 2024. The staff recommendation for the increase to the two per diem rates above has not been included in the 2025 draft budget, however, these increases are not expected to create a significant variance to the proposed draft budget as presented.

Financial impact on future year operating budget:

The future year operating budgets will be prepared by analyzing the frequency of meetings, along with the proposed administrative salary increases to affect the Council remuneration lines accordingly.

Alignment with Strategic Priorities:

Intentionally Change to Support the Future

This report aligns with this priority as the policy review ensures that the rates of remuneration are consistent with comparators and reflect the time required to serve on Council.

Alignment with One Planet Principles:

Not applicable: This report is administrative and therefore there is no direct alignment with One Planet Principles

Staff Recommendation: THAT Council authorize a 2025 base remuneration for the Mayor of \$86,800.16, Deputy Mayor of \$24,333.75 and Councillors of \$22,390.14;

THAT the per diem rate for meetings with a duration of three hours or less be increased from \$60 to \$75;

THAT the per diem rate for meetings with a duration of more than three hours in any one day be increased from \$90 to \$150;

THAT Council amend the indexing from the Consumer Price Index to the internal method of following the Administrative Salary Group for any annual increases;

THAT the Council Remuneration By-law attached to Report FIN25-005 be adopted;

AND THAT By-law 20-98 be repealed.

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