Committee Report
Committee of Council

Report To: Committee of the Whole
Meeting Date: December 9, 2019
Report Number: FAF.19.243
Subject: Council Compensation Review Public Meeting Feedback
Prepared by: Council Compensation Committee

A. Recommendations

THAT Council receive Staff Report FAF.19.243, entitled “Council Compensation Review Public Meeting Feedback”; and

THAT Council direct staff to include an increase in remuneration for the role of Mayor to an annual salary of $39,500 up from the previous recommendation of $39,427 to be considered in the 2020 budget process;

THAT Council direct staff to include an increase in remuneration for the role of the Deputy Mayor to an annual salary of $29,120 up from the previous $28,250 to be considered in the 2020 budget process;

AND THAT Council compensation increase automatically annually thru a two-part formula:

   a. For all Council members, an annual increase to match the Canadian Consumer Price Index (CPI) as reported in September, as approved thru the budget process;
   b. For all positions below the level of Mayor, implement any provincial general minimum wage increase on the day the province deems an increase to be in effect.

B. Overview

On July 9, 2019 Council resolved to create the Town’s Council Compensation Committee comprised of two citizens (Robert Turner and John White) with staff resources being provided by the CAO, Director of Human Resources and Executive Assistant to Committees. The Committee was to meet in Open Session.

Mr. Turner is a practicing management consultant experienced in talent management matters including executive compensation and works within the public and private sectors.

Mr. White is an experienced business executive with a thorough understanding of the municipal sector.
The Committee’s mandate was struck to be as follows:

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

C. Background

Council compensation has not been adjusted since 2009.

Council remuneration is difficult to analyze 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).

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 Human Resources Department undertook a survey of current remuneration practices of 12 comparator municipalities in Ontario. Staff relied heavily on municipal comparators to determine Council remuneration. The process utilized the following selection criteria:

- # of households in the municipality;
- total weighted assessment per household;
- taxes per household;
- # of full-time positions employed by the municipality;
- salary per full time equivalent (“FTE”);
- total tangible capital assets managed by the municipality;
- total financial assets; and
- total annual municipal costs.

As a result, based on the criteria, the following municipalities were selected as comparators:

1. King Township
2. Orangeville
3. East Gwillimbury
4. Wasaga Beach
5. Collingwood
6. Niagara-on-the-Lake
7. Saugeen Shores
8. Innisfil
9. Huntsville  
10. Gravenhurst  
11. Midland  
12. Oro-Medonte

In May of 2018 a staff report was presented to Council recommending an increase in remuneration for Council Members. The report presented Council members with a market comparator survey and gave Council options to match the comparator market at the 50th percentile, move to the 55th percentile or to move to the 60th percentile. Council directed staff to include within the 2019 budget an amount equivalent to replace income lost when the federal government moved to eliminate a tax break for elected officials of 1/3 their annual income. Council also directed staff to include a new Committee in the fall of 2018 to be appointed by Council and called the Council Compensation Review Committee.

During 2019 budget deliberations Council decided not to increase the remuneration of Council based on work done by staff but instead leave changes to the next Council as recommended by a newly appointed Council Compensation Review Committee.

After initial meetings to define terms of reference, scope and timing of the assignment, the Council Compensation Review Committee began its work by analyzing current workload of council members through a survey process. Questions focused on both the complexity of their work as well as the time required to fulfil their accountabilities. The survey was completed by each member of Council.

The process included interview follow-up with Committee Members Turner and White interviewing each respondent to ensure clarity in their interpretation of data. During the interviews, respondents were also asked to name municipalities that might have similar complexity to this Town and what factors might inform their choices. Turner and White also interviewed one member from the previous council to gain any perspective on changes that may have occurred from past council.

As a result of this process, the following conclusions were brought forward to Committee.

1. That each role: Mayor, Deputy Mayor and Councilor had grown in complexity based on the issues brought before them and the committee structures that have been put in place and the required preparation. The full-time equivalency was greater than “one”, meaning that all roles required in excess of 40 hours per week to fulfil their duties. Hours often extending into weeknight meetings and weekend consultations.

2. When presented with the selection criteria and the comparators utilized in the previous staff compensation review – no general consensus could be reached on either comparable factors nor comparable municipalities. This Town’s urban/rural mix, local vs tourist servicing needs (including policing), infrastructure complexities posed by its geographical footprint and demands placed before it by proposals for development made it unique. Whistler BC might be the closest comparator. Although the Town has a permanent population of 7,500, this amount doubles to 15,000+ households when part time and seasonal residences are factored in. Our community also sees 2.5 million tourists annually. We are unique and unlike any of our neighbours for the type of
municipality that we need to provide for our residents and visitors. The most commonly used expression in the interviews was that this Town was a “unicorn.”

3. All members posed that the current compensation was felt to be unfair and “low” to the extent that it would be difficult for a member of Council to live in the Town that they were serving would it not be for income derived and saved from previous employment or for income derived from other businesses that still provide cash flow.

4. As we noted in Committee Report FAF.19.187 dated October 7, 2019. Total Compensation for Council is less than 1% of the total Town Revenues.

With this information obtained, the Committee reviewed the principles that Staff had used for their previous compensation reviews as follows:

“Remuneration should be fair and reasonable to both Council and the citizens of the Town...and achieve the following goals”:

- Reflect the nature, responsibilities and accountability associated with these positions;
- Demonstrate fiscal responsibility; and
- Attract strong, qualified candidates to local government.

With this background, the Committee struck a revised statement of Key Principles, Compensation Structure and Maintenance for its work.

Analysis then occurred using compensation data brought before the Committee.

The Town is currently paying the following compensation to its Council:

- Mayor $31,000 per year
- Deputy Mayor $22,000 per year
- Councilor $17,500 per year

The Committee noted that since 2009, the Canadian Consumer Price Index (CPI) has increased by an actual inflation rate of 19.61% from 2009 - 2019 and that the buying power of a dollar would have also diminished over that period of time. As an example, according to Multiple Listing Services (MLS) data, the average sale price of a home in the Town of the Blue Mountains had increased from $481,857 to $761,764 (up 58%) over the 7-year period 2010 to 2017.

- Analysis showed that adjusting a Councilor’s $17,500 for the lost tax adjustment using a conservative 19% tax rate (applied to 1/3 of annual salary) (to $18,608) and then adjusting that figure for lost CPI increases would result in a current amount of $22,257 (equivalent to $10.70/hour).

Committee noted that the current general minimum wage in Ontario is an annual $29,120 ($14.00/hour) using a 40-hour work week (2080 hours annually), consistent with hours worked by Outside worker roles within the Town.

Committee also noted that the lowest paid full-time employee within the Town’s organizational structure currently earns an annual $42,028 ($20.21/hour) using a 40-hour work week.
Committee also noted that currently the Mayor is paid 77% more than a Council member (Mayor ($31,000) and Councilors ($17,500)).

- Of note, this gap to Councilors is further distanced by the amounts that the Mayor and Deputy Mayor are provided through their County Councillor role on Grey County Council. This adds an additional annual amount of $21,650 to their Town compensation.

Staff also indicated to Committee that according to the Association of Clerks and Treasurers of Ontario (AMCTO) the role of local councillor is undeniably expanding. Councilors now sit on more working groups and task forces than ever before. They are also more accessible and expected to be more responsive than in the past. The growth of technology and expansion of social media allows members of the public to contact their representatives through a variety of channels at whatever time is most convenient to them. For many councilors the job has become 24/7, even if they are only compensated as a part-time employee or volunteer (AMCTO, 2018).

To aid in its deliberations, the Committee researched work done by other municipalities and articles written by academics who had studied best practices stemming from remuneration work done by other municipalities across Canada.

One compelling article circulated to both Committee and Council for their review and comment was entitled: “How much is enough? As study of municipal councilor remuneration” by Kurt Schobel. Schobel is a Lecturer at Smith School of Business (Queens University) and also an Assistant Professor in the Management & Economics Department at the Royal Military College of Canada. Professor Schobel used a cross-Canada sample of twenty-two municipal remuneration and compensation reports. The findings from Mr. Schobel’s work of accountability, fairness and transparency resonated with both the Committee and Council and the following key conclusions were brought forward:

1. To help avoid conflict of interest, citizens should form the Compensation Committees that recommend to Council on compensation matters AND that engaged citizen input forms an important part of the process. Pay must be felt “fair” and “impartial” and public participation through open meetings provides a key ingredient for fairness.

2. Salary increases proposed to Council are “often greater than the rate of inflation.....because council has foregone increases for a period of time.”

3. **Processes used by most municipalities (to determine Council compensation) are inherently flawed...using quantitative analysis and recommendations from comparative studies of other municipalities.** i.e. The size of the population that the municipality serves was not deemed relevant whereas the income level of a single person living within the town that Council serves was deemed more relevant.

4. Accountability of the role was deemed as being an important factor for consideration due to the inherent “obligation for members of Council to explain and justify their conduct” (and decision making). “No one (constituent) had any problem paying someone .... providing it was understood what was expected in return for the compensation.”
5. Municipal reports noted a “desire to use remuneration to attract the largest possible group of candidates” and that “higher pay would attract municipal candidates with higher education and professional backgrounds.”

6. Many councilors consider their position as full-time and desired changes in their working conditions to reflect this change in status. Committees should “examine the time spent…. relative to a regular 40-hour workweek”.

7. 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.

The Committee noted independent of the Schobel report that many municipalities have eliminated the role of Deputy Mayor. And as such the Committee recommended such elimination and due to the Grey County need, a rotational role for Councilors be created so they are each appointed to serve for a 12-month terms. This has the side benefit of preparing those Councilors interested in running for Mayor in the next election. This may be beyond the scope of the Committee; however, we believe this is worth noting and exploring further mainly as a mitigation factor if Council cannot for any reason accept the salary increases proposed in this report.

Summative analysis drawn at Committee from the input received from its survey and interviews with Council, findings from the AMCTO, other Municipal comparators and research brought forward from the Schobel report led the Committee to recommend to Council via Committee Report on October 7, 2019:

A. That all roles within Council be designated as full-time roles (to recognize their work of a minimum 40 hours per week).

B. That the previous methodology of using other municipalities as comparators based on selected factors no longer be used given findings from Council interviews and research gained from the Schobel report.

C. That the key determinant for Councilor compensation be the provision of a living wage equivalent to other full-time single members of the Town’s workforce. Committee noted that at general minimum wage, Councilor compensation would increase from its current $17,500 per year ($8.41/hour) to a minimum of $29,120 ($14.00/hour).
   a. Committee noted that it was their minimum intent to adjust Councilor’s annual $17,500 for the lost tax exemption on 1/3rd of their salary (using a 19% tax rate) and then adjusting this amount for lost 10-year compounded CPI increases of 19.61% - resulting in a minimal adjustment to $22,257. As such, recommending a move to $29,120 would be 23.5% higher than what the Committee would have minimally recommended.

D. Given the current gap in total compensation (Town + 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 status to $39,500 and $28,250 respectively. This is due to these positions continuing to earn Grey County compensation over and above remuneration from the Town.
E. That 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. That this rotational Councilor would, similar to the Mayor, receive Grey County compensation as is current practice.

F. That Councilor member compensation increase automatically annually thru a two-part formula:
   a. For all Council members, annual Canadian Consumer Price Index (CPI) as reported in September, as approved thru the budget process;
   b. And for Councilors alone, immediately to any provincial general minimum wage increase that may exceed the amounts received above.

At the October 21, 2019 Committee of the Whole meeting, Councilor Potter provided the following Notice of Motion.

THAT Council receive Staff Report FAF.19.187, entitled “Council Compensation Review” for information;
AND THAT Council direct staff to proceed to a Public Meeting to receive comments, as is required by the Provision of Notice and Manner of Giving Notice Policy POL.COR.07.03;
AND THAT the Council Compensation Review Committee propose the annual remuneration for Council members be considered effective January 1, 2019;
AND THAT Council consider the increase through the 2020 Budget process, as follows and as detailed in the Financial Impact Section of this report:
   (1) Mayor compensation increase from $31,000 to $39,427;
   (2) Deputy Mayor compensation increase from $22,000 to $28,250; and
   (3) Councilor compensation increase from $17,500 to $29,120.
AND THAT Council member compensation be proposed to increase automatically annually through a two-part formula:
   • Any provincial general minimum wage increase; and
   • Annual Canadian Consumer Price Index (CPI) as reported in September as approved through the budget process

AND THAT the current Compensation Review Committee reconvene within the final 18 months of this term of office to review the implementation of the final recommendations approved by Council with the benefit of the Public consultation process being completed to ensure these recommendations have been adequate;
AND THAT a Council Compensation Review Committee shall be reestablished by Council at a minimum of every two years and/or at the request of Council or the CAO to continue its mandate, CARRIED.

The motion was seconded by Councilor Matrosovs and approved by Council.
D. Analysis

In response to the Public Meeting the Council Compensation Committee received public feedback from four individuals:

1. Town of The Blue Mountains resident Alex Maxwell: Does not support a reduction in Council members. Did not comment on the proposed remuneration for Council.
2. Town of The Blue Mountains resident Bruce Taylor: Supports the increase to remuneration for Council and does not support a reduction in Council members.
3. Town of The Blue Mountains resident Kim Harris-Gardner: Supports the increase to remuneration for Council members, encourages a larger increase than what is in the report, supports an increase for the Deputy Mayor such that the role is not paid less than a Council member, feels that Council is currently woefully underpaid.
4. Town of The Blue Mountains resident Julie Scarcella: Supports the increase to remuneration for Council members, provided her gratitude for the work and time put in by all of Council, encourages additional payment beyond what was recommended in the report to Council.

The Committee noted that although not received formally, in social media forums discussing proposed Council remuneration there was mention of the large percentage increase for Council remuneration. The Committee notes that the general minimum wage in Ontario had increased from $9.50 to $14.00 /hour (47.4%) over the period 2009-2019.

The Committee recommends further to the October 21st resolution of Council an increase in salary for the following elected positions:

- Mayor compensation to be rounded up to $39,500 from previous motion of $39,427.
- Deputy Mayor compensation increase from $28,250 recommended in our initial report to Council on October 7th to $29,120

The Committee recommend this increase based on public feedback and Council feedback of October 7, 2019 and October 21, 2019.

The Committee would further recommend a change to the two-part method to maintain Council remuneration. This change is added for clarity purposes and to maintain the Deputy Mayor rate at the same level of a Council member.

That Council compensation increase automatically annually thru a two-part formula:

- For all Council members, an annual increase to match the Canadian Consumer Price Index (CPI) as reported in September, as approved thru the budget process;
d. For all positions below the level of Mayor, implement any provincial general minimum wage increase on the day the province deems an increase to be in effect.

E. The Blue Mountains Strategic Plan

By having a felt fair paid Council, Committee believes its recommendations support the Town having an engaged leadership to execute the goals within its strategic plan.

Goal #1: Create Opportunities for Sustainability  
Goal #2: Engage Our Communities & Partners  
Goal #3: Support Healthy Lifestyles  
Goal #4: Promote a Culture of Organizational & Operational Excellence  
Goal #5: Ensure Our Infrastructure is Sustainable

F. Environmental Impacts

Not applicable.

G. Financial Impact

The additional remuneration recommended for the Deputy Mayor and the amount recommended to round the Mayor's salary represents an increase in annual budget of $870.

H. In Consultation With

Jennifer Moreau, Director of Human Resources  
Shawn Everitt, Chief Administrative Officer  
Sam Dinsmore, Deputy Treasurer/Manager Budgets and Accounting

I. Public Engagement

The topic of this Staff Report has been the subject of a Public Meeting and/or a Public Information Centre which took place on November 13, 2019. Those who provided comments at the Public Meeting and/or Public Information Centre, including anyone who has asked to receive notice regarding this matter, have been provided notice of this Staff Report.

J. Attached

1. Attachment 1 – Alex Maxwell Feedback  
2. Attachment 2 – Bruce Taylor Feedback
Respectfully submitted,

Council Compensation Committee

For more information, please contact:
Jennifer Moreau
hr@thebluemountains.ca
519-599-3131 extension 244
Good morning Mr. Maxwell,
I acknowledge receipt of your email below and confirm I have forwarded the same to Council for their information and consideration. I will also include your correspondence on the October 21 Council Agenda for Council consideration.

Kind regards,

Corrina Giles, CMO
Town Clerk
Town of The Blue Mountains

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

On Sunday, October 6, 2019, 09:19:25 p.m. EDT, Alex Maxwell wrote:

Perhaps I’m too late to submit this for the council meeting

To the Mayor / Council and our Municipal Clerk Corrina Giles of the Town Of The Blue Mountains
Re: Committee Report "Council Compensation Committee Oct 7/ 2019 FAF. 19.18"

What is most troublesome in this report is the suggestion to reduce our level of elected representation. This will most likely result in the erosion of overall democratic principal’s. Since a municipality is merely a group of individuals who got together to govern themselves using corner stone principals such as public consensus and public participation.
Is it not the role of those who hold public office to promote democratic principal’s, seek out new ideas and to encourage greater public participation in the election process. Therefore should we as a community not maintain what we already have and ideally increase our level of elected officials?

Alex Maxwell
Town of The Blue Mountains  
32 Mill Street, P.O. Box 310  
Thornbury, ON N0H 2P0

Attention: Town Clerk of The Blue Mountains – Corrina Giles

Re: Committee Report FAF.19.187 - Council Compensation Review

Dear Ms. Giles,

I write to express my support for the recommendation to increase Council compensation as proposed in the above noted committee report.

I do not support the future reduction of councillors as proposed in this committee report. It is understood this proposed change is to be reviewed with public consultation in eighteen months.

Regards,

Bruce Taylor

Thornbury N0H 2P0