

The Corporation of the City of Kawartha Lakes

Council Report

Report Number CAO2017-008

Date: November 28, 2017

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: All

Subject: Council Remuneration (2018-2022)

Author Name and Title: Ron Taylor, Chief Administrative Officer

Recommendation(s):

RESOLVED THAT Report CAO2017-008, **Council Remuneration (2018-2022)**, be received;

THAT Council salaries be established as outlined in Option ____ in Report CAO2017-008 effective the next term of Council (2018-2022);

THAT a Deputy Mayor position be established effective the next term of Council (2018-2022) and appointed by Council for a ____ year term with additional annual compensation of \$2500;

THAT all Council members are eligible for mileage reimbursement for any City business both within and outside of the City of Kawartha Lakes at the rate set by Council through policy; and

THAT the necessary by-laws be forwarded to Council for adoption.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Council Meeting of March 21st, 2017 Council adopted the following resolution:

CR2017-242

Moved By Councillor Elmslie

Seconded By Councillor Veale

RESOLVED THAT an Eight (8) ward structure for the City of Kawartha Lakes, be adopted.

This decision followed a previous Council decision to reduce the total number of Councillors from sixteen (16) to eight (8) effective the next term of Council. With the adoption of a new Council structure and Ward composition, the need for a new remuneration structure for the Mayor and Councillors is needed.

This matter was discussed at the October and November, 2017 Executive Committee meetings. The following recommendation was made:

Moved By Councillor Dunn

Seconded By Councillor Veale

RESOLVED THAT the current draft report on Council Compensation be amended to include the following options for consideration:

- information about per diems for meetings;
- option of including a \$5,000 increase to the current proposed base;
- option of including a \$10,000 increase to the current proposed base.

AND that the draft report including the options above, be forwarded to Council for consideration.

Rationale:

City Council members serve as public representatives, policy-makers and community stewards. Many of these responsibilities are defined in provincial legislation. Council members are also expected to ensure that the City's financial and administrative resources operate efficiently and effectively.

In delivering this public service, Council members must attend meetings, serve on Boards and Committees, engage and be responsive to local constituents, and advocate for the City's best interests.

It is appropriate to compensate fairly for the services executed by Council members.

Current Remuneration

City Staff has reviewed our current structure and remuneration paid in comparative municipalities. Currently Mayor and Council remuneration are governed by the Consolidated By-Law 2007-036 which has been amended various times and is provided in Appendix A to this Report.

The current remuneration as of January 1, 2017 for one Mayor and 16 Councillors is as follows:

Type of Remuneration	Mayor	Councillor
Salary – 2017 level	\$73,728	\$26,632
Car Allowance	\$600/month	\$300/month
Mileage	Eligible for travel outside of municipality	Eligible for travel outside of ward boundary
Conference, Training, meeting expenses	Up to \$10,000/annum	Up to \$5,000/annum

The total remuneration of Council in 2016 was \$570,888 for salary, car allowance and benefits (includes CPP, EHT and OMERS) and \$73,588 for expenses which would include internet, training, mileage, cell phones and office expenses.

Councillors are currently appointed as the Deputy Mayor on a rotating basis for a three-month consecutive term, and compensated an additional \$200/month to fulfill these duties.

In 2017 the total budget for Council salary, car allowance and benefits is \$633,446 and \$91,500 for expenses.

Comparators

Information has been gathered from other comparative municipalities and is provided in Appendix B to this Report. The City of Kawartha Lakes is a single-tier municipality, covering an extensive geographic area, with both urban and rural constituents. It is extremely difficult to provide accurate municipal comparisons as the 444 municipalities in Ontario vary greatly in population, size, structure, and local service provision.

The Association of Municipalities of Ontario (AMO) is completing an extensive Council remuneration survey. At the time of writing this report, that study and review was not completed.

Per Diems

Some municipalities structure compensation for Council members to include a “per diem” payment in addition to a base salary for attendance at certain meetings and functions. These per diems vary but generally range from \$75 to \$250 (for half day vs full day commitments).

This compensation structure can be effective in two-tier municipal structures and in upper tier structures where Council members are representing lower tier interests. Per diems may also be appropriate to compensate for regular attendance to meetings and functions not expected and accounted for in a member’s base salary.

Per diem compensation is not recommended in the City of Kawartha Lakes. However, as all CKL Council members have equal service expectations (including meeting, committee and function attendance), compensation for these services are best included in the base salary established for all Council members.

Peer Review

Max Radiff, former Mayor and Councillor of the Town of Lindsay, was asked to provide comment and recommendations on the new remuneration structure. His report is provided as Appendix C to this Report.

As stated in Mr. Radiff’s analysis, there are currently 102 committee positions that span over 52 committees and are covered by 16 Councillors. Mr. Radiff points out that this will have to change given that the number of Councillors is cut in half.

Staff agrees with Mr. Radiff that the committee structure needs to be examined with the goal to bring down the number of committees requiring Council representation. This committee review will be completed before end of Q2 2018.

Currently a “Deputy Mayor” is appointed for a three month consecutive term and that appointee is paid an extra \$200 per month. “It is perhaps time to establish the formal position of Deputy Mayor...”, as stated in Mr. Radiff’s report, “to assist the Mayor and Council in meeting the demands for attendance at a variety of functions and/or meetings. The Deputy Mayor should be an annual office held by a sitting Councillor and should be elected at the end of the year prior to the annual term beginning.”

Staff agrees and recommends that a Deputy Mayor position be established effective the next term of Council (2018-2022) and appointed by Council for a one or two-year term with additional annual compensation of \$2,500. This recommended compensation is appropriate given anticipated additional duties and functions the Deputy Mayor would perform.

Mileage

Currently, the Mayor is eligible for mileage reimbursement for City business conducted outside of the boundaries of the City, and is paid a transportation allowance of \$600 per month for business conducted within the City.

Currently, Councillors are eligible for mileage reimbursement for City business conducted outside of their Ward boundaries, and are paid a transportation allowance of \$300 per month for business conducted within the Ward.

With increased and varying Ward sizes, additional constituent work, and likely additional out-of-Ward activities, it is recommended that the existing transportation allowances be eliminated and instead form part of the base salary of Council members to compensate for this change in workload.

Additionally, mileage should be paid for all travel to conduct City business (both inside and outside of the Ward and City) at \$0.50 cents per km. This would increase the overall annual mileage costs, but directly compensates for required travel to conduct City business.

It is recommended that all Council members be eligible for mileage reimbursement for any City business both within and outside of the City of Kawartha Lakes at the rate set by Council through policy.

Base Salary Options

Option 1

Mayor Annual Salary – combine the Mayor's current salary of \$73,728 plus 1% increase for 2018 plus \$7,200 (annual car allowance equivalency) plus CPI (estimated at 1.4%) = Total 2019 base salary of \$82,808.

Councillor Annual Salary – combine the Councillor current salary of \$26,632 plus 1% increase for 2018 plus \$3,600 (annual car allowance equivalency) plus CPI (estimated at 1.4%) = Total 2019 Salary of \$30,925.

The Mayor and Councillor's salary, during the next term of Council and going forward, should be increased by the Consumer Price Index (CPI) each year. Council decided in the 2014-2018 term that their increases would follow the non-union salary increase in the City but this figure should equate to the CPI in the future to reflect increasing costs in the marketplace.

Option 1 Summary

Type of Remuneration	2022	2021	2020	2019	Prior to 2018 election
Mayor Salary	\$86,336	\$85,144	\$83,968	\$82,809	\$74,465
Deputy Mayor Salary	\$34,849	\$34,368	\$33,893	\$33,425	\$600/ Council term
Councillor Salary	\$32,242	\$31,797	\$31,358	\$30,925	\$26,898
Total Salary & Benefits(20%) per annum	\$416,255	\$410,509	\$404,841	\$399,251	\$605,800
Cost per resident	\$5.46/res	\$5.44/res	\$5.42/res	\$5.40/res	\$8.19/res
Car Allowance-Mayor	-	-	-	-	\$7,200
Car Allowance-Councillor	-	-	-	-	\$3,600

The net savings in 2019 over the 2018 level of the overall Mayor and Councillor's Salary and Benefits for this option is \$206,549. The decrease to cost per resident is \$2.79/resident.

Option 2

Mayor Annual Salary – combine the Mayor's current salary of \$73,728 plus 1% increase for 2018 plus \$7,200 (annual car allowance equivalency) plus CPI (1.4%)= Total 2019 base salary of \$82,809.

Councillor Annual Salary – combine the Councillor current salary of \$26,632 plus 1% increase for 2018 plus \$3,600 (annual car allowance equivalency) plus \$5000 plus CPI (estimated at 1.4%) = Total 2019 Salary - \$35,995.

The Mayor and Councillor's salary, during the next term of Council and going forward, should be increased by the Consumer Price Index (CPI) each year. Council decided in the 2014-2018 term that their increases would follow the non-union salary increase in the City but this figure should equate to the CPI in the future to reflect increasing costs in the marketplace.

Option 2 Summary (+\$5,000 to Councillor base salary)

Type of Remuneration	2022	2021	2020	2019	Prior to 2018 election
Mayor Salary	\$86,336	\$85,144	\$83,968	\$82,809	\$74,465
Deputy Mayor Salary	\$40,134	\$39,580	\$39,034	\$38,495	\$600/ Council term
Councillor Salary	\$37,528	\$37,010	\$36,499	\$35,995	\$26,898
Total Salary & Benefits(20%) per annum	\$466,999	\$460,553	\$454,194	\$447,925	\$605,800
Cost per resident	\$6.13/res	\$6.10/res	\$6.08/res	\$6.05/res	\$8.19/res
Car Allowance-Mayor	-	-	-	-	\$7,200
Car Allowance-Councillor	-	-	-	-	\$3,600

The net savings in 2019 over the 2018 level of the overall Mayor and Councillor's Salary and Benefits for this option is \$157,875. The decrease to cost per resident is \$2.14/resident.

Option 3

Mayor Annual Salary – combine the Mayor's current salary of \$73,728 plus 1% increase for 2018 plus \$7,200 (annual car allowance equivalency) plus CPI(1.4%) = Total 2019 base salary of \$82,809.

Councillor Annual Salary – combine the Councillor current salary of \$26,632 plus 1% increase for 2018 plus \$3,600 (annual car allowance equivalency) plus \$10000 plus CPI (estimated at 1.4%) = Total 2019 Salary of \$41,065.

The Mayor and Councillor's salary, during the next term of Council and going forward, should be increased by the Consumer Price Index (CPI) each year. Council decided in the 2014-2018 term that their increases would follow the non-union salary increase in the City but this figure should equate to the CPI in the future to reflect increasing costs in the marketplace.

Option 3 Summary (+\$10,000 to Councillor base salary)

Type of Remuneration	2022	2021	2020	2019	Prior to 2018 election
Mayor Salary	\$86,336	\$85,144	\$83,968	\$82,809	\$74,465
Deputy Mayor Salary	\$45,420	\$44,793	\$44,175	\$43,565	\$600/ Council term
Councillor Salary	\$42,814	\$42,223	\$41,640	\$41,065	\$26,898
Total Salary & Benefits(20%) per annum	\$517,745	\$510,598	\$503,548	\$496,597	\$605,800
Cost per resident	\$6.79/res	\$6.76/res	\$6.74/res	\$6.71/res	\$8.19/res
Car Allowance-Mayor	-	-	-	-	\$7,200
Car Allowance-Councilor	-	-	-	-	\$3,600

The net savings in 2019 over the 2018 level of the overall Mayor and Councillor's Salary and Benefits for this option is \$109,203. The decrease to cost per resident is \$1.48/resident.

Other Alternatives Considered:

Council could decide to increase the salaries further for the Mayor and Councilors but this could put both positions over the average for other municipalities in the area.

Council could choose to keep the car allowance in addition to increasing the salary but it is more acceptable to have mileage based on a per kilometer basis rather than an arbitrary allowance.

Financial/Operation Impacts:

The following is a summary of the approximate savings of each option:

Option	Savings in 2019 over 2018 (Salary and Benefits)	2019 Cost per Resident (1 Mayor & 8 Councillors)	2018 CKL Cost per Resident (1 Mayor & 16 Councillors)	Average Municipal Cost per Resident 2017 (Appendix B)
Option 1	\$206,549	\$5.40/resident	\$8.19/resident	\$9.04/resident
Option 2	\$157,875	\$6.05/resident	\$8.19/resident	\$9.04/resident
Option 3	\$109,203	\$6.71/resident	\$8.19/resident	\$9.04/resident

Currently one-third of Council member salary is exempt from federal income tax. The federal government is considering elimination of this exemption effective 2019. This exemption has not been considered in any of the remuneration analysis contained in this report.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations in this Report align directly with Council's objective to deliver fiscally responsible service.

Consultations:

Executive Committee
City Treasurer
Executive Assistant, Mayor & Council
Various Comparative Municipalities
Max Radiff, Citizen and former Mayor/Councillor, Town of Lindsay

Attachments:

Appendix A – By-Law 2007-036 – A By-Law to set the remuneration level to be paid to the Municipal Council



Council
Remuneration - Attac

Appendix B – Municipal Comparators



CAO2017-008
Municipal Comparator

Appendix C: Max Radiff Report



Radiff - Council
Remuneration.doc

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