



REPORT TO: MAYOR AND COUNCIL

**FROM: Barbara Fralick
Manager of Human Resources**

DATE: March 1, 2010

SUBJECT: 2009 Council Remuneration Review

RECOMMENDATION:

THAT the Manager of Human Resources Report re: Council Remuneration Ad Hoc Committee Recommendations for the 2010-2014 Term of Office be received;
AND THAT a Public Meeting relating to this matter be scheduled for Monday, March 22, 2010 at 7:30 p.m. to present to the public the following recommendations:

- 1) THAT Springwater Township Council continue to receive the One-Third Tax Free Allowance;
- 2) That Council continue to receive the same annual Cost of Living Adjustment (COLA) as Township Staff;
- 3) THAT Council continue to be paid based on an Annual Salary remuneration format;
- 4) THAT the rate of remuneration be established for Council at the following Annual Salaries:

Mayor: \$31,543.85

Deputy Mayor: \$24,087.05

Councillors: \$19,106.23

- 5) THAT Council continue to receive the Township Benefits Package, the value of which is approximately 23 percent above and beyond the regular Annual Salary;
- 6) THAT remuneration should continue to be reviewed on a per-term basis; and
- 7) THAT the Clerk bring forward the necessary by-law to implement the recommendations of the Council Remuneration Ad Hoc committee, with said by-law taking effect on December 1, 2010.

Background

At the meeting of October 5, 2009, Springwater Township Council passed Resolution No. CL-535-2009, implementing a Council Remuneration Review for the 2010-2014 term of office. The aforementioned resolution reads as follows:

THAT the report from the Manager of Human Resources regarding Council Remuneration Review be received; and

THAT an Ad Hoc Committee comprised of at least one former Council member be struck to review Council Remuneration including both the level and method of compensation as well as the one-third tax free allowance; and finally

THAT the Ad Hoc Committee be directed to review and make recommendations to Council for the Council Term commencing December 1, 2010.

CARRIED

As such, one former member of Council and two local business persons were recruited to sit on the 2009 Council Remuneration Ad Hoc Committee: Helen Coutts, Mike Stone, and Simon Sief. The Committee met for two deliberation sessions on November 19 and December 3, 2009. Members worked cooperatively and efficiently to analyse the research conducted by staff and offer recommendations on the Township's Council Remuneration policy.

How the Annual Salary was Established

A Council Remuneration Survey was conducted, including 14 municipalities in the County of Simcoe (10 with populations under 20,000) as well as the Township of Smith-Ennismore-Lakefield. The latter municipality was used as a comparator due to its similarity in Council/Committee structure to Springwater. The survey posed the following questions:

- What remuneration format is used? (i.e. annual salary or honoraria + per diem)
- Does the One-Third Tax Free Allowance continue to be offered to Council?
- How often is Council Remuneration adjusted?
- Does Council receive the same cost of living adjustment (COLA) as staff?
- What was the actual amount of remuneration paid to the Mayor, Deputy Mayor, and Councillors in 2009 being the most recent full-year statistical information.

A Council benefits survey was also conducted. The benefits survey included the following questions:

- Is Council enrolled in the Ontario Municipal Employees' Retirement System (OMERS)?
- Is Council provided with extended health coverage (Vision, Drug, Dental)?
- Does Council receive life insurance? If so, what is the amount of coverage?
- What is the value of Council Benefits on top of regular remuneration?
- Does Council pay any premiums for benefits?

The value of benefits packages was added to the actual remuneration paid to Council Members in the comparator municipalities.

Of the 14 municipalities included in the survey, the remuneration in five municipalities was averaged. These municipalities were selected due to their similarity in population to Springwater:

Township of Springwater	(pop. 18,000)
Town of Midland	(pop. 16,214)
Township of Essa	(pop. 16,901)
Township of Clearview	(pop. 15,000)
Township of Oro-Medonte	(pop. 20,000)
Township of Smith-Ennismore-Lakefield	(pop. 17,713)

Rate of Remuneration

Below is the value of remuneration in each municipality, including benefits, for the year 2009. Note that the Town of Midland and Township of Clearview does not offer a benefits package to their councils. As such, 23 percent was added to their rate of remuneration. (In the four remaining municipalities, the benefits packages offered are valued at 17 to 23 percent in addition to regular remuneration.)

Municipality	Remuneration in 2009 (incl. benefits)
Township of Springwater	Mayor: \$39,799 Deputy Mayor: \$29,627 Councillors: \$23,500
Town of Midland	Mayor: \$38,988 Deputy Mayor: \$26,177 Councillors: \$17,822
Township of Essa	Mayor: \$37,267 Deputy Mayor: \$27,855 Councillors: \$22,917
Township of Clearview	Mayor: \$28,317 Deputy Mayor: \$22,378 Councillors: \$17,748
Township of Oro-Medonte	Mayor: \$42,770 Deputy Mayor: \$29,794 Councillors: \$24,294
Township of Smith-Ennismore-Lakefield	Mayor: \$32,681 Deputy Mayor: \$20,815 Councillors: \$17,718

These amounts were then averaged, with the following results:

Average Salary (Including Benefits) in the Five Municipalities:	
Mayor:	\$36,637
Deputy Mayor:	\$26,108
Councillors:	\$20,667

Removing the value of the benefits, the following values were used to establish Springwater's rate of Council Remuneration, beginning with the 2010-2014 term:

Average Base Annual Salary (Not Including Benefits):	
Mayor:	\$31,706
Deputy Mayor:	\$22,760
Councillors:	\$17,940

One-Third Tax Free Allowance

Of the fourteen municipalities surveyed, not a single comparator has abolished the One-Third Tax Free Allowance allocated to municipal Council Members. Eliminating the Allowance would result in a greater cost to ratepayers, as Council remuneration levels would have to be increased to supplement the reduction in after-tax income. In addition, if the One-Third Tax Free Allowance were discontinued, provincial legislation prevents it from ever being reinstated. Therefore, the Council Remuneration Ad Hoc Committee recommends the continuation of this benefit.

Cost of Living Adjustment

With regard to the question of Cost of Living Adjustments (COLA) the majority of the municipalities surveyed extend a COLA (equivalent to that of staff) to its Council Members. Since the level of remuneration for Springwater Township Council is set on a per-term basis, Council Members' salaries would fail to keep pace with the Consumer Price Index over the four years of their term. It is recommended that Council continue to receive the same Cost of living Adjustment (COLA) as Township staff, which has ranged from two to three percent annually since 1999.

Budget Implications

In 2009 (represents the most recent full-year statistical information available), a total of \$151,162.05 was paid to Springwater Township Council, exclusive of mileage. Council as part of the 2010 budget approval process approved a 2 percent COLA. For the year 2010 this COLA will apply to staff only and not Council. This resulted in a savings of \$3,023.24 in the Council budget.

Future Focus Consideration

The above initiative supports Council's Future Focus strategic priority theme of:

- *prudent financial planning*
- *professional communication and issue management*

Submitted by:

**Barbara Fralick
Manager of Human Resources**

Approved by:

**Winanne Grant, B.A., A.M.C.T.
Chief Administrative Officer**