
TO: FINANCE AND CORPORATE SERVICES COMMITTEE

FROM: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES

NOTED: P. ELLIOTT-SPENCER, MBA, CPA, CMA, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

C. LADD, CHIEF ADMINISTRATIVE OFFICER

RE: COUNCIL COMPENSATION REVIEW COMMITTEE TERMS OF REFERENCE

DATE: DECEMBER 14, 2016

The purpose of this memorandum is to provide additional information to members of the Finance and Corporate Services Committee with respect to Council Compensation.

On November 21, 2016, City Council adopted the following motion:

“16-G-261 ESTABLISHMENT OF A COUNCIL COMPENSATION REVIEW COMMITTEE

That paragraph 2 of the recommended motion contained within Staff Report LCS017-16 concerning the Establishment of a Council Compensation Review Committee (Terms of Reference) be referred to the Finance and Corporate Services Committee for further consideration.”

At the November 14th, 2016, General Committee meeting, prior to Council's consideration of 16-G-261, there was discussion concerning the potential to delegate authority to the Council Compensation Review Committee to establish the compensation related matters for the next term of Council. General Committee also discussed establishing parameters associated with any delegation of decision-making authority to the Council Compensation Review Committee.

During the discussion, the City Clerk/Director of Legislative and Court Services noted that Council was required to make the determination of whether or not deeming one-third of the remuneration paid to members of Council as expenses incidental to the discharge of a member's duties would be continued, and the final decision on this matter could not be delegated to the Committee. The following provides background information related to this matter.

One-third of the remuneration deemed as expenses incidental to the discharge of a member's duties

Under the previous Municipal Act, the Province determined that one-third of the salary or remuneration of an elected member of a Council or local board was deemed to be for expenses incidental to the discharge of the member of Council's duties, and as a result tax-free. In order to provide local flexibility, the Municipal Act, 2001, made the deemed one-third expense allowance for Council and local board members optional. To continue the deemed one-third expense allowance portion of the remuneration of the members of Council or local board, City Council was required to pass a resolution before January 1, 2003. In 2002, Barrie City Council passed such a resolution. Each term, Council is required to review whether it will continue to deem the one-third as expenses incidental to the discharge of a member's duties.

If City Council determines that it will revoke the one-third tax free allowance, no part of the remuneration of a member of Council or a local board shall be deemed to be expenses. Members of Council or local boards would begin to be taxed on 100% of their remuneration.

In the event that the expense allowance is eliminated, the salaries for members of City Council should be increased by an equivalent amount to compensate for the loss of the tax-free allowance, which would require an increase in the operating budget. The increase may put a Member of Council into a higher tax bracket depending on their personal financial circumstances.

In the last review of comparator municipalities, the majority had continued to deem one-third of their members' remuneration to be for expenses incidental to the discharge of the member of Council's duties.

Delegation of decision-making authority to the Council Compensation Review Committee

As noted during the General Committee meeting, it would be very unusual to delegate the determination of all compensation related matters for members of Council. Although some municipalities have utilized different approaches other than a committee such as retaining a consultant to review compensation, staff is not aware of a single instance where the final decision regarding the compensation levels and policies are made by a body other than City Council.

In light of the conversation during the November 14, 2016 General Committee meeting, the Chair of the Finance and Corporate Services Committee requested that the City Clerk provide potential parameters for consideration as direction to the Council Compensation Review Committee. The Finance and Corporate Services Committee may wish to consider providing parameters concerning the following matters:

- Comparator municipalities to be surveyed regarding Council honoraria, benefits, expenses and compensation associated with boards and committees;
- The base compensation for the position of Mayor and position of Councillor;
- Annual economic adjustments; and
- Additional honoraria or compensation for boards and committees

The following sections of the memo will discuss potential parameters. Appendix "A" to the memorandum includes a revised Terms of Reference reflecting these potential parameters.

Comparator Municipalities

In the past, Council Compensation Review Committees have selected comparator municipalities to provide information regarding Council honoraria, benefits, expenses and compensation associated with boards and committees. Typically, the municipalities have been selected based upon their relative similar size, their geography (urban versus rural), growth patterns, along with their governmental structure (single tier vs lower tier). The Council Compensation Review Committee could be directed to utilize a minimum of 10 communities in Ontario for comparison purposes, including communities with populations between 100,000 and 200,000, as well as a mix of single and lower tier municipalities.

Based on the 2011 census, the municipalities with populations between 100,000 and 200,000 are Richmond Hill, Oakville, Burlington, Greater Sudbury, Oshawa, Barrie, St. Catharines, Cambridge, Kingston, Whitby, Guelph, Ajax, Thunder Bay and Chatham-Kent.

Base Compensation for Mayor and Councillors

Parameters related to the base compensation for the position of Mayor and Councillors could establish the base rate of compensation for each of the positions based on the average or median of the comparator municipalities selected, subject to any change in the base rate not exceeding a specific percentage decrease or increase.

Based on the survey comparators utilized in 2009, the base compensation for the Mayor of the City of Barrie was competitive with the median of the comparator municipalities at the time (not including additional funds paid by the regional level). At the time, the honoraria level for Councillors of the City of Barrie was approximately 11% less than the median of the comparator municipalities (not including additional funds paid by the regional level). No changes were made to the base rate of compensation for either of the positions for the 2010 to 2014 term.

Although economic adjustments were provided during some years between 2010 and 2016, Council approved a decision in 2012 to freeze the honouraria level for 2013 and 2014. As a result, it is anticipated that the base rate of compensation for the position of Councillor would be significantly below comparator municipalities. The base rate of compensation for the position of Mayor may also be below comparator municipalities.

The terms of reference included as Appendix "A" does not include a specific percentage for any change in the base rate to not exceed as either a decrease or increase. The percentage amount has been left blank for the Finance and Corporate Services Committee to determine.

Annual Economic Adjustment

In 2015, City Council approved motion 15-G-242 with respect to annual economic adjustments, as follows:

- "1. That the base rate of compensation associated with the honourarium for the Mayor and members of Council be increased annually by any economic adjustment provided to non-union staff.
2. That notwithstanding the above, City Council may authorize a lesser increase for the annual economic adjustment applied to the compensation of the Mayor and members of City Council, subsequent to finalization of the non-union economic adjustment."

This method of determining annual economic adjustments was approved after a review of other municipalities' practices. The Finance and Corporate Services Committee may wish to include this as direction to the Council Compensation Review Committee.

Additional Compensation or Honoraria associated with Boards and Committees

The issue of compensation for boards, committees and commissions has been a contentious issue for previous Councils when considering recommendations related to compensation. While many previous comparator municipalities allowed their board members to accept the compensation associated with boards and committees, it was recognized that it creates a significant disparity amongst members of Council. In addition, the amount of effort and time associated with the "paid" boards and committees may equal the amount of effort and time associated with "non-paid" committees.

As this has been a challenging issue in the past, the Finance and Corporate Services Committee may wish to consider providing direction to continue the practice of not permitting members of Council to accept additional honorarium or compensation for their appointment to committees, boards and commissions or attendance at such meetings, with the following exceptions

- a) The Mayor shall be permitted to accept honoraria or compensation associated with his/her appointment to the Board of Directors of MergeCo; and
- b) A member of Council shall be eligible to receive reimbursement from a committee, board, or commission for reasonable expenses or per diems associated with meals, hotel accommodation, parking and/or travel expenses incurred in his/her role on the committee, board or commission.

Should the Finance and Corporate Services Committee wish to provide a terms of reference with parameters associated with the delegation of compensation related matters to the Council Compensation Review Committee, the following motion would address this matter:

“COUNCIL COMPENSATION REVIEW COMMITTEE TERMS OF REFERENCE

1. That a Council Compensation Review Committee be struck to review the compensation for the 2018 to 2022 Council members, comprised of five citizen members of the community.
2. That the Council Compensation Review Committee be delegated the authority to establish compensation related matters for the 2018 to 2022 members of Council in accordance with the Terms of Reference attached as Appendix “A” to the memorandum to the Finance and Corporate Services Committee dated December 14, 2016.
3. That the one-third tax free allowance on remuneration paid to the elected Members of Council and its local boards continue to be deemed as expenses incidental to the discharge of their duties as Members of City Council or local board.”

APPENDIX "A"
PROPOSED COUNCIL COMPOSITION REVIEW COMMITTEE TERMS OF REFERENCE

1. Mandate

The mandate of the Council Composition Review Committee is to undertake an examination of Council compensation, including the following topics:

- a) Mayor and Council base honoraria and benefits;
- b) Expense account amounts and allocation of expenses including communication related matters;
- c) Council remuneration and reimbursement related policies; and
- d) Such other compensation-related matters as determined by the Committee.

The Council Compensation Review Committee shall be delegated the authority to establish the above compensation-related matters for the 2018 to 2022 term of Council, subject to the following parameters:

- a) The Council Compensation Review Committee shall utilize a minimum of 10 communities for comparison purposes, including communities with populations no less than 100,000 and no more than 200,000 as well as a mix of single and lower tier municipalities;
- b) The base rate of compensation for the position of Mayor shall be based on the average or median of the comparator municipalities selected, subject to any change in the base rate not exceeding _____% percentage decrease or increase;
- c) The base rate of compensation for the position of Councillor shall be based on the average or median of the comparator municipalities selected, subject to any change in the base rate not exceeding _____% percentage decrease or increase;
- d) Any average or median shall be calculated after adjusting for the one-third tax free allowance;
- e) That the base rate of compensation associated with the honorarium for the Mayor and members of Council be increased annually by any economic adjustment provided to non-union staff;
- f) That notwithstanding the above, City Council may authorize a lesser increase for the annual economic adjustment applied to the compensation of the Mayor and members of City Council, subsequent to finalization of the non-union economic adjustment; and
- g) Additional honorarium or compensation shall not be paid to members of Council for their appointment to committees, boards and commissions or attendance at such meetings, with the following exceptions:
 - i) The Mayor shall be permitted to accept honoraria or compensation associated with his/her appointment to the Board of Directors of MergeCo; and
 - ii) A member of Council shall be eligible to receive reimbursement from a committee, board, or commission for reasonable expenses or per diems associated with meals, hotel accommodation, parking and/or travel expenses incurred in his/her role on the committee, board or commission.

2. Composition

The Council Compensation Review Committee shall be composed of 5 citizen representatives.

All Committee members shall be selected by City Council. If a Committee member is unable to complete the term as set out in Section 3 below, a new Committee member will be selected by City Council.

3. Term

The term of the Council Compensation Committee will be January, 2017 to November, 2017.

4. Meetings

Committee meetings shall generally be scheduled once per month or may be scheduled at the call of the Chair.

All meetings shall be open to the public in accordance with the City of Barrie's Procedural By-law and the Municipal Act. A meeting of the Committee may only be closed to the public, if the subject matter being considered meets the criteria established in Section 239 of the Municipal Act. The following are some of the matters currently included as subject matters in Section 239 that may be discussed during a closed meeting:

- a) The security of the property of the City;
- b) Personal matters about an identifiable individual, including City employees;
- c) A proposed or pending acquisition or disposal of land by the City;
- d) Labour relations or employee negotiations;
- e) Litigations or potential litigation, including matters before administrative tribunals affecting the City;
- f) Advice that is subject to solicitor-client privilege, including communications necessary for that purpose;
- g) A matter in respect of which the Committee or Council may hold a closed meeting under another Act.

5. Selection of the Chair and Vice-Chair

The Chair and Vice-Chair (if necessary) shall be selected by the Committee at the first meeting.

6. Role of the Chair and Vice-Chair

The Chair shall preside over the meetings of the Committee and assist the Committee in reaching consensus on fundamental policy issues of concern to the Committee.

The Vice-Chair (is applicable) shall assume the authority and perform all the duties of the Chair in the absence of the Chair.

7. Roles and Responsibilities of Members

Committee Members shall:

- a) Attend and actively participate in all meetings;
- b) Work with other members to attempt to reach consensus on decisions before the Committee; and
- c) Adhere to these terms of reference, the City of Barrie's Procedural By-law, Purchasing By-law, the Council/Committee Code of Conduct and any other by-laws, policies or procedures that apply to Committee members.

8. Rules Governing the Proceedings of Committees

The business of the Council Compensation Committees shall be conducted in accordance with the City of Barrie's Procedural By-law.

9. Quorum

In accordance with the City of Barrie's Procedural By-law a quorum shall be a majority of the Committee Members.

If the quorum for a Committee meeting is not present within thirty (30) minutes of the time appointed for the meeting, the Legislative Services staff shall record the names present and the meeting shall stand adjourned until the next scheduled meeting.

10. Voting

In accordance with the City of Barrie's Procedural By-law, when an issue arises, the Committee will attempt to reach a consensus on how the Committee should resolve the issue.

A question before the Committee will be put to a vote and each Committee Member will be entitled to one vote.

A motion shall be deemed to be carried when a majority of the members present and voting have expressed agreement with the question. Consequently, on a tie vote, the motion is lost.

11. Resources

Staff from the Legislative and Court Services Department will act as recording secretary and provide administrative support to the Committee. Staff from the Finance and Human Resources Departments will provide information and support to the Committee.

12. Application of the Code of Conduct

The Committee shall, at all times follow the policies and procedures set out in the City of Barrie's Council/Committee Code of Conduct.