
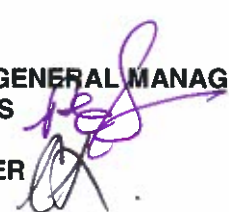

TO: GENERAL COMMITTEE


SUBJECT: COUNCIL COMPENSATION POLICY – DETERMINATION OF ANNUAL ECONOMIC ADJUSTMENT

WARD: ALL

PREPARED BY AND KEY CONTACT: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES, EXT. 4421

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

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

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Council Compensation Policy be amended to delete the current provision related to the determination of the annual economic adjustment for members of City Council and replace it with the following:
 - a) That effective January 1, 2015, 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; and
 - b) 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.

PURPOSE & BACKGROUND

Purpose

2. The purpose of this staff report is to provide a revised mechanism for the calculation of the annual cost of living adjustment applied to the honourarium portion of the compensation for the Mayor and members of Council as the Ontario Municipal Human Resources Association Survey used to determine any annual increase has been discontinued.

Background

3. On May 10, 2010, City Council adopted recommendations contained in motion 10-G-185 related to the Council Compensation Review Committee Report including the following:
 - “c) That effective December 1, 2011, the base rate compensation for the Mayor and Members of Council be increased annually by the rate determined by the Ontario Municipal Human Resources Association Survey to reflect a conservative estimate of increased cost of living expenses.”

4. When staff in the Human Resources Department contacted the Ontario Municipal Human Resources Association to obtain the results of the survey identified in the recommendation for the increase for 2012 to the base rate of compensation, they were advised that the Association no longer conducted this survey.
5. In order to achieve the intent of Council's direction in 2012, staff in the Human Resources Department undertook a survey of municipalities that had been included in the previous Ontario Municipal Human Resources Association Survey, to obtain information on increases for 2012. The average increase based on the survey responses received was then applied for the 2012 to the base rate of compensation.
6. Subsequently, City Council adopted motion 12-G-275 as follows:

"HONORARIUM FOR MEMBERS OF CITY COUNCIL

Whereas there is a need for fiscal restraint at this time; that the honorarium for City Council members be frozen at the current level for 2013 and 2014."
7. As per the above, an annual cost of living increase was not applied to the base rate of remuneration for the Mayor and members of City Council in 2013 and 2014.

ANALYSIS

8. As motion 12-G-275 did not extend to 2015, the Mayor and member of City Council are eligible for an increase effective December 1, 2014 (for the period of December 1, 2014 to November 30, 2015), in accordance with the Council Compensation Policy.
9. In the past, it has been challenging to obtain information regarding increases until budgets are approved. As the Ontario Municipal Human Resources Association no longer conducts its annual survey, fourteen municipalities were surveyed in 2015 to determine the amount of a cost of living or similar adjustment as well as the policy (if applicable) that the municipality applied to annual increases in remuneration for their members of Council.
10. Ten of the municipalities had determined the amount of their increase for 2015, two had yet to determine the amount and two were not anticipating any adjustment (one had not adjusted since 2005 and the other municipality was phasing in significant changes to remuneration to "catch up" to comparator municipalities). Of the 10 municipalities where an increase had been determined, the responses ranged between 1% and 2.51%.
11. The average increase for 2015 associated with the survey responses including those municipalities with a 0% increase, was 1.41%. The average increase for 2015 associated with the survey responses excluding those municipalities with a 0% increase was 1.69%. The most recent economic adjustment for non-union staff represented 1.5% for 2015, which is within the range of the responses.
12. Ten of the responses indicated that economic adjustments were determined based on either their non-union/management group adjustment (seven municipalities) or their union contract adjustment (three municipalities) and in at least one case, the municipality's policy provided that the increase would be the lesser of the non-union/union group's increase or the CPI increase.
13. The CPI rate average for the last twelve (12) months up to and including December 2014 was 0.7%.
14. It is recommended that the Council Compensation Policy be amended to delete the use of Ontario Municipal Human Resources Association survey as the means for determining any economic adjustment for the Mayor and members of Council.

15. Instead, it is proposed that the base rate of compensation (honourarium) for the Mayor and members of Council be increased annually by any economic adjustment provided to non-union staff. The policy change would also allow City Council to 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. As non-union economic adjustments are recommended on the basis of maintaining market competitiveness and avoiding compression issues, a decision by Council to authorize a lesser increase for its own members would occur after the non-union increase had been finalized.
16. It is recommended that any economic adjustment be made effective January 1 of each year as in the past, the determination of any applicable rate was often made later in the following year and after the deadline for the report required by the Province on the annual remuneration and expenses for members of Council.

ENVIRONMENTAL MATTERS

13. There are no environmental matters related to the recommendation.

ALTERNATIVES

14. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could recommend that the annual indexing of the Mayor and members of Council's base rate of compensation be based on any percentage increase approved for union staff compensation.

In most cases (although not all), any economic adjustment for non-union staff has been established at the same rate as applied to union staff, after a negotiated settlement has been achieved. On relatively rare occasions Council has determined an economic adjustment for non-union staff that is less than that received by union staff. As well, members of the City's Executive Management Team and Department Heads have voluntarily opted to receive a 0% increase in the past.

Alternative #2

General Committee could recommend that the annual indexing of the Mayor and members of Council's base rate of compensation be based on any percentage increase provided to non-union staff compensation or the year over year change in the All Ontario Consumer Price Index (CPI) for the 12 month period of November to November, whichever is the lesser.

This alternative is available and would provide that any economic adjustment not exceed the CPI increase.

Alternative #3

General Committee could recommend that the annual indexing of the Mayor and members of Council's base rate of compensation be based on another method such as a survey conducted by staff.

Although this option is available, obtaining responses in a timely manner is often difficult and depends on the status of negotiations with union groups. Other factors such as whether a phasing in of a change to the base rate of compensation is being undertaken may impact the results of a survey, making it challenging to obtain an accurate and reliable comparison.

FINANCIAL

15. A conservative estimate for an economic adjustment for members of Council was included as part of the preparations for the 2015 Business Plan. The proposed economic adjustment could be applied without creating an exposure. If the recommended motion is approved, it would be applied retroactively.

LINKAGE TO 2014-2018 STRATEGIC PLAN

16. The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2014-2018 Strategic Plan.