



Date 8 November 2011

City Council Committee Report

To: Mayor Canfield & Members of Council

Fr: Karen Brown

Re: Council Remuneration

Recommendation:

That Council hereby approves an amendment to Council Remuneration to reflect the following rates effective 1 January 2012:

	Annual Remuneration	Per Diems
Mayor	\$ 29,526	\$ 162
Council	\$ 14,763	\$ 162

; and

That staff be directed to develop a policy that will ensure that Council will receive an annual adjustment that is the same annual percentage increase as received by the Non-Union Group commencing in 2013, with the 2013 adjustment being equal to the combined 2012 and 2013 economic adjustments, and thereafter based on the actual annual percentage adjustment given; and further

That the appropriate by-laws be passed for this purpose.

Background:

In 1999, in preparation for amalgamation, the Transition Board engaged the services of Trendline Consulting Services to do a market review of remuneration for Elected Officials for the purposes of establishing the related compensation plan for the newly amalgamated City of Kenora. A report was brought forward in December, 1999 by the then CAO, Bill Preisenz. A copy of that report, together with the report and recommendation made by Trendline, is attached for your review and reference, and has not been reiterated here, other than to provide the recommended remuneration levels for Council as follows:

	Annual Remuneration	Mileage Allowance	Total	Per Diems
Mayor	\$ 24,000	\$ 1,200	\$ 25,200	\$ 100
Council	\$ 12,000	\$ 600	\$ 12,600	\$ 100

Ultimately, the decision was made to not accept the recommendation made, but rather to appoint a Citizens' committee to review and make recommendation on Council Remuneration. In the interim, By-law #3-2000 was passed, which recommended interim remuneration at a rate slightly below that of the former Town of Kenora, as follows:

	Annual Remuneration	Mileage Allowance	Total	Per Diems
Mayor	\$ 16,200	\$ 1,200	\$ 17,400	\$ -
Council	\$ 7,500	\$ 600	\$ 8,100	\$ -

The Citizens Committee worked quickly to make a recommendation on Council remuneration (attached for your reference) , and shortly after By-law #24-2000 was passed, fixing Council remuneration as follows:

	Annual Remuneration	Mileage Allowance	Total	Per Diems
Mayor	\$ 21,600	\$ 1,200	\$ 22,800	\$ 125
Council	\$ 10,800	\$ 600	\$ 11,400	\$ 125

Since this time, Council remuneration has remained unchanged, with the exception of the mileage allowance being rolled into the annual remuneration, and a revisiting of the per kilometer mileage reimbursement for both Council, as well as all applicable City staff.

Over the years, there has been some discussion brought forward by administration, generally during the budget process, that Council revisit the remuneration for elected officials. Generally, the review of Council compensation has been something that Councils have preferred to not consider, which has resulted in the compensation not having been updated for some time.

It should be recognized, however, that it is now approaching twelve years since the original compensation levels were finalized for the amalgamated City of Kenora. With budget season approaching, this matter is being brought forward to Council now for deliberation for inclusion in the 2012 budget process.

Options:

In considering Council remuneration, the following options should be considered:

- **Status Quo** – This is the approach that ultimately has been taken by Councils of the past since the date of amalgamation. While remuneration has been revisited as required in order to maintain a 1/3 tax free status, and refined as appropriate (for example, mileage allowance combined with remuneration, and the per kilometer rate reviewed), ultimately the compensation has really remained unchanged. This is understandable from a Council perspective, as Councils are reluctant to be seen as providing themselves with gain from their time in public office. From an administration perspective, however, the applicable Council remuneration falls below market, and eventually it may result in increased difficulty in attracting Council members. At some point, it may also mean a significant adjustment to the City's budget, if or when compensation is adjusted. It is noted that every member of Council spends a significant amount of time performing their related duties. While elected officials do not run for the money, there is something to be said for fair compensation for their time in office.
- **Defer to Budget** – Often, any discussion re Council remuneration is deferred to be done as part of the budget process. Generally, a potential increase in Council remuneration is easy to eliminate from the budget, particularly during a difficult budget season. This has always been the accepted practice by the City of Kenora, and then ultimately any increase refused. For this reason only, this is not being recommended within this report.
- **Market Survey** – Either contract with an independent consultant, as was done in 1999, to perform a survey of Council remuneration across comparable municipalities, or perform an in-house review. In anticipation of this report, as well as on occasion in the City's history where Council remuneration was considered, the City has performed a market survey of what are considered to be municipal comparators. Some of the municipalities included in the survey are those that were used by Trendline in the original 1999 review (with the exception of Owen Sound). Other comparable municipalities have been added since the 1999 review, and Northern municipalities have been included as a reference point as well. Copies of the comparisons, including a summary of 2011 Compensation as compared to 2006 census population, has been attached for your reference. Average percentage increases are discussed further below under the methodology section of this report.
- **Economic Adjustment tied to Employee Increases** – Another method of determining a fair adjustment to elected official remuneration would be to tie it to economic adjustments given to City staff. There are, of course, three active Unions (not including Unions for City Boards or Corporations), as well as the non-Union staff group, which means that the economic adjustments may be different for different groups. The table on the

following page provides information on economic adjustments awarded by the City to the various employee groups in the post-amalgamation period.

City of Kenora

Comparative Analysis of Non-Union vs Union Settlements and Wage Rate Increases 1999 to 2011 Analysis

	Non-Union	CUPE	KPFFA	IBEW (WTP)
Municipal				
2000	0.00%	3.00%	3.00%	3.00%
2001	3.00%	1.50%	3.00%	2.50%
2002	3.00%	2.50%	3.00%	1.50%
2003	3.00%	3.00%	6.20%	2.50%
2004	3.00%	3.00%	6.40%	3.00%
2005	3.00%	3.00%	6.60%	13.00%
2006	0.00%	0.00%	0.00%	1.00%
2007	3.00%	3.00%	0.00%	3.00%
2008	3.00%	3.00%	3.00%	2.00%
2009	2.50%	2.50%	3.00%	2.50%
2010	0.00%	2.50%	3.00%	2.75%
2011	2.70%	2.75%	3.00%	2.75%
Cumulative Change	29.50%	34.10%	48.10%	46.80%

- Wages restated to market based on union negotiations for WTP in 2005
- In 2007, CUPE, IBEW and non-Union increases were 2% as of January 1, and an additional 1% effective December 31
- In 2011, Fire increase was 1.5% as of January 1, and an additional 1.5% effective December 31. In addition, this does not factor in the impacts of recognition pay, which were phased in commencing in 2011

All impacts are before step movement, skill trade adjustments, special negotiations (eg. CUPE Office Staff in 2003), signing bonuses, pay equity impacts, etc.

Methodology:

In reviewing a recommended level for Council remuneration, consideration was given to tying increases for Council into economic adjustments given to City staff. Given the variety of groups, and the varying levels of increases among the groups, it is recommended that one group be chosen as the group that would determine Council increases, rather than trying to average increases between the groups. The non-union staff group is recommended as the comparator group as the related economic adjustments generally are equal or slightly lower than the union groups. In addition, the related economic adjustments are not bound by collective agreements, but can be contemplated by Council for award through the budget process independent of union negotiations, timing and other related matters. As such, this group is considered both the easiest to determine, and the most reflective of changes to compensation that are not determined through the bargaining process.

Since the base for the current Council remuneration is based on the recommendation of a Citizens' Committee, and since the economic adjustments for non-union staff since the remuneration levels were set are available, consideration can be given to projecting current levels forward by applying the overall non-union economic adjustment. If the resulting compensation is reasonable and relatively in line with the average remuneration based on a comparison of 2011 rates from comparable municipalities, there is logic in implementing those increases. It is recognized, however, that there is no budget to accommodate an adjustment to Council remuneration in 2011. As such, it is recommended that any change would be effective 1 January 2012, with a onetime adjustment to Council remuneration as calculated, and thereafter adjusting Council remuneration based on policy developed to tie Council remuneration and economic adjustments for non-union staff in this manner.

The following table calculates the potential impact to Mayor and Council remuneration for the City of Kenora based on applying the non-union economic adjustments since amalgamation.

	<u>Annual Remuneration</u>		
	<u>Mayor</u>	<u>Councillor</u>	<u>Per Diem</u>
Calculation of 2011 Base Remuneration for 2012			
2011 Kenora Remuneration	\$ 22,800	\$ 11,400	\$ 125
Post 1999 non-union economic adjustment	29.5%	29.5%	29.5%
Adjusted Rates	<u>\$ 29,526</u>	<u>\$ 14,763</u>	<u>\$ 162</u>

As referred to previously in this report, an analysis showing the detailed information by surveyed municipality for 1999, 2003, 2009 and 2011, together

with a summary of 2011 compensation as compared to municipal population, has been attached for your reference.

The following table provides a comparison of 2011 annual remuneration based on the results of the remuneration survey against the calculated Kenora rates based on the non-union economic adjustment.

	<u>Annual Remuneration</u>		
	<u>Mayor</u>	<u>Councillor</u>	<u>Per Diem</u>
2011 Remuneration Survey Comparison			
Proposed 2011 Kenora Base	29,526	14,763	162
All Municipalities Surveyed	28,901	13,166	153
Municipalities with Population from 10K - 20K	36,195	13,397	-
Trendline Report Group (excl. Owen Sound)	37,284	15,811	175

Not all municipalities pay a per diem. Average is based on only those municipalities that pay a per diem.

Finally, the following table compares Kenora’s non-union economic adjustment since amalgamation with average percentage increases reflected in the remuneration survey for the same groups, based on the base year for the increase as indicated below:

Group:	<u>% Increase</u>		<u>Increase Since</u>
	Mayor	Councillor	
Kenora non-union economic adjustment	29.5%	29.5%	1999
All Municipalities Surveyed	26.5%	30.3%	2003
Municipalities with Population from 10K - 20K	79.2%	70.5%	1999
Trendline Report Group (excl. Owen Sound)	61.0%	58.7%	1999

Based on the comparisons, the use of the City’s post-amalgamation non-union economic adjustment appears to be a reasonable rate for adjusting Council remuneration.

Budget:

Any amendment to the rates would be built into the 2012 municipal operating budget. The anticipated impact of adjusting for remuneration based on non-union economic adjustments since amalgamation is \$30,049. This increase does not account for any potential economic adjustment approved by Council for non-union staff in 2012.

To assist with a phase in, albeit with the majority of the increase happening up front due to the length of the delay in adjusting Council remuneration, it is recommended that the economic adjustment, if any, given for both 2012 and 2013 be held and applied in 2013. As such, the base 2011 remuneration rate

would be equal to the 2012 rates paid to Council, and there would be a one year lag in awarding the compensation to Council for the 2012 economic adjustment.

Communication Plan/Notice By-law Requirements:

A by-law amending Council remuneration will be required. Council will provide notice of its intention to pass a by-law to amend Council remuneration in accordance with Notice By-law #144-2007.