

## **Staff Report 2022-0259**

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Meeting Date: July 12, 2022

Subject: Proposed Total Rewards Program for Members of Council

Submitted By: Laura Hall, Director, Corporate Services / Town Clerk  
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### **RECOMMENDATION**

That the base salary for the following roles be approved to take effect for the new term of Council (2022-2026) as follows:

- a) \$116,830 for Mayor
- b) \$49,841 for Councillor

That the salary and allowance outlined in Table 2 below take effect for the new term of Council (2022-2026);

That an avoidable 2023 operating budget impact of \$123,178 to increase Council Compensation as outlined in Table 2 of Staff Report 2022-0259;

That the Council Expense Policy be repealed and replaced with the proposed Council Expense Policy attached as Schedule A to Staff Report 2022-0259; and

That the Councillors expense budget be increased by \$9,500 as an unavoidable 2023 operating budget impact as outlined in Staff Report 2022-0259.

### **REPORT HIGHLIGHTS**

- In preparation for the 2022 Municipal Election, staff retained the services of ML Consulting to assist in conducting a total rewards review for members of Council.
- Staff are recommending that Council salary be adjusted to align with the 60<sup>th</sup> percentile of the market. As such, the recommended rate for the role of Mayor is an annual salary of \$116,830.00 and \$49,841.00 for the role of Councillor.
- Proposed changes to the expense policy captured in Schedule A of this Staff Report include:
  - funds available to support community engagement and events,
  - transparency related to ineligible costs,
  - clarity around Corporate Accounts and eligible expenses not considered an expense for Members of Council, including public relations, and
  - additional provisions around accountability of Town resources through expenses to meet public expectations and financial management.

## **DISCUSSION**

### **Background**

In preparation for the 2022 Municipal Election, staff retained the services of ML Consulting to assist in conducting a total rewards review for members of Council. The review included a look at the following aspects:

- annual salary for mayor and councillors,
- annual tax allowance for mileage and general expenses,
- operating budget – training/development/seminars, office supplies, printing and advertising and phones,
- benefits, and
- staffing resources and supports.

This review was prompted as a result of the recent ward boundary review, changes to the composition of Regional Council and benchmarking with other municipalities on the frequency of such reviews (most have policies that require a review to occur within each term of Council). The Town last conducted a review in 2015.

### **Proposed Changes**

On June 21, the proposed changes were presented to members of Council regarding salary, benefits and expenses and suggested an approach to address staffing resources for the next term of Council. Comments received as a result of the presentation included support for funds allocated for community engagement, additional staffing resources to members of Council, specifically support for Regional Councillors due to the increased geographical coverage of Caledon's Regional Councillors and the reduction from four members to two.

### **Salary Review**

An analysis completed of other municipalities demonstrates that compensation for the Mayor and Councillors should be based on realistic standards. This ensures that elected officials may be reasonably compensated according to their roles and responsibilities. To achieve this, a compensation review typically reflects the following guiding principles:

- It must demonstrate fiscal responsibility and be fair to the taxpayers.
- Compensation should attract a diverse, representative, and skilled pool of Caledon residents as candidates seeking election to Council.
- The work of the Mayor and Council is recognized as demanding as well as important and as such they should be appropriately and fairly compensated.
- The significant complexity, responsibilities, time commitments and accountabilities associated with the role of Mayor and Council are recognized.

- Compensation should be aligned with an established comparator group that is reflective of Caledon and includes neighbouring municipalities within the Region and applies an appropriate ratio between the role of a Councillor and that of a Mayor.

The current base pay rates for Council are as follows:

- Mayor: \$98,625
- Councillor: \$40,080

Base pay for Council is adjusted annually applying any cost of living increase provided to the management/non-union salary range.

When conducting the salary component of the review, a 2022 Market Summary was prepared using 12 comparators that were used as part of the 2022 Management Non-union Compensation Review. This included Halton Hills, Aurora, Milton, Newmarket, Clarington, Orangeville, Guelph, Brampton, Mississauga, Vaughan, Ajax, and Waterloo.

#### Market Observations

The salary allocated to the role of the Mayor is currently 18.5% below the recommended 60<sup>th</sup> percentile and the role of Councillor is 24.4% below the market rate. The 60<sup>th</sup> percentile is what was used and approved for the recent management non-union compensation review for corporate employees and it's the recommended approach to adjustments for Mayor and Councillor pay rates.

Alternatively, Council has other options in terms of base pay adjustments. Such options include applying the 50<sup>th</sup> or 55<sup>th</sup> percentile as outlined in table 1 or make no adjustments and maintain the current base pay amounts.

**Table 1:**

Town of Caledon 2022 Council Remuneration Review --Base Pay								
2022 MARKET SUMMARY - ANNUAL BASE PAY (_) = above market    +_ = below market								
Job Title	2022 Base Pay Annual	No. of Obs	Market P50 Median Annual	% Diff.	Market P55 Annual	% Diff.	Market P60 Annual	% Diff.
Mayor	\$98,625	11	\$110,417	+12.0%	\$112,715	+14.3%	\$116,830	+18.5%
Councillor	\$40,080	12	\$43,500	+8.5%	\$44,267	+10.4%	\$49,841	+24.4%

*Recommendation*

With the exception of the annual cost of living adjustment, the salary for Council has not been reviewed or adjusted in 7 years. When applying the principles of the review, it is important to ensure Council members are fairly compensated based on the expectations and demands of each role. It is recommended that a review of compensation be completed each term of Council to ensure the salaries keep up with the market and align with comparator municipalities and the Region.

Based on the review, it is recommended that Council salary be adjusted to align with the 60<sup>th</sup> percentile of the market. As such, the recommended rate for the role of Mayor is an annual salary of \$116,830.00 and \$49,841.00 for the role of Councillor.

**Benefits Review**

A comprehensive review and changes to the Town's nonunion benefits (extended healthcare and dental) which included members Council was completed in 2021.

However, upon recent 2022 benchmarking as it relates to Council Total Rewards the analysis concluded that the existing policy for Council coverage was not on par with other municipalities.

Benefit Policy	Current Benefit Policy	Proposed Benefit Policy
Extended Health Health Care Spending Account Dental	Coverage ends at 75	Coverage ends at end of term or retirement
Life Insurance	2X annual earnings – term at age 70 Age 65 Reduction – 1x annual salary Max Coverage: \$260,000	2X annual earnings – term at age 70 Age 65 Reduction – 1x annual salary Max Coverage: \$350,000
AD&D	2X annual earnings – term at age 70 Age 65 Reduction – 1x annual salary Max Coverage: \$260,000	2X annual earnings – term at age 70 Age 65 Reduction – 1x annual salary Max Coverage: \$350,000

Staff recommend changing the Extended Health, Health Care Spending Account and Dental policy to provide coverage until the end of their term of Council or retirement. In addition, with the proposed salary increases staff feel it is prudent to ensure the coverage for life insurance and AD&D aligns with any future increases to salary. As these proposed changes are considered minimal there are no budget impacts at this time.

## **Expenses Review**

As part of the review, staff completed an analysis of current expenses with input from staff within the Mayor and Council Office. A survey was conducted and distributed to members of Council on the current structure for expenses. The following is a summary of responses received:

- An increasing need for funds available to support community engagement and events,
- Increasing demand for staffing resources to plan and support events, and
- A decrease in funds needed for office supplies

Current annual amounts allocated for mileage and general expenses (expenses for meetings with constituents and stakeholders, etc.) were adequate.

In looking at how other municipalities allocate funds for members of Council; it was found that there isn't a one size fits all approach. The funds are allocated based on the needs required for members of Council to perform their duties and serve the community, while also maintaining transparency and fiscal responsibility.

Based on the review and analysis completed, staff are proposing the following changes to the current Mayor and Council expense model:

### **Expense Type**

#### **Training/ Development/ Seminar (includes Travel & Meals)**

Priority of the budget will be given to members of council attending the following conferences / training sessions:

- *Association of Municipalities of Ontario*
- *Ontario Good Roads Association / Rural Ontario Municipal Association*
- *Federation of Canadian Municipalities*

### **Allocated Funds**

**\$20,000**

*An increase of \$4,000 based on inflation and the addition of two Ward Councillors*

#### **Office Supplies**

\$500 allocated for each Member of Council

**\$4,500**

*A decrease of \$3,500 added to Community Engagement*

#### **Community Engagement (new category)**

\$1,000 allocated for each Member of Council

**\$9,000**

*(New)*

#### **Newsletters and Printing**

\$7,000 allocated to the Mayor

**\$7,000**

*(No change)*

The community engagement fund is intended for Councillors to purchase items to support events and initiatives within their respective Wards. All expenses will be subject to the approval of the Clerk or designate.

The proposed changes will equal an \$9,500 increase to the annual operating budget for the Mayor and Council Office allocated specifically for Councillors.

In addition to the operating budget amounts, Members of Council are given an annual taxable allowance to cover costs not currently allocated or outlined in the proposed Council Expense Policy. This is intended to cover such costs as mileage, additional training and development, meals with constituents and community stakeholders, etc. The amounts allocated are as follows:

Mayor: \$16,000  
Councillor: \$6,100

### Other Policy Changes

As part of the review, other key changes to the policy include the following:

- For greater clarity a list of ineligible expenses has been included which captures such expenses as items for personal use, unrelated to Town business, alcohol, cannabis products, lottery tickets, individual donations, etc.,
- Eligible expenses for community engagement,
- A section on Corporate Accounts and eligible expenses not considered an expense for Members of Council, including public relations, and
- Additional provisions around accountability of Town resources through expenses to meet public expectations and financial management.

Schedule A of this Staff Report captures all the changes proposed for the Council Expense Policy.

### **Next Steps**

Staff will commit to conducting a review of the Council Total Rewards Review Program in the third year of each Term of Council to ensure salaries meet the guiding principles and reflect the market; and that the Expense Policy is comprehensive in nature and follows best practices. Any adjustments that need to be made in advance of the noted review timeframe will be brought forward for consideration.

### **FINANCIAL IMPLICATIONS**

As outlined in Table 2 in addition to the proposed \$9,500 2023 budget increase to Council expenses outlined above there is a total of \$123,178 of 2023 unavoidable budget impact

to increase Council's compensation (salary and incremental benefits) as recommended above. Council's current compensation includes a taxable mileage and general expense allowance which has been captured in Table 2 below. Members of Council are issued a T2200 Declaration of Conditions of Employment where expenses not reimbursed by the Town can be deducted against their income.

**Table 2: Proposed 2023 Budget Impact**

Position type and quantity	New Proposed base salary (A)	Add: Taxable Mileage and General Expense Allowance (B)	New Term of Council Salary (A+B=C)	2022 Base Salary Budget (D)	2023 Salary Budget Impact (E=C-D) x # of positions	2023 Incremental Estimated Benefits Budget Impact
Mayor (1)	116,830	16,000	132,830	114,625	18,205	3,459
Councillor (8)	49,841	6,100	55,941	46,180	78,088	23,426

The 2023 Salary Budget Impact does not include cost of living increases which will be determined as part of the 2023 budget process, subject to Council approval.

**COUNCIL WORK PLAN**

Subject matter is not relevant to the Council Workplan.

**ATTACHMENTS**

Schedule A: Proposed Council Expense Policy