

Municipality Of Chatham-Kent

Corporate Services

Human Resources and Organizational Development

To: Mayor and Members of Council
From: Citizen Review Committee on Council Compensation
Date: December 20, 2018
Subject: Council Compensation _____

Recommendation

It is recommended that:

1. The Council honorarium for the period December 1, 2018, to November 14, 2022, be set as follows:
 - a. The Mayor honorarium be increased to \$110,000 annually
 - b. The Councillor honorarium be increased to \$32,000 annually

Background

On April 20th, 2015, Council approved the following motion by Mayor Hope regarding Council Compensation: "that administration have the review of the Council compensation through a consultant in order to have a comprehensive review conducted by a qualified, experienced external neutral party, that would be fair for all parties. Any increase in Council remuneration approved be implemented for the new Council in 2018."

In July 2016, Council approved the formation of a Citizen Review Committee on Council Compensation (the "Committee"), with recommendations coming back to Council in December, 2016 (Appendix A).

On January 23, 2017, the Committee recommended a series of changes to Council compensation. Specifically, the honorarium for Mayor be increased to \$103,000 annually. The motion was defeated 8 to 9. Councillor Robertson noted the importance of keeping wages market competitive and felt that that the honorarium was a fair wage. Councillor Robertson moved, Councillor Leclair seconded: "that the honorarium for the position of Mayor be increased to \$93,605 for the term starting in 2018." The motion carried 10 to 7. Furthermore, the Committee recommended that the Councillor honorarium be increased to \$31,000 annually. The motion was defeated 7 to 10. Councillor C. McGregor moved, Councillor VanDamme seconded: "that the honorarium for the position of Councillor be increased to \$28,937 for the term starting in 2018." The

motion was defeated 5 to 12. The resultant outcome was no increase to the Councillor honorarium. Please see Appendix B for the details on all recommendations and motions.

On January 15, 2018, administration recommended that the Committee be reappointed to review Council compensation in 2018 in light of the removal of the tax-exempt portion of remuneration and to set the Council compensation for the next term of Council. Councillor Sulman moved, Councillor Myers seconded and the motion carried 14 to 1.

Comments

On October 22nd and November 26th, 2018, the Committee reconvened to review the impact that the elimination of one-third tax-free would have on Council compensation. The Committee discussed that the purpose of the honorarium is to attract diverse, competent and civically minded individuals to run for Council. In addition, the Committee’s recommendation ensures that the honorarium levels for both Mayor and Councillors are competitive in comparison to comparator Municipalities.

Unanimously, the Committee recommended that Council honorarium for the period December 1, 2018, to November 14, 2022, be set as follows:

	Mayor	Councillor
Recommendation	\$110,000	\$32,000

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:**
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:**
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Finance, Budget and Information Technology Services

Corporate Services

Community Development

Financial Implications

Mayor	Current	Proposed
Honorarium	\$ 93,605	\$ 110,000
Labour Burden (29.93%)	<u>\$ 28,016</u>	<u>\$ 32,923</u>
	<u>\$ 121,621</u>	<u>\$ 142,923</u>
Councillor		
Honorarium	\$ 27,700	\$ 32,000
Labour Burden (4%)	<u>\$ 1,108</u>	<u>\$ 1,280</u>
	\$ 28,808	\$ 33,280
x17 Councillors	<u>\$ 489,736</u>	<u>\$ 565,760</u>
Total Mayor and Councillor	\$ 611,357	\$ 708,683
Total Proposed Annual Financial Impact		\$ 97,326

Prepared by:

Ashley Mann on behalf of the Committee

Reviewed by:

Ashley Mann, MA, CHRL
Manager, Total Rewards

Don Shropshire, MBA
Chief Administrative Officer

Cathy Hoffman, MPA, CHRL
General Manager, Corporate Services/
Chief Human Resource Officer (CHRO)

John Norton
General Manager, Community
Development

Attachment(s):

Appendix A

Appendix B

Cc Don Shropshire, Chief Administrative Officer

Cathy Hoffman, General Manager, Corporate Services/ CHRO

John Norton, General Manager, Community Development

Judy Smith, Director, Municipal Governance/Clerk

Ashley Mann, Manager, Total Rewards

Municipality Of Chatham-Kent

Human Resources & Organizational Development/Customer Service

Human Resources & Organizational Development

To: Mayor and Members of Council
From: Cathy Hoffman, MPA, CHRL Director, HROD/CUST
Date: January 20, 2016
Subject: Formation of Citizens Review Committee for Council Compensation

Recommendation

It is recommended that:

1. A citizen review committee be appointed in February, 2016, to review Council compensation and recommend adjustment(s) to remuneration levels.

Background

In 1998, Mayor and Council received and adopted a "Citizens Report" which set the Council compensation rate (Appendix A).

Again in 2001, at the request of administration and Council, and in order to ensure that compensation rates remain competitive, another citizen review committee was formed using the same cross-section of organizations in the Municipality. Based on recommendations in 2001, a committee was appointed to review Council compensation in April 2003, 2004, 2005 and 2006 (Appendix B).

In 2004, the citizen review committee requested that Council update their remuneration levels to ensure competitiveness with comparable municipalities (Appendix C).

Council compensation has not been increased since 2004 other than cost of living adjustments, which were waived in 2012 and 2013.

In April, 2015, Council approved a Council compensation review. Any increase would be implemented for the new Council term in 2018 (Appendix D).

Comments

Market data was collected from municipal comparators in fall, 2015.

The next step in the process is to establish a citizen review committee to evaluate current Council remuneration levels, consider market competitiveness with municipal comparators and recommend adjustment(s).

The citizens review committee will be made up of community representatives from a cross-section of organizations throughout the municipality. The committee will meet March through June, with recommendation(s) coming back to Council in July, 2016.

Implementation of any approved adjustments would be applied for the new Council term in 2018.

Council Directions

The recommendation(s) in this report support the following Council Directions:

- Jobs:**
Everyone in Chatham-Kent who wants to work is able to work in meaningful employment
- People:**
Chatham-Kent is a welcoming community where people choose to live, learn, work, and play
- Health:**
Chatham-Kent is a healthy, active, safe, accessible community within a healthy natural and built environment
- Financial Sustainability:**
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Has the potential to support **all** Council Directions
- Neutral issues (does not support negatively or positively)

Consultation

The following individuals were consulted in various stages in the process determine market comparators, survey questions and determining next steps:

- Mayor
- CAO
- Chief Legal Officer
- Manager, Municipal Governance/Clerk
- Council Coordinator

Financial Implications

There are nominal direct costs associated with the formation of the citizen review committee that would be sustained through administration budget(s). They include:

- Catering costs

- Room rental
- Printing

Indirect costs include time of existing staff supporting the review committee.

Financial impact to implement any approved adjustment(s) resulting in Council remuneration increases will be outlined in the citizen review report in the July, 2016

Prepared by:

Reviewed by:

Cathy J.E. Hoffman, MPA, CHRL
Director, HROD/CUST

Don Shropshire, MBA
Chief Administrative Officer

Attachment(s):

Appendix A

Appendix B

Appendix C

Appendix D

C Don Shropshire, Chief Administrative Officer

John Norton, Chief Legal Officer

Judy Smith, Manager, Municipal Governance/Clerk

Meredith Cadotte, Council Coordinator

Excerpt from the January 23, 2017 Council Meeting Minutes

Item 13(d) Citizen Review on Council Compensation (*presentation by Derek McGivern*)

Municipality Of Chatham-Kent

CAO Department

To: Mayor and Members of Council
From: Citizen Review Committee on Council Compensation
Date: November 10, 2016
Subject: Citizen Review on Council Compensation

Recommendations

It is recommended that:

1. Council compensation for the period December 1, 2018, to November 30, 2022, be set as follows:
 - i. Compensation for Mayor:
 - a. The honorarium be increased to \$103,000 annually.
 - b. Mayor be enrolled in the Ontario Municipal Employee Retirement System (OMERS). The \$3,000 annual contribution to an RRSP be discontinued.
 - c. Mayor to be eligible for an “end of service” transition honorarium at the rate of \$10,000 for one term served and \$20,000 for two or more terms served if he/she runs for a second or subsequent term and is not re-elected. If re-elected as Mayor, the Mayor not to be eligible for any transition honorarium.
 - ii. Compensation for Councillor:
 - a. The honorarium be increased to \$31,000 annually.
2. No inflationary increases to honorariums be granted for any of the next term of Council being the period December 1, 2018, to November 30, 2022.
3. Council and Committee attendance for members of Council to be tracked and reported by the Clerk without comment on Chatham-Kent’s public website.

4. A Citizen Review Committee be appointed to review Council compensation every third year of a Council term and to set the Council compensation for the subsequent term of Council.
5. All other Council compensation and benefits to remain the same.

Background

In 1998, Mayor and Council received and adopted a “Citizens Report” which set the Council compensation rate (Appendix A).

Again in 2001, at the request of administration and Council, and in order to ensure that compensation rates remained competitive, another Citizen Review Committee was formed using the same cross-section of organizations in the Municipality. Based on recommendations in 2001, a committee was appointed to review Council compensation in April 2003, 2004, 2005 and 2006 (Appendix B).

In 2004, the Citizen Review Committee requested that Council update their compensation levels to ensure competitiveness with comparable municipalities was maintained (Appendix C).

Council compensation has not been increased since 2004 other than inflationary adjustments, which were waived by Council in 2012 and 2013.

In April 2015, Council approved another compensation review. Council directed that changes, if any, be implemented for the new Council term beginning in 2018 (Appendix D). In July 2016, Council approved the formation of a Citizen Review Committee on Council Compensation, with recommendations to be presented to Council. (Appendix E).

Through the Expression of Interest process, the following individuals were selected to serve on the Citizen Review Committee (Committee) on Council Compensation:

- Colette Annetts, President, Annetts and Associates
- Uly Bondy, former Board Member, Chatham-Kent Police Services
- Gail Hundt, President & CEO, Chatham-Kent Chamber of Commerce
- Christopher June, Branch Manager, Royal Bank (attended one meeting)
- Derek McGivern, President, D.C. McGivern Associates Ltd.
- Dick Primeau, Broker of Record, Riversite Realty Inc. II Brokerage

Administrative support was provided by the following internal employees:

- Cathy Hoffman, Chief Human Resource Officer
- Ashley Mann, Compensation Analyst
- John Norton, Chief Legal Officer
- Judy Smith, Director, Municipal Governance/Clerk

The Committee adopted the following principles when forming their recommendations:

Principles:

1. Members of Council receive an honorarium and not “salary” as they are in public service and are not employees.
2. Mayor is to be paid an annual honorarium based on the assumption that the position is full-time.
3. Mayor receives the same benefits as those provided to full-time non-union municipal employees.
4. Councillor is to be paid an annual honorarium based on the assumption that the position is part-time.
5. Councillors have access to health, dental and life benefits at their own expense, but must enroll at the time of taking office.
6. Mayor and Councillors be reimbursed a mileage allowance, based on non-union rate, equivalent to Canada Revenue Agency (CRA) guidelines, and subject to review by the audit committee.
7. Mayor and Councillors be reimbursed for reasonable out-of-pocket expenses when attending municipal functions or conferences on behalf of the Municipality.

Comments

The premise of the Committee was to survey municipalities of comparable size to ensure that the remuneration levels for Mayor and Councillors are competitive. The following remuneration was in scope for review by the Committee: honorarium, variable compensation, Committee structure, benefits, pension/RRSP, “end of service” transition and travel/training budget.

The attached material from seven (7) comparable municipalities was used by the Committee while forming their recommendations (Appendix F). Once the data was reviewed by the Committee, the City of London and City of Windsor were removed from the data set. Both cities have implemented a variable compensation plan for both Mayor and Councillors serving on Boards, Commissions and Committees. The compensation structure is not parallel with Chatham-Kent’s compensation structure.

Municipality	Mayor	Councillor
Surveyed Municipalities including London/Windsor	\$94,061	\$30,300
Surveyed Municipalities excluding London/Windsor	\$93,057	\$30,027

Honorarium Recommendation

The purpose of the honorarium is to attract competent and civically minded individuals to run for Council. j

The Committee recommended that the Mayor honorarium be increased to \$103,000 and Councilor honorarium be increased to \$31,000 annually commencing December 1, 2018.

The Committee deliberated the average honorariums in 2015 and estimated what they would be by 2018/2019. Consideration was given to annual inflationary increases. The Committee chose to build this into the flat rate for the 2018-2022 term.

Set out below is Chatham-Kent's proposed honorarium and the average honorarium amongst comparator municipalities:

Area	Mayor	Councillor
Chatham-Kent	\$103,000	\$31,000
Surveyed Municipalities	\$96,875	\$30,130

The recommended honorarium was based on a Committee vote. Each Committee representative recommended an honorarium for both Mayor and Councilor individually. The honorariums were then averaged to form the recommendation.

During the third year of Council, it is recommended that another Citizen Review Committee be appointed to review Council Compensation for the next term of Council. At that time, the Committee would take into account the inflationary adjustments for the next term of Council.

Benefit Recommendation

Health, Dental and Life benefits for both Mayor and Councillors remained the same.

For the Mayor only, the Committee recommends participation in the Ontario Municipal Employees Retirement System (OMERS). The OMERS benefit will be based on the 2/3 taxable honorarium and mandatory for all Mayors moving forward. If approved, an OMERS participation by-law must be enacted to authorize the participation. The Registered Retirement Savings Plan (RRSP) of \$3,000 shall be terminated once OMERS has been implemented.

For the Mayor only, the Committee recommends an "end of service" honorarium at the rate of \$10,000 for one term served and \$20,000 for two or more terms served if he/she runs for a second or subsequent term and is not re-elected. The purpose of the honorarium is to transition the Mayor back into the workforce.

Committee Recommendation

Committee recommended that administration track Council members' attendance at Council and Committee meetings for public transparency. This information is to be made public on the Chatham-Kent website.

Other Comments

The Committee discussed at length the importance of Council diversity. While elected officials are empowered to represent all of their constituents, regardless of race, age or gender, Chatham-Kent Council continues to be underrepresented and risks narrowing of perspectives and experiences among Council members. While out of scope, the Committee urged administration to explore options to address this matter.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Finance, Budget and Information Technology Services
Human Resources and Organizational Development
Legislative Services
Seven (7) Comparable Municipalities

Financial Implications

The financial implications associated with proposed recommendations in this report are detailed in the chart below:

	2016	2017*	2018*	2019
Mayor				
Mayor - Honorarium	\$84,210	\$90,473	\$96,736	\$103,000
Labour Burden 16.5% (2016) - 17.1% (2017 - 2019)	13,895	15,471	16,542	17,613
RRSP Contributions	3,000	3,000	3,000	0
	<u>\$101,105</u>	<u>\$108,944</u>	<u>\$116,278</u>	<u>\$120,613</u>
Councillors				
Councillor - Honorarium	\$26,900	\$28,266	\$29,632	\$31,000
Labour Burden 4.0% (2016 - 2019)	1,076	1,131	1,185	1,240
	<u>27,976</u>	<u>29,397</u>	<u>30,817</u>	<u>32,240</u>
X 17 Councillors	<u>\$475,592</u>	<u>\$499,743</u>	<u>\$523,894</u>	<u>\$548,080</u>
Total Mayor and Councillor	\$576,697	\$608,687	\$640,172	\$668,693
Total Proposed Annual Financial Impact		\$31,990	\$63,475	\$91,996

*Includes recommended inflationary increases as presented in RTC Annual Inflation on Mayor and Council Honorariums

Prepared by: Citizens Review Committee

Reviewed by:

Collette Annetts

Don Shropshire, MBA
Chief Administrative Officer

Uly Bondy

Cathy Hoffman, MPA, CHRL
Chief Human Resource Officer

Gail Hundt

John Norton
Chief Legal Officer

Derek McGivern

Dick Primeau

Councillor Myers moved, Councillor Thompson seconded:

“That

- 1. Council compensation for the period December 1, 2018, to November 30, 2022, be set as follows:**
 - i. Compensation for Mayor:**
 - a. The honorarium be increased to \$103,000 annually.**
 - b. Mayor be enrolled in the Ontario Municipal Employee Retirement System (OMERS). The \$3,000 annual contribution to an RRSP be discontinued.**
 - c. Mayor to be eligible for an “end of service” transition honorarium at the rate of \$10,000 for one term served and \$20,000 for two or more terms served if he/she runs for a second or subsequent term and is not re-elected. If re-elected as Mayor, the Mayor not to be eligible for any transition honorarium.**
 - ii. Compensation for Councillor:**
 - a. The honorarium be increased to \$31,000 annually.**
- 2. No inflationary increases to honorariums be granted for any of the next term of Council being the period December 1, 2018, to November 30, 2022.**
- 3. Council and Committee attendance for members of Council to be tracked and reported by the Clerk without comment on Chatham-Kent’s public website.**

4. **A Citizen Review Committee be appointed to review Council compensation every third year of a Council term and to set the Council compensation for the subsequent term of Council.”**

Councillor Sulman requested that each item be voted on separately.

The Mayor put recommendation 1(i)(a):

Councillor	Vote	Councillor	Vote
Authier	No	Myers	Yes
Bondy	Absent	Pinsonneault	No
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	No
Herman	No	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	No	Wesley	No
C. McGregor	No	Mayor Hope	Yes

Yes Votes: 8

No Votes: 9

Motion Defeated

The Mayor put recommendation 1(i)(b):

Councillor	Vote	Councillor	Vote
Authier	No	Myers	Yes
Bondy	Absent	Pinsonneault	No
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	No
Herman	Yes	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	Yes	Wesley	No
C. McGregor	Yes	Mayor Hope	Yes

Yes Votes: 11

No Votes: 6

Motion Carried

The Mayor put recommendation 1(i)(c):

Councillor	Vote	Councillor	Vote
Authier	Yes	Myers	Yes
Bondy	Absent	Pinsonneault	No
Canniff	No	Robertson	Yes
Faas	No	Sulman	Yes
Fluker	No	Thompson	No
Herman	Yes	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	No	Wesley	No
C. McGregor	Yes	Mayor Hope	Yes

Yes Votes: 9

No Votes: 8

Motion Carried

The Mayor put recommendation 1(ii)(a):

Councillor	Vote	Councillor	Vote
Authier	No	Myers	Yes
Bondy	Absent	Pinsonneault	No
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	No
Herman	No	VanDamme	Yes
Leclair	No	Vercouteren	No
B. McGregor	No	Wesley	No
C. McGregor	Yes	Mayor Hope	No

Yes Votes: 7

No Votes: 10

Motion Defeated

The Mayor put recommendation 2:

Councillor	Vote	Councillor	Vote
Authier	No	Myers	No
Bondy	Absent	Pinsonneault	No
Canniff	No	Robertson	No
Faas	No	Sulman	No

Councillor	Vote	Councillor	Vote
Fluker	Yes	Thompson	Yes
Herman	No	VanDamme	No
Leclair	No	Vercouteren	No
B. McGregor	No	Wesley	Yes
C. McGregor	No	Mayor Hope	No

Yes Votes: 3

No Votes: 14

Motion Defeated

The Mayor put recommendation 3:

Councillor	Vote	Councillor	Vote
Authier	Yes	Myers	Yes
Bondy	Absent	Pinsonneault	Yes
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	Yes
Herman	Yes	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	Yes	Wesley	Yes
C. McGregor	Yes	Mayor Hope	Yes

Yes Votes: 15

No Votes: 2

Motion Carried

The Mayor put recommendation 4:

Councillor	Vote	Councillor	Vote
Authier	Yes	Myers	Yes
Bondy	Absent	Pinsonneault	Yes
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	Yes
Fluker	No	Thompson	No
Herman	Yes	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	No	Wesley	Yes
C. McGregor	Yes	Mayor Hope	No

Yes Votes: 12
No Votes: 5

Motion Carried

Councillor Robertson noted the importance of keeping wages market competitive and felt that the median wage in the report was a fair wage.

Councillor Robertson moved, Councillor Leclair seconded:

“That the honorarium for the position of Mayor be increased to \$93,605 for the term starting in 2018.”

The Mayor put the Motion

Councillor	Vote	Councillor	Vote
Authier	Yes	Myers	Yes
Bondy	Absent	Pinsonneault	No
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	No
Herman	Yes	VanDamme	Yes
Leclair	Yes	Vercouteren	No
B. McGregor	No	Wesley	No
C. McGregor	Yes	Mayor Hope	No

Yes Votes: 10
No Votes: 7

Motion Carried

Councillor C. McGregor moved, Councillor VanDamme seconded:

“That the honorarium for the position of Councillor be increased to \$28,937 for the term starting in 2018.”

The Mayor put the Motion

Councillor	Vote	Councillor	Vote
Authier	No	Myers	No
Bondy	Absent	Pinsonneault	No
Canniff	No	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	No
Herman	No	VanDamme	Yes

Councillor	Vote	Councillor	Vote
Leclair	No	Vercouteren	No
B. McGregor	No	Wesley	No
C. McGregor	Yes	Mayor Hope	No

Yes Votes: 5

No Votes: 12

Motion Defeated