

Advisory Committee Report

To	City Council
Date	Monday, March 7, 2022
Subject	City Council Remuneration and Support Advisory Committee Report

Recommendation

1. That the salary for the position of Mayor for the Council term commencing November 15, 2022, be set at \$132,780 (job rate) and that all other compensation items remain as is.
 2. That the employment status for the position of City Councillor should be changed to full-time employment.
 3. That the salary for the position of full-time City Councillor for the Council term commencing November 15, 2022, be set at \$75,000 (job rate) annually.
 4. That compensation adjustments for the Mayor and members of Council be equal to the Non-union Municipal Employee group increase effective January 1st of each year for the next term of Council to be maintained.
 5. That the current policy of conducting a formal market review for Council every four years and the continued engagement of a Council Remuneration and Support Advisory Committee during the last year of the Council's term of office be maintained.
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Executive Summary

Purpose of Report

To provide City Council with the report and recommendations of the City Council Remuneration and Support Advisory Committee.

Key Findings

Based on the compensation target of the fifty-fifth percentile of the comparator group, the job rate for the role of Mayor should be set to \$132,780.

Based on Guelph's projected population growth, the City Council Remuneration and Support Advisory Committee recommends that the role of City Councillor should change in status from part-time to full-time. Following this change, the compensation level for a full-time Councillor should be \$75,000 with eligibility to participate in a pension plan and continued eligibility to participate in a health care benefits plan.

With the recommendation of additional hours of work for Councillors, changing from part-time to full-time, the need for any further support staff is uncertain.

Financial Implications

To move from part-time to full-time Councillors (inclusive of pension eligibility), there would be an approximate on-going financial cost increase of \$559,000 per year, which represents a 0.20 per cent levy impact in 2023 to the Council remuneration budget. Should Council decide not to change to full-time status the financial impact of adjusting Councillor rates to the 55th percentile is \$196,000 or 0.07 per cent levy impact in 2023.

Report from the City Council Remuneration and Support Advisory Committee

On September 27, 2021, Council appointed residents of the City of Guelph to the City Council Remuneration and Support Advisory Committee (the Committee). The individuals were selected based on their professional experience as it relates to the subject of Compensation. The task of the Committee, as determined by Council, was to provide Council with a recommendation pertaining to:

1. The employment status (i.e. part-time, full-time) of Councillors;
2. Mayor and Council compensation; and
3. Staff Support for Councillors

To assist and guide the Committee in its review and deliberations, the terms of reference for the Committee outlined the following goals and objectives.

1. Respect the approved recommendations of the City Council Composition and Ward Boundary Review
2. Reflect on the Guiding Principles for Council Remuneration
3. Reflect on fiscal and corporate objectives as outlined in the compensation report for Non-union Municipal Employee group (NUME) City staff
4. Review the matter of compensation as it relates to public office
5. Enable compensation and staff support adjustments informed by market data and comparable municipalities in terms of scope, size and nature of work
6. Review data and proposals submitted by staff from the City's Human Resources department
7. Review the matter of staff support as it relates to workload and workflow
8. Oversee preparation and presentation of a final report and recommendations to Council for approval

To support the Committee in its efforts, the City's Human Resources Staff arranged for Watson and Associates, expert consultants in Municipal Government, to prepare and present necessary background data. This data relates to Council Composition in Ontario, the role of Councillors, other trends, data, and considerations relating to considering the part-time versus the full-time status of Councillors. In addition, staff arranged for ML Consulting, an expert in Municipal and Council compensation, to conduct a compensation market analysis, using the Council determined comparators, and prepare and present the outcomes of this analysis to the Committee. This information provided the Committee with the requisite information

to make a recommendation to Council regarding its compensation level. It should be noted, that in conducting the market review, the Region of Waterloo was unable to provide data of its Council's compensation. The Committee is of the opinion that the omission of this data set would not materially impact the results as the other fourteen approved comparators submitted their information.

To supplement this information, City staff also provided the Committee with the following reports:

1. The recent Service Rationalization Review Report as presented to Council by KPMG;
2. The report submitted to Council in 2018 from the prior City Council Remuneration and Support Advisory Committee;
3. The recent City Council Composition and Ward Boundary Review as presented to Council; and
4. The City of Guelph's Strategic Action Plan.

To start the analysis, the Committee first sought to answer the question; what would the market indicate as the requisite compensation level for Councillors and the Mayor in its current form (full-time Mayor and part-time Councillors) at the 55th percentile (Council's current compensation policy)? As indicated in the report presented to the Committee by ML Consulting as included as Attachment 1 - 2021 Compensation Review for Elected Officials Presentation by ML Consulting, using the approved market comparator set at the 55th percentile indicated a compensation level of \$132,780 for the role of Mayor and \$51,327 for the role of Councillor. The following chart provides a comparison of this result to the Council's current compensation levels and the requisite increase/decrease to reach the 55th percentile target.

City of Guelph 2021 Market Analysis								
Job Title	2021 Actual Pay Rate - Annual	2021 Market Summary – Annual Job Rate (_%) = above market +_% = below market						
		No. of Obs.	Market Average Annual	% Diff	Market Median Annual	% Diff	Market P55 Annual	% Diff
Mayor	\$152,500	14	\$136,631	(10.4%)	\$132,506	(13.1%)	\$132,780	(12.9%)
Councillors	\$41,412	14	\$52,702	+27.3%	\$46,575	+12.5%	\$51,327	+23.9%

Based on this, the Committee determined that without any further changes or considerations, they recommend that job rate for the role of Mayor be set in line with Council's current target of the 55th percentile of \$132,780 and that the salary for the role of part-time Councillor be set at \$51,327 for the next term of council. The annualized cost to increase Councillor job rate to the 55th percentile is \$196,000 from its current level.

Determining a suitable recommendation on the compensation levels of Council, under its current structure, was one of the tasks of the Committee. However, it was not its only task. The Committee next turned its attention to the analysis of the status of Council members and whether they should remain part-time or switch to a full-time role. It is recognized that the switch from a part-time Councillor to a full-time Councillor would have a financial impact.

Should Councillors switch to a full-time position, the Committee determined that it would then need to examine the following questions:

1. What is the appropriate compensation level for a full-time Councillor role?
2. What, if any, other perquisites would a change in status attract to the compensation package or program?
3. What, if any, staffing support requirements be?

The role of a Councillor can be summarized by being twofold: policy-making and municipal administration. However, Councillors also act as representatives for the Wards they are elected to serve. The most appropriate place to start the examination of a Councillor's status is to determine the amount of time they spend on these activities. The survey data from the report submitted in Attachment 3 – The Role of a Municipal Councillor: Background Report – Prepared by Watson & Associates, gathered through self-reporting by the current Councillors, shows that, on average, a Councillor is spending roughly 78.36 hours on council business a month. Including community workload, the average hours can increase to 85.68 hours a month during busy periods. For a 35 hour work week, with an average of 4 weeks in a month, this equates to approximately 20 hours a week and is on par with part-time working expectations. It should be noted that there is no consistency related to the hours required, as, throughout the year, the demands on a Councillors' time can far exceed the average, depending on the City's priorities at that time. While this data set is significant and informative, the Committee felt that it was not necessarily definitive in providing direction.

As reported by the Province of Ontario, there are 444 Municipalities within Ontario, 173 Single Tier Municipalities, 241 Lower Tier Municipalities and 30 Upper Tier Municipalities. A Single Tier Municipality is required to provide all the legislated services to its population, whereas Upper and Lower Tier Municipalities split some of the legislative responsibilities. In 2018, the AMCTO report included Attachment 2 – AMCTO Report Municipal Council Compensation in Ontario – March 2018, stated that most municipalities have part-time Councillors. Furthermore, as indicated in

Attachment 3, there are currently three Single Tier Municipalities that provide full-time compensation to their Councillors; Toronto, Hamilton and Ottawa. In addition to this, there are Lower Tier Municipalities that have members of their Council serve as members on the Upper Tier Council. By coupling these two part-time roles, it creates a quasi-full-time status in relation to their annual compensation.

The table below summarizes the select municipalities used in the Watson and Associates Report:

Municipality	Tier	Census Population	Number of Local Councillors	Number of Local Councillors Serving on Upper Tier
Toronto	Single	2,731,571	25	N/A
Ottawa	Single	934,243	23	N/A
Hamilton	Single	536,917	15	N/A
Caledon	Lower	66,502	8	4
Mississauga	Lower	721,599	11	11
Vaughan	Lower	306,233	8	3
Oshawa	Lower	159,458	10	5
Pickering	Lower	91,771	6	3
Burlington	Lower	183,314	6	6

This coupling of part-time roles does lead to anomalies when comparing compensation levels. For example, when looking at the compensation levels of Councillors in Burlington or Mississauga, they are often reported in their totality; Lower Tier plus Upper Tier, yet they are only part-time at both. Again, while this data set is significant and informative, the Committee felt that it was not necessarily definitive in providing direction.

It appeared to the Committee that, in general, the size of the population is an indicator of the salary levels of Council Members. As indicated in Attachment 2 – AMCTO Report Municipal Council Compensation in Ontario – March 2018 municipalities with a population range of 100,000-249,999, 75 per cent of their Councillors were paid between \$20,000-40,000 in 2018, and 25 per cent were paid between \$60,000-80,000. Over the past 25 years, Guelph has had an annual

growth rate of 1.6 per cent, an increase of 44,900 people. This growth is higher than the provincial average of 1.1 per cent over the same period. While Guelph fits well with the majority as indicated in Attachment 2, the Committee was interested in Guelph's growth projections. Guelph's 2021 population census is estimated to be 147,100 and expected to be 175,000 by 2031. In the Shaping Guelph: Growth Management Strategy and Land Needs Assessment report presented to Council on January 17, 2022, the population forecast for 2051 is 208,000. This represents approximately a 20 per cent increase in population within the next 10 years and approximately 41 per cent in the next 30 years. This growth trend indicated to the Committee the likelihood that the demand on Councillors' time will significantly increase during this period of City building as it contends with the increased governance requirements and Citizenry impacts of such growth.

Finally, the Committee considered two other comments raised in Attachment 3, the quality of candidates running for office and the diversification of those candidates. It is generally agreed that when a higher compensation level for any work is offered, more candidates will apply. As such, there should be a resulting increase of candidates from minority groups. However, it is not guaranteed that the quality of the candidates applying will increase as it is unclear what the determinates of a good Councillor are as stated in Attachment 3." The Committee agreed with the conclusion reached in the report included as Attachment 3, that the goal should be to ensure that every eligible member of the community has the ability to run for office and allow the voting public to decide. The Committee believes that aligning Councillor status to part-time and compensating at a level consistent with such status precludes a portion of eligible members of the community from applying. One example discussed was that of a single parent earning \$70,000 a year at a full-time place of employment. It is highly unlikely that they would be able to consider running for municipal office simply based on the economics of the situation regardless of how hard they worked, how community-minded or politically astute they were. In this example, this individual would most likely need to augment a part-time Councillor salary with other consistent/regular part-time work thereby reducing the time they have for themselves and their family making such a prospect undesirable.

Based on the review above and the survey findings, summarized in the table below, contained in Attachment 3, which indicated that 48.8 per cent of the 670 survey responses viewed the role of a Councillor as full-time in Guelph, the Committee is recommending the change of the Councillor status to full-time.

Survey Question: From a citizen's perspective, how do you recommend that the role of city councillor be viewed in Guelph?

Response	Number	Per cent
Part Time	265	39.6
Full Time	327	48.8

Doesn't Matter	17	2.5
Not Sure	61	9.1
Total	670	100.0

Source: City of Guelph Council Composition and Ward Boundary Review Phase 1 Report, October 14, 2020.

Following this determination, the Committee noted the marketplace compensation information would have to be re-examined to ensure the compensation level was equivalent to this status.

In analyzing the compensation impacts of changing the status from part-time to full-time, the Committee determined three elements that need to be examined; benefits, pension and salary. With respect to benefits, Councillors are currently in receipt of the benefits provided to NUME staff, and the Committee feels there is no impact to this by the changing of the status. With respect to pension, the Committee noted that the Mayor, currently the only full-time member of Council, is provided with an Registered Retirement Savings Plan (RRSP) matching the Mayor's contribution amount, which is not to exceed three per cent based on the taxable portion only. The Committee believes that pension eligibility is a significant aspect of full-time employment and recommends that if the OMERS plan allows for it, all members of Council, including the Mayor, be eligible for participation. In the alternative, as the Committee is not an expert in the rules of eligibility for the OMERS plan and acknowledges there may be limitations it is not aware of, the Committee recommends that all members of Council be eligible to participate in a pension program equivalent to that currently received by the Mayor.

For the annual compensation, the Committee believes that the result of the market comparison conducted is not adequate for a full-time role. In reviewing the data on other municipalities with full-time Councillors, the Committee noted that they are not contained within the comparator list and not comparable based on population size. To resolve this, the Committee considered marking the annual compensation to external indices, such as a multiplier of the areas calculated living wage or a representative proportion of the salary provided to Members of the Ontario Provincial Parliament. The Committee could not coalesce around an appropriate index to mark the annual compensation level to as they were concerned the other indices are influenced by factors that are different and not necessarily applicable to the work of a Municipal Councillor. The Committee was also concerned that marking compensation levels to external indices would be applying external influences on the City's Council Compensation, and as such, was not comfortable using this methodology.

As noted above, the Committee is of the opinion that the size of the municipality is a determining factor when looking at the compensation levels provided to its Councillors. As an extension of that, the annual salary paid to Councillors, as a cost per taxpayer, can be used as a metric when considering compensation level. The

chart below outlines the annual compensation cost per taxpayer from the approved comparator group. The median cost is \$2.85, with the lowest cost at \$1.40, and the highest cost at \$5.49. By taking the highest two, instead of targeting the 55th percentile, and averaging them to control for an outlier and applying the result of \$5.00 to the City's 2031 target population of 171,000 the resulting Councillor salary would be \$72,916. The Committee therefore recommends full-time Councillor status be adopted and that the annual compensation for the Councillor role be \$75,000 (the 75 percentile of the approved comparator group). The Committee further recommends the 75th percentile of the comparator group be used for future analysis. The Committee feels that not only is this recommendation in keeping with compensation principles and the guidelines of its terms of reference but that it is consistent with Guelph's strategic plan – Guelph. Future ready.

Municipality	Councillors	Status	#	Cost of Councillors	Population	Cost per taxpayer
City of Burlington	\$ 58,542	Part Time	6	\$ 351,252	183,314	\$ 1.92
City of Kitchener	\$ 54,437	Part Time	10	\$ 544,370	233,222	\$ 2.33
City of Oakville	\$ 53,964	Part Time	7	\$ 377,748	193,832	\$ 1.95
City of Hamilton	\$102,107	Full Time	15	\$ 1,531,605	536,917	\$ 2.85
City of Mississauga	\$ 91,700	Full Time	11	\$ 1,008,700	721,599	\$ 1.40
City of Greater Sudbury	\$ 44,569	Part Time	12	\$ 534,827	161,531	\$ 3.31
City of Cambridge	\$ 43,084	Part Time	8	\$ 344,672	129,920	\$ 2.65
Wellington County	\$ 42,326	Part Time	16	\$ 677,216	222,726	\$ 3.04
City of Barrie	\$ 40,524	Part Time	10	\$ 405,245	141,434	\$ 2.87
City of Waterloo	\$ 39,873	Part Time	7	\$ 279,111	104,986	\$ 2.66
City of Brantford	\$ 34,854	Part Time	10	\$ 348,540	97,496	\$ 3.57
City of Chatham-Kent	\$ 32,846	Part Time	17	\$ 558,382	101,647	\$ 5.49
Regional Municipality of Halton	\$ 52,515	Part Time	23	\$ 1,207,845	548,435	\$ 2.20
City of Kingston	\$ 46,575	Part Time	12	\$ 558,900	123,798	\$ 4.51
City of Guelph	\$ 41,412	Part Time	12	\$ 496,947	131,794	\$ 3.77
Median				\$ 534,827	161,531	\$ 2.85

Concerning additional staffing, the Committee believes that Council should first acquaint themselves with the new status as there is now an additional 20 hours per week before making any determinations as to the need for any additional staff. However, should Council not support the recommendation of the Committee to make the change to full-time, the Committee is of the opinion that an additional support role would be of benefit; given the forecasted growth-related pressures facing the City and the resulting impact on Councillors time.

In general, two models can be used when considering support staff for Council. The first would be to provide each councillor with a budget and allow them to spend as appropriate for their own support and the second model would be for the City to hire a central resource for all Councillors to use. The Committee would recommend the City hire one central resource for all Councillors to use, as this is the current model used for staff that support the Mayoral role. As this would be a new position, the Committee would recommend that Council start with one additional full-time resource and evaluate in two years to see if the level of support is sufficient. The cost associated with the addition of one full-time equivalent to support Councillors would be \$92,000 inclusive of benefits and all other associated costs.

Financial Implications

To move from part-time to full-time Councillors (inclusive of pension eligibility), there would be an approximate on-going financial cost increase of \$559,000 per year, which represents a 0.20 per cent levy impact in 2023 to the Council remuneration budget. Should Council decide not to change to full-time status the financial impact of adjusting Councillor rates to the 55th percentile is \$196,000 or 0.07 per cent levy impact in 2023.

Attachments

Attachment-1 – 2021 Compensation Review for Elected Officials Presentation by ML Consulting

Attachment-2 – AMCTO Report Municipal Council Compensation in Ontario – March 2018

Attachment-3 – The Role of a Municipal Councillor: Background Report – Prepared by Watson & Associates

Attachment-4 - Council Remuneration and Support Advisory Committee Presentation to Council

Report Author

Council Remuneration and Support Advisory Committee