



# **FINAL REPORT OF THE 2013 COUNCIL COMPENSATION REVIEW TASK FORCE**

**October 16, 2013**

# 1. TASK FORCE MANDATE

The mandate of the 2013 Council Compensation Review Task Force (Task Force) is reproduced in full in Appendix A. The highlights of its mandate are summarized below.

## Membership

### *Voting Members*

Brian Orr (Chair)	• Citizen-at-Large
Jennifer Tozer (Vice Chair)	• Human Resources Professionals of London & District Representative
Jeff Macoun	• London Chamber of Commerce Representative
Sandy Levin	• Urban League of London Representative
Mike Parkinson	• London and District Labour Council Representative
Vanessa Junior	• Citizen-at-Large
Susan Toth	• Citizen-at-Large
Michael Lodder	• Alternate – Human Resources Professionals of London & District Representative
Paul Way	• Alternate – London Chamber of Commerce Representative
Gordon Saylor	• Alternate – Urban League of London Representative

### *Staff Support*

Cathy Saunders	• City Clerk
Linda Rowe	• Deputy City Clerk & Task Force Secretary
Rob Paynter	• Director, Communications
Tim Dobbie	• Consultant to Task Force
Marianne Love	• Consultant to Task Force

## Term of Office

The Task Force began its work subsequent to the filling of the final citizen-at-large position which took place at the Council meeting of June 25, 2013. The Task Force set itself the objective of completing its assigned mandate within the available time period.

The Task Force will be disbanded upon receipt of its Final Report to the Strategic Priorities and Policy Committee meeting on October 21, 2013. This is in time for the Municipal Council to make its final decision on the Task Force recommendations by November 30, 2013 as per Council direction (see Appendix F, clause j).

## Duties

The duties of the Task Force, as established by Council, were to review and make recommendations to the Municipal Council, through the Strategic Priorities and Policy Committee, with respect to:

1. collecting and analyzing research materials from other legislative jurisdictions and positions of comparable responsibility within the public and private sectors;
2. seeking public input and input from Council Members;
3. reviewing making recommendations with respect to:
  - (a) Mayor and Council Member annual stipend;
  - (b) honoraria and agency, board and commission compensation;
  - (c) benefits available to Council Members;
  - (d) continuation of the 1/3 tax free allowance;
  - (e) process for future regular reviews of Council compensation.

### *Self-Established Duties*

In addition to the duties Council established in the Task Force's mandate, the Task Force set itself two additional duties that are described below.

- To enhance public input over the experience of the 2010 Compensation Review Task Force that had two members of the public attend a public meeting, and 144 responses to the on-line survey. This goal resulted in the Task Force putting additional effort into engaging the public by seeking the assistance of local media,

with the support of the City of London's Communications Division, by making the Chair available for interviews and providing the opportunity for citizens to fill out the survey in paper form at London Public Library branches, city hall, and on-line. As a result of these efforts 1435 surveys were received. The results of the Survey are presented in Appendix K.

- To incorporate and build on the work of the 2010 Compensation Review Task Force (summary found in Appendix E) particularly as it related to studying alternate ways to evaluate Council Member roles and define comparators for setting compensation practices for the City of London Council.

During its work, the Task Force was asked by the Deputy City Clerk to make recommendations with respect to a stipend for the Acting Mayor position.

## **Guiding Principles**

The Council directed the Task Force to be guided by the following principles in its deliberations.

- No Council Member should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London.
- The system of remuneration must be transparent, open and easily understandable.
- Remuneration needs to be sensitive to local market conditions and to compensation levels in comparable municipalities.
- Fair compensation should be offered in order to attract qualified and committed individuals.

## **2. ACTIVITIES**

The Task Force held ten meetings between the end of June and mid October. The Task Force report was delivered to the Strategic Priorities and Policy Committee for its meeting on October 21st.

### **Compensation Research Activities**

The Task Force collected and analyzed research materials from other legislative jurisdictions and positions of comparable responsibility within the public and private sectors. This was done using the services of the two identified consultants to seek out comparator information from other legislative jurisdictions and positions of comparable responsibility within the public and private sectors. In addition, members of the Task Force accessed Statistics Canada census data available for London. Information obtained from the survey of Council Compensation practices of comparator Ontario municipalities is provided in Appendix C. A summary of the Statistics Canada data gathered is provided in Appendix D.

### **Reviewing the Work of the 2010 Task Force**

The Task Force reviewed the work of the 2010 Council Compensation Review Task Force and received input on the work of this Task Force to assess the feasibility of establishing role descriptions and comparators following processes that are commonly used by human resources management professionals, including those serving on this Task Force. A summary of the 2010 Task Force's findings, related to the challenges of developing appropriate compensation comparators, is found in Appendix E.

### **Seeking Input From Council Members**

The Task Force had the assigned consultant Tim Dobbie interview interested Council Members to seek their perspective on matters within the scope of the Task Force. As specifically requested by the Task Force, the identity of the Council Members who participated and the author of individual comments were not disclosed to the Task Force. As a result, the Task Force feels it received thoughtful and honest feedback. The consultant's summary report of the interviews is presented in Appendix G. A large majority of Council Members participated in the interviews.

### **Seeking Input From the Public**

As noted above, the Task Force set itself the duty of increasing public participation in providing input on the matters within the Task Force's mandate.

The City's Communications Division developed a Task Force Communication Plan with the focus on increasing the profile of the work of the Task Force across local media. This

involved engaging newspaper, radio and television coverage. It also involved providing access to the Task Force Chair for media interviews.

The second method was to build on the on-line Compensation Survey used by the 2010 Task Force, including repeating a number of questions that were still relevant, as well as modifying and adding questions to address the issues being assessed by the 2013 Task Force. The Compensation Survey was available for public input from September 4th to 15th.

Access to the Compensation Survey was broadened by making the survey available at 16 public library branches across London as well as City Hall. This was in addition to providing an on-line survey accessible through the City of London website. The results of the printed surveys were keyed into the on-line survey program by City administrative staff so that there would be one consolidated set of results.

A Public Participation Meeting was held in the Council Chamber on September 12, 2013 from 5:00 pm to 7:00 pm. There were six (6) members of the public present with five (5) people speaking. A summary of the input received is provided in Appendix H.

## **Reviewing and Making Recommendations**

Following the completion of the Compensation Survey, the Task Force began work on consolidating the input from all of the identified sources, assessing the available information, and developing the recommendations presented in this report.

The order of the recommendations was adjusted to reflect the link between the recommendation regarding the elimination of the 1/3rd tax free allowance and the Council Members' annual stipends. The order of the recommendations, as presented in this report, is as follows:

- elimination of the 1/3rd tax free allowance;
- Mayor and Council Member annual stipend;
- honoraria and agency, board and commission compensation and stipend for Acting Mayor;
- benefits available to Council Members; and
- process for future regular reviews of Council compensation.

## **Other Considerations**

### ***Review of the Role and Expectations of Council Members***

In addition to the areas of consideration identified in the Task Force's mandate, the Task Force spent some time considering the issue of the role and expectations of Council Members. This was triggered by some of the survey results which suggested that London citizens do not have a clear and consistent understanding of the roles and expectations of Council Members. Information the Task Force obtained on the role and expectations of Council Members is provided in Appendix B. In summary:

Section 224 and 225 of the *Municipal Act, 2001* are good starting points, as these outline the role of the municipal council and the head of council:

"224. It is the role of council,

- a. to represent the public and to consider the well-being and interests of the municipality
- b. to develop and evaluate the policies and programs of the municipality
- c. to determine which services the municipality provides
- d. to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council
- (d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality
- e. to maintain the financial integrity of the municipality and
- f. to carry out the duties of council under this or any other act."

"225. It is the role of the head of council,

- a. to act as the municipality's chief executive officer
- b. to preside over council meetings so that its business can be carried out efficiently and effectively

- c. to provide the council with leadership
- (c.1) without limiting clause (c), to provide information and recommendations to the council with respect to the role of council described in clauses 224 (d) and (d.1)
- d. to represent the municipality at official functions and
- e. carry out the duties of a head of council under this or any other act.”

As chief executive officer of the municipality, the head of council has special responsibilities, which are set out in section 226.1 of the *Municipal Act, 2001*:

“226.1 As chief executive officer of a municipality, the head of council shall,

- a. uphold and promote the purposes of the municipality
- b. promote public involvement in the municipality’s activities
- c. act as the representative of the municipality both within and outside the municipality, and promote the municipality locally, nationally and internationally and
- d. participate in and foster activities that enhance the economic, social and environmental well-being of the municipality and its residents.”

### ***Lessons Learned by the 2013 Task Force***

As part of its commitment to improving the process, the Task Force gave some consideration to lessons learned from the 2013 process and suggestions to Council on how matters related to council compensation and the work of the next Council Compensation Review Task Force could be improved. These are included as part of the recommendations.

### **Council Compensation Research (see Appendices)**

- A. Task Force Terms of Reference
- B. Roles and Expectations of Council Members
- C. Summary of Survey of Council Compensation Practices of Comparator Ontario Municipalities
- D. Statistics Canada Data
- E. Summary of 2010 Task Force Findings
- F. Council Actions with Respect to the Final Report of the Council Compensation Task Force (January 24, 2011)
- G. Results of Survey of Council Members
- H. Summary of Public Participation Meeting Input
- I. Council Compensation Survey
- J. Summary of Open Ended Question #9 from Compensation Survey
- K. Council Compensation Survey, full tabulation

## **3. RECOMMENDATIONS**

### ***1. Mayor and Council Member Annual Stipends and 1/3 tax free Allowance***

Recommendation: a) That the 1/3rd tax-free allowance for the Mayor and the Council Members BE ELIMINATED for the Council term beginning December 1, 2014.

- b) That the Mayor’s annual stipend BE INCREASED to a level to reflect the elimination of the 1/3rd tax free allowance with maintaining the equivalent after tax annual income. (\$128,316 based on the current 2013 stipend and income tax rates). The adjustment in the annual stipend to BE DETERMINED based on the Mayor’s annual stipend in effect prior to December 1, 2014 and the applicable federal and provincial income tax rules in effect December 1, 2014.
- c) That the Councillors’ annual stipend BE INCREASED to a level to reflect the elimination of the 1/3rd tax free allowance with maintaining the equivalent after tax annual income (\$36,262 based on the current stipend and income tax rates). The adjustment in the annual stipend to BE DETERMINED based on the Councillors’ annual stipend in effect prior to December 1, 2014 and the applicable federal and provincial income tax rules in effect December 1, 2014.
- d) Councillors’ annual stipend in effect on November 30, 2014 BE INCREASED on December 1, 2014 by \$1,249 to reflect the recommended elimination of the standing committee chair stipend. This increase to BE APPLIED after the adjustment presented in recommendation 1 c).

## Current Practice

The Task Force continues the use of term stipend used by the previous Task Force. There are a number of reasons. Council Members are not paid by the hour despite what their pay stub shows (this is a quirk of the payroll system). They are not salaried in the traditional sense, either. Traditional salaried positions by statute come with benefits like statutory paid time off, vacation time or pay in lieu of vacation which Council Members do not receive. Traditionally positions in large organizations are evaluated using a system that assigns points to positions for experience, education, skills, etc. The position is then placed on a pay scale or grid. No such mechanism exists for elected positions. Also unique is that Council Members do not see a deduction for EI premiums because, unlike employees, they are not eligible for EI benefits after losing an election. Therefore, elected officials are paid a stipend, not what traditional compensation practices would call a salary.

The current practice is to deduct income tax from 2/3rds of the Mayor's and Councillors' annual stipends, hence 1/3rd of their stipends is received tax free. The practice to treat 1/3rd of the stipend as a tax free allowance for Elected Officials is permitted under the *Municipal Act, S.O., 2001*. London City Council has the right to end this practice, however once eliminated, it cannot be reinstated. Roughly half of the other municipalities reviewed by the Task Force have eliminated the 1/3rd provision.

In 2013, the annual stipend paid to the Mayor is \$104,258. As noted above, 1/3rd is currently treated as a tax-free allowance for Elected Officials as provided for under Provincial legislation. Hence, income tax is deducted only on \$69,505.33 (2/3rds portion) of the annual stipend. There are no restrictions on how the Mayor uses the annual stipend. Assuming the current basic Federal and Ontario income tax provisions, the fully taxed annual stipend equivalent would be \$128,316 to give the Mayor the same after tax income from the stipend.

In 2013, the annual stipend paid to each Councillor was \$33,465. As noted above, this amount, 1/3rd is currently treated as a tax-free allowance for Elected Officials as provided for under Provincial legislation. Hence, income tax is deducted on \$22,310 (2/3rds portion) of the annual stipend. There are no restrictions on how a Councillor uses the annual stipend. Assuming the current basic Federal and Ontario income tax provisions, the fully taxed annual stipend equivalent would be \$36,262 to give a Councillor the same after tax income from the stipend.

In 2013, Councillors who chaired a standing committee received an additional annual stipend of \$1,249. Hence Committee Chairs received a total annual stipend of \$34,715. Of this amount, 1/3rd is currently treated as a tax-free allowance for Elected Officials as provided for under Provincial legislation. There are no restrictions on how a Committee Chair uses the annual stipend.

Ending the 1/3rd tax-free allowance has the following implications for taxpayers and Council Members based on the 2013 annual stipends paid to Council Members.

- a) Dropping the 1/3rd tax free allowance, without adjusting the amount of the annual stipends would result in a real reduction in the effective after tax annual income received from the City for Councillors of ~8.4%; and for the Mayor of ~23.1%.
- b) Adjusting the annual Council Member stipends to give the same effective annual income would increase the cost to taxpayers, for the increase in stipends of \$63,632/year (before benefits and pension contributions) based on 2013's stipends. (Mayor's increase of \$24,058/yr. + 4 Committee Chairs' increase of \$11,604/year + 10 Councillors' increase of \$27,970/year.).

It has been estimated that the impact on benefit costs including pension contributions would be approximately \$14,800 for a total estimated annual cost of ~\$78,432.

## Rationale

The recommendation to end the application of the 1/3rd tax free allowance effective December 1, 2014, was the only recommendation that did not have unanimous support at the Task Force.

The main factor in support of maintaining the 1/3rd Tax Free Allowance practice is the cost saving to City's budget, estimated to be ~\$78,432 per year (including increased contributions by the City to the Council Members pension entitlement). This is a significant factor given the ongoing financial constraints on the City's budget.

Factors in support of eliminating the application of the 1/3rd Tax Allowance include:

- The moderate support for eliminating the 1/3rd Tax Allowance received through the on-line survey results (56.3% of the responses in favour of dropping the application of the 1/3rd Tax Allowance).
- Concerns raised by a number of comments on the on-line survey that indicate that the 1/3rd Tax Allowance is not well understood and is viewed as a perk that is not available to citizens who are not members of municipal Council.
- Some members of the Task Force are concerned that the 1/3rd Tax Free Allowance is a barrier to transparency in Council Compensation as it makes it difficult for many citizens to judge the true compensation received by Council Members. Transparency being one of the Guiding Principles in the Task Force's mandate (The system of remuneration must be transparent, open and easily understandable).
- Concern by at least one member of the Task Force that the 1/3rd Tax Free Allowance is not defensible from a fair and ethical perspective given that there is no existing argument that Council Members need to receive special treatment under current federal and provincial income tax provisions.

### **STIPEND**

Consideration of whether to recommend a change in the current Council Member annual stipends reflects consideration of the following guiding principles, from the Task Force's Mandate, and the results of the Research summarized in this report.

The assessment of the potential need to adjust the Council Member annual stipend amounts was influenced by the following Guiding Principles given to the Task Force.

- 1) No Council Member should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London.
- 2) Remuneration needs to be sensitive to local market conditions and to compensation levels in comparable municipalities.
- 3) Fair compensation should be offered in order to attract qualified and committed individuals

### **Motivation to be a Council Member**

It is difficult to correlate and determine whether or not a Councillor candidate is in it for the financial gain or not. The Task Force would like to assume anyone who decides to run is motivated to serve the public and it is likely this is more often the case than not. Many studies over the last few years show that money is not a main motivator in the workplace and likely true of many members of municipal councils, Provincial Legislators and the House of Commons in Ottawa. That is why it is hard to reconcile the large increases some of the councillors have suggested the position should be paid which perceptually appear to conflict with the public survey results.

Why does the public feel this way? This is hard to say, but a solution maybe to communicate with the public more on the roles of Mayor and Councillors to further develop an understanding of the demands of these positions.

### **Sensitive to Local Market Conditions**

The Task Force reviewed income data for London, which was available from Statistics Canada (see Appendix D) which indicates a median total income of persons with income to be \$31,820. Further information provided in the National Household Survey indicated a mid-point of \$27,815. For those individuals who worked full time, (approximately 50.9%), the median employment income in the London CMA was \$47,963. (\$50,116 for Ontario).

The available data suggest that the current Councillor stipend is above the median income of individuals living in London, and is taken to support two observations:

- That the Councillor annual stipend is not out of alignment with median London incomes, which indicates that the income Councillors receive from the City is greater than the annual income of over 50% of the London population between 15 and 64 years of age (which is the range used by Statistics Canada to identify individuals who are part of the job market).

- That it is reasonable to position Council annual stipends in a band that is approximately 40% to 50% percentile range of incomes provided to Councillors and Mayors in the comparator municipalities.

## Ontario Municipal Comparators

Data gathered for the Task Force (Appendix C) included single tier, lower tier and regional municipalities. The list used was the list of comparator municipalities the City of London uses to set compensation rates for employees. The data were adjusted for the 1/3rd tax free allowance to permit an “apples to apples” comparison. The overall average stipend for councillors in single tier municipalities (of which London is one), is \$50,848 with a median (half above and half below) of \$39,676. It is noted that the single tier communities that did respond to our survey were Chatham-Kent, Greater Sudbury, Guelph, Hamilton, Kingston, Ottawa, Toronto, Thunder Bay and Windsor. For these cities, London ranks at the 50th percentile.

For the Mayor, London is at the 51st percentile of the same single tier municipalities. Stated another way, Council Members compensation is near the top end for the single tier municipalities with London’s population or less, and at the bottom for the three single tier municipalities larger than London, all with populations over 500,000 (Ottawa, Toronto, and Hamilton). When asked, 93% of survey respondents said “No” to the question “Should London Councillor’s and the Mayor’s compensation be compared with single tier municipalities with a population greater than 500,000. Cities in this category would include Hamilton, Ottawa and Toronto.” With the exception of Ottawa, all of the comparator municipalities with significantly higher compensation are in the GTA. It is understandable that where shelter/housing costs are significantly higher than in London, Council compensation is higher.

Benchmarking compensation is the common practice for determining employee pay in the workplace. The reason to benchmark is to be competitive in your industry and to allow for recruitment and retention of employees. The Task Force grappled with the benchmarking method because of the potential of compensation inflation, yet it recognized that this is standard practice for other cities in determining council compensation.

While benchmarking is a standard practice, comparisons between municipalities can be confusing. In addition to the confusion caused by the use of the 1/3rd tax free allowance in about half the comparator municipalities, there are other differences. For example, Guelph (single tier like London) and Waterloo (lower tier) have a similar population, yet Guelph levies three times the property taxes than the city of Waterloo. This is because the Region of Waterloo upper tier government deals with the large budget items such as Police, Ontario Works, and public transit that single tier governments must contend with. And in most regional governments, the Mayor of the lower tier receives additional compensation for serving on the upper tier which makes comparing the salaries of Mayors more complex.

Even single tier municipalities may not be similar in their compensation practices. For example, in Windsor, according to the Windsor Star of March 28, 2013, the Mayor’s direct pay in 2012 was \$86,895.19 (1/3rd tax-free). In addition the Mayor is paid for sitting on the boards of local utilities: as chair of both Windsor Canada Utilities (\$17,550 pay in 2012) and its subsidiary Enwin Energy Ltd. (\$15,750 in 2012), as well as a director of subsidiary Enwin Utilities Ltd. (\$18,450 in 2012). The Mayor was also paid \$8,156.04 for sitting on the Windsor Utilities Commission in 2012. On top of those positions, in 2012, the Mayor earned \$9,149.92 as chair of the Windsor-Detroit Tunnel Corporation, \$7,649.97 as chair of the YQG board that oversees Windsor Airport, and \$7,499.96 as chair of the Windsor Police Services Board.

As an observation, the Task Force views comparator data as useful as a general guide to ensure that the City of London practices are not materially out of alignment with other Ontario municipalities, but is too imprecise to use as the primary basis for adjusting annual stipends. Too often it leads to a “keeping up with the Jones” comparison.

Weighing each of these two parts of the Guidelines (local conditions and comparator municipalities) at 50% each to calculate the stipend for councillors, the Councillor stipend would be:

Median income and Median total benchmark group  $(\$31,810 \times .50) + (\$39,676 \times .50) = \$35,748$



**The Task Force recognizes the significant role and demands these positions have. It is without a doubt that all Council positions are very important roles with many demands. The documents we have received regarding the role of council (see Appendix B) highlight this in detail.** However, in conclusion, it is difficult to suggest a significant increase in stipend, particularly in light of the public survey response. The Task Force survey tried to have respondents focus on the position not the person. Roughly half of the survey respondents said Councillors should make \$35,000 or less. Only 35% thought that a councillor’s stipend should be increased. For the Mayor’s position, only 22% thought the stipend should be increased.

The Task Force also turned its mind to the question of “full time.” The most immediate question is what is full time pay? As the National Household Survey data show in Appendix D, different full time jobs get paid different amounts. The notion of basing council compensation on hours work is also an unreasonable indicator as one is not able to audit the amount worked, there aren’t office hours or a time clock to punch, and self reporting is unreliable. Each Councillor manages her or his time differently and there is no accepted way to measure “hours on the clock.”

The Task Force then considered if the “full time” question is related not to compensation, but rather to have a Council made up of persons with only the single job of Council member. First, this is unenforceable in legislation and any city by law would be ultra vires under the *Municipal Act*. (It is similar to the ability of a member of Council to continue to serve while seeking Provincial or Federal office – there is nothing in law to require a Councillor to resign). Setting an expectation that one would not have another job while on Council would encourage politics as a career choice and not public service, contrary to one of Council’s Guiding Principles (No Council Member should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London).

Finally, the Task Force noted that the expectation that a council member have no other employment would make it harder to attract candidates. It would discourage those in occupations where a four year or longer hiatus would likely result in falling behind in knowledge or qualifications making it difficult to re-enter the work force (accountants, skilled trades, IT professionals, etc.) at the end of their public service. The Task Force then considered the other Guiding Principle related to compensation:

**Fair compensation should be offered in order to attract qualified and committed individuals**

In the public input survey the Task Force asked “The current compensation for a Councillor in the City of London is \$33,465. Would increasing this compensation be something that might influence you to consider running?” Of the 1266 survey respondents who answered this question, 86% said “No.” In open ended survey comments, some felt that a significant increase is needed in order to obtain these qualified and committed individuals. This is hard to validate because there are no qualifications required in order to run for a city council position.

In the workplace if an organization is not recruiting enough candidates for positions one of the first steps is to review compensation levels to make sure they are competitive. The Task Force was not aware of any problems with finding candidates to run. Whether these are the “right” candidates is up to each individual citizen to determine every four years on election day.

The Task Force also looked at some of the suggestions in the answers to open ended question number 9 in the public survey (Appendix J). The responses, in order of frequency, are shown in the following table. The reasons for the Task Force not accepting each recommendation are listed in the right most column.

Open ended responses to survey question no. 9	Task Force response
Performance/merit pay or similar	There are a number of uncontrollable factors in evaluating performance of an individual Council Member. If all electors are the “boss,” how are performance goals determined and who evaluates performance against objectives? Would people have the knowledge to do a proper evaluation? Having said that, we allow all electors to vote once every four years - why not a compensation evaluation in between elections? This could be costly and could lead to differential pay which would be divisive.

	Councils are not teams making it difficult to award a “team” incentive. Dissenters can get “credit” for the actions of the majority, even if they vote against a program that is considered successful.
Attendance (Attendance at meetings, pay for attending or deduction for missing meetings)	“Just showing up” is part of the job. Traditionally attendance has not been an issue; however it generated a number of responses in the survey. To dock pay for missing a meeting would require agreement on the amount to deduct and a means to verify that the meeting was missed for an unacceptable reason. This could be difficult to enforce. As well, councillors do not all have the same number of meeting responsibilities making a fair system nearly impossible to implement.
How well the city is doing/cost of living/what the city can afford/economic conditions	Addressed through recommendation for annual adjustment of stipend
Work done/meaningful contributions/value/fulfill responsibilities	See Performance/merit pay or similar
Ave/median wage	Addressed through Statistics Canada data
Hourly/hours worked, hours of involvement/workload	Not able to audit as there aren’t office hours, nor a time clock to punch. Councillors manage their time differently and there is no accepted way to measure “hours on the clock”.
Comparison to private and public sector roles with similar/equivalent responsibilities	<p>Not sure there are similar roles in the public sector. Councillors do not have a “supervisor,” no one directly reports to them, nor is there an annual review by a supervisor or a 360 degree review by peers. There are no formal annual performance goals. There are no pre-requisites for the job (education or experience) and no legal means to require either.</p> <p>Another suggestion was to pay like a Board of Directors in a private company. However, the democratic election of members of Council (the Board of Directors of the Corporation of the City of London) is not in keeping with the practices of publically traded companies (and volunteer boards within the community that recruit their board members). Hence, the compensation should be different.</p> <p>[Excerpt from the Management Circular of a publically traded company on the TSX (Andrew Peller Limited):</p> <p><i>“When recruiting new directors, the Governance and Human Relations Committee considers, among other things, the vision and business strategy of the Corporation, the skills and competencies of the current directors, the existence of any gaps in Board skills, and the attributes and experience new directors would have in order to best contribute to the Corporation’s business plan and strategies. Key criteria that are used include: possession of the highest personal and professional ethics and integrity, an expertise, and experience in working in a government regulated industry... the Board considers the knowledge, skills, experience and character of an individual to be the most important criteria in determining the value he or she may bring to the Board.”</i></p>

## 2. **Honoraria, Standing Committee Chair, Acting Mayor and Agency, Board and Commission Compensation**

Recommendations: a) That the practice of providing an additional stipend to Standing Committee Chairs BE ELIMINATED effective December 1, 2014.

- b) the existing practice of not providing additional honorariums to members of Council serving on agency boards and commissions BE CONTINUED.
- c) the existing practice of providing non-council members with an honorarium for serving on agencies, board and commissions BE CONTINUED.
- d) NO ACTION be taken to establish a practice to provide a stipend for an Acting Mayor. If the circumstance does arise, the Council may consider establishing an Acting Mayor stipend should someone be required to serve in this capacity for an extended of period such as greater than a one month contiguous period.
- e) That the consideration of a stipend for the Acting Mayor position BE INCLUDED in the Terms of Reference of the next Council Compensation Review Task Force.

### Current Practice

Chairs of Standing Committees are provided an additional stipend in the amount of \$1,249. Members of London Council do not receive any additional stipend for participation on agencies, boards and commissions (ABCs), nor an honorarium where the ABC does provide for paying for one. However, the honorarium is paid to citizen members of those ABCs that pay an honorarium. The Deputy City Clerk also asked the Task Force to review the compensation practice for the Acting Mayor position. Presently, each member of Council in turn takes this role when the Mayor is unable to perform his duties due to travel or other circumstances. No additional stipend is provided.

### Rationale

The Task Force is recommending that the additional stipend for members of London Council who act as Chairs of the Standing Committee be eliminated and the current practice regarding no financial compensation for participation on agency boards and commissions be continued. The practice of paying a separate stipend for chair is uncommon among the comparator municipalities. The Task Force also feels that all members of Council should be treated equally and that each Council Member should share in the work load of the Corporation including taking a share of assignments to agencies, board and committees as well as the opportunity to act as Chair of a Standing Committee. The Task Force feels that annual stipend for Council should provide the appropriate amount of compensation to each member of Council separate from the over-riding issue of who sits on various ABCs. The Task Force also felt that because there is no consistency between ABCs (some pay an honorarium of varying amounts, others do not), there would be an uneven interest and competition for the paid positions over those that do not offer an honorarium.

The Task Force looked at the unique situation in Windsor where the total value of the honoraria are pooled and divided equally between Councillors, increasing their compensation by close to 40%. It was unclear to the Task Force how fairness could be reconciled with this approach.

The Task Force felt chairing Standing Committee should be a matter of sharing the responsibilities of Council equally among its members, rather than carrying out these duties for additional stipend. Elimination of the stipend for Standing Committee chair may also help to reduce the contention around chair selection.

It is noted that Council Members share in the role of Acting Mayor on a rotational basis without additional stipend (only one municipality surveyed provided a stipend). The Task Force supports this practice; however, the Task Force does feel that Council should be encouraged to consider compensating an Acting Mayor where s/he is required to serve over an extended period of time, but not for the short term. It is recommended that Council consider the Task Force's advice that an additional stipend be available should a Councillor filling the Acting Mayor role for a period greater than a one month contiguous period, and that Council provide direction to the next Council Compensation Review Task Force to consider this matter.

### **3. Benefits available to Council Members**

Recommendations: a) That NO CHANGE be made to the benefits provided to the Council Members.

- b) That the Civic Administration BE ASKED to improve how the City communicates Council Member benefits by providing clear information as to the Council Member benefits benefit package (as well as Council stipend practices) on the City's web site.
- c) That given the nature of the four year term served by Council Members, and the uncertainty how the long term disability (LTD) benefit should apply after a Council Member's term has expired, the Civic Administration BE ASKED to clarify how to handle situations where a Council Member remains disabled beyond the end of her or his term of office.

### Current Practice

City of London Council Members take part in the benefits plan that is provided to City employees in general, and more specifically is identical to the benefits provided to the non-union group with the exclusion of any paid leave benefits such as vacation days, vacation pay, statutory holiday pay, paid sick leave, and other paid benefit leaves other than a Wage Loss Replacement (WLR) and Long-Term Disability (LTD). The survey of other municipalities not only shows that all of the municipalities surveyed provide benefits to their Council Members like London, they do so in a manner that provides benefits to Council similar to those of staff. The practice of basing Council Members benefits on an established benefit plan, provided to one of the City's employee groups, make sense in terms of minimizing administrative and budgetary costs of providing benefits to such a small group.

The benefits available to Council Members are based on the City of London's full-time non-union employee benefits plan with 100% of the benefit plan costs covered by the City. Plan components are listed below.

- Extended Health Care plan including semi-private hospital, drugs, vision, hearing aid, paramedical services and other benefits.
- Dental plan
- Travel plan
- Employee Basic Life Insurance
- Accidental Death & Dismemberment (AD&D) coverage
- Optional Life Insurance (Council Member, spouse and dependent) plans
- Wage Loss Replacement and Long-Term Disability
- OMERS defined benefit pension (contributions by city and council member based on earnings)

In reviewing the benefit plan details with City representatives, the Task Force learned the following about the Council Member benefit package:

- The Extended Health Care, Dental, and Travel Plan benefits are the same as provided to full-time non-union City staff. Coverage ends 3 months after a City election if the Council Member is not re-elected.)
- The amount of Basic Life Insurance and AD&D coverage reflects the Council Member's annual stipend paid each year.
- Optional Life Insurance (employee, spouse, and dependent) is 100% paid for by the Council Member.
- The Wage Loss Replacement provision occurs when a Council Member cannot fulfill her/his duties. It provides for the individual to continue to receive the stipend for 26 weeks, then becoming eligible for Long Term Disability (LTD).
- Council Members do not receive vacation pay, statutory pay, paid sick leave or short-term disability as they get their annual stipend in lieu of salary and paid leave provisions.
- The LTD application has never been applied for a Council Member. It was unclear how the LTD plan applies should a Council Member be receiving LTD and reaches the end of her or his elected term in office.

In reviewing the benefits the Task Force has the following observations.

1. The Council Members benefits are not well understood or communicated which leads citizens to misunderstand the nature and scope of the benefits provided.
2. The impact of treating Council Member income as a stipend, replacing salary plus paid leave provisions normally included in a benefits' package, needs to be communicated clearly to the public.

3. Information about Council compensation practices and plan is not readily available to the public.

With respect to making Council compensation practices public, only a few Ontario municipalities post the annual report to Council outlining Council Member's compensation. While the City of London has this report in the Council agenda section of its website, transparency could be improved by posting compensation and benefits details on a distinct page on the City's website which could include compensation as well as the role of Council and its responsibilities.

#### Rationale

The rationale in continuing to provide the benefits to Council Members as currently provided, is based on the fact that this is common practice in municipalities for Council Members. It should be noted that the City of London like many municipalities in Ontario, in negotiations with their benefits supplier are actively trying to reduce the cost of benefits paid by the City of London for all of its employee groups including Council Members.

The Task Force notes that the principle of providing any benefits to Council Members is not accepted by some members of the public. There was, however, strong support for continuing benefits coverage in the survey (64.5% of responders favoured continuing to provide benefits).

Although the support for continuing to have Council Members part of the OMERS pension plan was less than for providing benefits, there is still sufficient support to continue (57.4% of respondents in favour of continuing to provide pension plan enrollment). Given the strict regulatory requirements placed on pension plans and employers, it is not clear if the City could stop the existing practice of providing access to the OMERS pension plan to Council Members without going through a complex and potentially expensive process to provide an alternative.

With respect to being more open about Council compensation practices, it is evident from the public input that the public would benefit from having more clarity about Council Members' roles, responsibilities and remuneration. Perhaps it would be beneficial to provide information on the City's website to offer a description of what the Mayor and Council Members do and how they are remunerated for that work. Appendix B contains material provided by the consultant that could be adapted for use in London. While posting it is no guarantee that the information will be found and used, it is a positive step.

#### **4. Annual Process for Adjusting Stipends**

Recommendation: a) That Council Policy 5(32) relating to annual stipend adjustments **BE AMENDED** to reflect the Task Force recommendation that there be no stipend adjustment for elected officials beginning January 1, 2015 for the term of the next Council.

#### Current Practice

Council Policy 5(32) provides for the compensation and honorariums of elected officials and appointed citizen members of local boards and commissions where stipends are paid to be adjusted "...annually on January 1st by the percentage increase reflected in the Labour Index (monthly Index, Table 3), on the understanding that if such an index reflects a negative percentage, the annual adjustment to the salaries of the elected officials and appointed citizen members will be 0%; and on the further understanding that if the Labour Index (monthly Index, Table 3) has increased by a percentage greater than the Consumer Price Index, Ontario, the annual percentage increase in the salaries and honorariums of the elected officials and appointed citizen members will be no greater than the increase in the Consumer Price Index, Ontario.

This policy has been in place since 1998. On January 24, 2011, Council added the following recommendation from the 2010 Council Compensation Task Force:

The current escalator for annual adjustment purposes **BE RETAINED** with the additional proviso that the escalator **NOT BE APPLIED** in those years where the non-union staff wages are frozen;

The annual adjustment is calculated by City finance staff and presented to Committee and Council for debate and vote. This can become very "political" and some Council Members in

their interview with the Task Force's consultant were interested in a process by which the process could be "de-politicized."

### Rationale

The Task Force felt that not having an annual increment during the term of the next Council would respond to the local market conditions where some have received no change in compensation for a number of years. Both at the public participation meeting and at the Task Force, comments were made about the number of people in the community who have had little or no increase in compensation, or those who have faced pay cuts. It would eliminate the annual vote by Council on a change in its compensation. As well, the proposed increase resulting from the removal of the 1/3rd tax free portion and the \$1249 adjustment in the stipend will be seen as large percentage increases by some members of the public.

A number of respondents to the Task Force's survey indicated that compensation should be adjusted on an annual basis using the change in a CPI or some other measure of the change in pricing. As the present Council Policy provides for an annual adjustment based on the Labour Index, this response reflects a lack of understanding of the present policy. It is suspected that the public would anticipate such an adjustment would be done automatically, without a vote, which, according to the City Clerk, is not possible under present policy.

## **5. Process for Future Regular Reviews of Council Compensation**

- Recommendations:
- a) That the next regular review of Council compensation TAKE PLACE in four years time.
  - b) That the review of Council compensation BE CONDUCTED by a Citizen Task Force formed at least 12 months in advance of its deadline to report back to Council.
  - c) That the same Terms of Reference BE USED with the following amendments:
    - i. That the number of members at large BE CHANGED from 3 to 5 with a preference that one of the 5 members be a former elected member of a municipal council, and that a one of the 5 members represent youth, either from the London Youth Advisory Council or as nominated by Western University and Fanshawe College.
    - ii. That Council INCLUDE in the mandate of the next task force, to continue to work on matters covered within this report, as well as consideration of an Acting Mayor stipend.
  - d) The Task Force ENCOURAGES Council to actively promote and encourage former Council Members, youth organizations, and service clubs to consider submitting nominations for citizen-at-large members.
  - e) That prior to establishing the next Task Force, Council REVIEW the Guiding Principles to ensure they are still relevant.
  - f) The next Task Force BE ASKED to hold more than one public participation meeting and to hold them at different times of day (morning and later in the evening) to provide greater opportunities for public input.

### Current Practice

The current practice for conducting regular reviews of Council compensation is described as part of the Terms of Reference of the Task Force as found in Appendix A. The established practice is for Council to appoint a Council Compensation Review Task Force to independently review Council Compensation and to submit recommendations for Council consideration, based on Guiding Principles and a set of deliverables.

## Rationale

The on-line survey (59.0% of respondents in favour), identified that there is continuing support for the established practice. The Task Force members also support the concept of periodic review by an independent group. The Task Force considered whether an independent review should occur more frequently and concluded that the current policy to establish a Task Force every four year, starting at least 18 months prior to a civic election, is sufficiently frequent to be useful. Reviewing compensation more frequently is not likely to add any value.

The Task Force found that the delay in establishing the 2013 Task Force was a significant barrier to the potential work of the Task Force especially given the limitations of starting public consultation before Labour Day and the need to submit the report on October 21st.

The Deputy City Clerk asked that the Task Force review the Acting Mayor stipend which it did. This matter should be added to the terms of reference for the next Task Force.

The reason for the Task Force asking Council to review the Guiding Principles is to ensure they are keeping with current views of Council and the public.

The Task Force was disappointed with the number of participants in the public participation meeting. In addition to lack of time for publicizing the meeting, the Task Force received feedback that a 5:00 pm start time was inconvenient for members of the public. It is hoped that the next Task Force will be able to improve turnout.

## **ACKNOWLEDGEMENTS**

The members of the 2013 Council Compensation Review Task Force would like to acknowledge and thank the following for their contribution to the work of this Task Force.

- The members of the public who took the time to fill in the public Council Compensation Survey either on-line or in paper form. We also thank the staff of the London Public Library for its support in making the survey available in library locations across the City.
- The members of the public who took the time to attend and speak at the Public Participation meeting. We recognize that further work is needed to find ways to make this option available to more people to participate.
- Local media who provided coverage of the activities of the Task Force, especially their support in helping to publicize the availability of the Public Survey and the Public Participation Meeting.
- The City of London staff that supported the work of the Task Force throughout the process. We acknowledge that this support was provided on top of their normal administrative work load and responsibilities.

## **APPENDIX A: TASK FORCE TERMS OF REFERENCE**

The 2013 Council Compensation Review Task Force Terms of Reference is reproduced below.

### **TERMS OF REFERENCE COUNCIL COMPENSATION REVIEW TASK FORCE**

#### **COMPOSITION:**

##### **Voting Members:**

Seven members consisting of:

- 1 Representative of the London Chamber of Commerce  
An Alternate Representative of the London Chamber of Commerce, if requested
- 1 Representative of the Urban League of London  
An Alternate Representative of the Urban League of London, if requested
- 1 Representative of the London and District Labour Council  
An Alternate Representative of the London and District Labour Council, if requested
- 1 Member of the Human Resources Professionals London & District  
An Alternate Member of the Human Resources Professionals London & District, if requested
- 3 Citizens-at-Large

#### **TERM OF OFFICE:**

The Council Compensation Review Task Force shall be disbanded upon submission of its Final Report to the Strategic Priorities and Policy Committee, which shall be in time for the Municipal Council to make its final decision on the Task Force recommendations by November 30 of the year prior to the year of the Municipal Election.

#### **QUALIFICATIONS:**

Citizens-at-Large must be a permanent resident of the City of London, of voting age, have the appropriate expertise, and cannot have previously served on another committee, task force or working group of the Municipal Council.

#### **APPOINTMENT POLICIES:**

Through local newspaper advertisements and posting on the City of London website, qualified residents of the municipality will be invited to apply for appointment to the Council Compensation Review Task Force.

The London Chamber of Commerce, the Urban League of London, the London and District Labour Council and the Human Resources Professionals London & District will be invited to nominate one representative, and one alternate representative, from each of their respective organizations.

Municipal Council, on the recommendation of the Strategic Priorities and Policy Committee, shall approve the appointment of Voting Members.

The Chair and Vice-Chair are elected by the Task Force from among its Voting Members, at its first meeting.

#### **MEETINGS:**

The first meeting shall be called by the City Clerk. Subsequent meetings shall be at the call of the Chair, in consultation with the Task Force Secretary.

#### **DUTIES:**

The Council Compensation Review Task Force reports to the Municipal Council, through the Strategic Priorities and Policy Committee.

The Task Force shall be responsible for reviewing and providing recommendations with respect to Council Member compensation, including:

- (a) collecting and analyzing research materials from other legislative jurisdictions and positions of comparable responsibility within the public and private sectors;
- (b) seeking public input and input from Council Members;



## **APPENDIX A**

- (c) reviewing and making recommendations with respect to:
  - (i) Mayor and Council Member annual stipend;
  - (ii) honoraria and agency, board and commission compensation
  - (iii) benefits available to Council Members;
  - (iv) continuation of 1/3 tax free allowance;
  - (v) the process for future regular reviews of Council compensation.

### **GUIDING PRINCIPLES:**

1. No Council Member should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London.
2. The system of remuneration must be transparent, open and easily understandable.
3. Remuneration needs to be sensitive to local market conditions and to compensation levels in comparable municipalities.
4. Fair compensation should be offered in order to attract qualified and committed individuals.

### **VACANCIES:**

The same procedure is followed as for the initial appointment of members to the Council Compensation Review Task Force.

### **REMUNERATION:**

No remuneration is paid to the Council Compensation Review Task Force Members.

### **CHAIR:**

Name: Brian Orr

### **TASK FORCE SECRETARY:**

Name: Linda Rowe  
Phone: 519-661-2500 Ext. 5396  
Fax: 519-661-4892  
E-mail: lrowe@london.ca

## **Appendix B: Summary of Roles and Expectations of Council Members (Information provided by Consultant to the Task Force)**

### **Role of Council**

Section 224 of the *Municipal Act, 2001* is a good starting point, as it outlines the role of the municipal council:

“224. It is the role of council,

- a. to represent the public and to consider the well-being and interests of the municipality
- b. to develop and evaluate the policies and programs of the municipality
- c. to determine which services the municipality provides
- d. to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council
- (d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality
- e. to maintain the financial integrity of the municipality and
- f. to carry out the duties of council under this or any other act.”

Municipal councils have a broad range of responsibilities and work load. For this reason, councils often have a number of standing committees consisting of councillors only, or advisory committees made up of a mix of councillors and appointees from the public. These committees carry out much of the work of council and then report back to council with recommendations. Examples of council committees include: planning, parks and recreation, public works, finance, administration, personnel, etc.

A committee of council is subject to similar legislative requirements that council is subject to under the act, e.g., open meetings, procedure bylaw, etc.

Previously, councils generally delegated only administrative matters to committees. Now, the *Municipal Act, 2001* provides for broad delegation of council's legislative powers and duties to a committee of council. However, further delegation is subject to certain restrictions and requirements discussed in more detail under the subheading “Delegation” in Section 3 of this guide.

### **Role of Head of Council**

Depending on your municipality, the head of council may be called a warden, chair, reeve, or mayor. Whatever title is preferred, the role of head of council as set out by the *Municipal Act, 2001* remains the same:

“225. It is the role of the head of council,

- a. to act as the municipality's chief executive officer
- b. to preside over council meetings so that its business can be carried out efficiently and effectively
- c. to provide the council with leadership
- (c.1) without limiting clause (c), to provide information and recommendations to the council with respect to the role of council described in clauses 224 (d) and (d.1)
- d. to represent the municipality at official functions and
- e. carry out the duties of a head of council under this or any other act.”

As chief executive officer of the municipality, the head of council has special responsibilities, which are set out in section 226.1 of the *Municipal Act, 2001*: “226.1 As chief executive officer of a municipality, the head of council shall,

- a. uphold and promote the purposes of the municipality
- b. promote public involvement in the municipality's activities
- c. act as the representative of the municipality both within and outside the municipality, and promote the municipality locally, nationally and internationally and
- d. participate in and foster activities that enhance the economic, social and environmental well-being of the municipality and its residents.”

With such responsibilities, the head of council has a prominent and highly public profile. Many citizens within your municipality will have high and often varied expectations for the head of council. The head of council must find a way to balance these expectations.

Nevertheless, decisions of the municipality are made by council as a whole. The head of council does not have any more power than any other member of council to make decisions on behalf of the municipality.

## Appendix B

### Role of the Councillor

As a councillor, you have a representative, a policy-making, and a stewardship role to play in your municipality. Often these roles will overlap. You will be called on to consider and make decisions on issues that will sometimes be complex and controversial. Most of those decisions will have long-term consequences for your municipality that extend beyond your four-year term of office, and should be made in the context of your municipality's directions for the long-term health and welfare of your community.

### Representative Role

Looking back to section 224 of the *Municipal Act, 2001*, you will see that the representative role of council is clearly indicated in legislation. At first glance, the representative role appears to be fairly simple and straightforward. But what does it involve?

On the one hand, you were elected by your constituents to represent their views as closely as possible when dealing with issues that come before council. However, your constituents have many views and opinions, and you cannot represent all of them all of the time.

On the other hand, election to office requires you to have a broader understanding of the issues. With many issues you will have to consider a variety of conflicting interests and make decisions that will not be popular with everyone.

You should use your judgment and decide based on the best interests of the municipality as a whole. In practice, there is no single, correct approach to the representative role and on most issues you may find that you fall somewhere between the two opposing viewpoints. You will quickly develop a case-load of citizen inquiries that will need to be investigated and, if possible, resolved. You may attract these inquiries because of your background and interests, or because of the issues in your particular ward if your municipality operates with a ward structure.

Understandably, you will want to try to help your constituents. However, be sure to familiarize yourself with any policies or protocols that your municipality may have in place regarding the handling of complaints and citizen inquiries. Although you may want to find some way of helping, remember to consult municipal staff.

Furthermore, there may be circumstances where decisions are made by designated staff that operate at arm's length from the municipality, and where it would be inappropriate for elected officials to interfere or be seen to be interfering. Examples of this would include decisions made by the fire chief, the chief building official or the medical officer of health.

Established policy usually prevails, and a councillor who has made promises that cannot be kept may lose credibility with the citizens and strain the working relationship with staff. If your municipality does not have a policy for handling citizen inquiries, complaints, and frequently asked questions, you may want to consider working with council and staff to develop such a policy.

However approachable or sympathetic you try to be, you represent your constituents by providing the services and programs that they need, not everything they want.

### Policy-Making Role

Policies provide direction for municipal operations. Policy-making is another key council responsibility identified in section 224 of the *Municipal Act, 2001*.

Many council decisions are routine, dealing with the ongoing administration of the municipality, but others establish general principles to help guide future actions. Those are often considered policy decisions. Some policies can be specific, such as a bylaw requiring dogs to be kept on leashes in public areas, and others can be broader and more general, such as approval of an official plan.

### How is Policy Made?

Ideally, policy-making involves a number of steps that requires council to:

- Identify an issue that needs to be dealt with.
- Reach agreement on the facts of the issue and the objectives to be met.
- Give direction to staff to research the issue, identify the available options and report back to council with recommendations.

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- Consider the information provided by staff, taking into account demands on time, funding and other issues.
- Make a decision based on the best course of action available and adopt a policy.
- Direct staff to implement the policy.
- Work with staff to evaluate the policy and to update or amend it as required.

In many cases council refers a policy issue to a committee of council to take advantage of the committee's expertise in a particular area or to reduce council's work load. A committee of council may follow the same steps outlined above in making policy or making recommendations back to council.

In practice, however, policy-making is often less orderly because of:

- a rapidly changing environment, the complexity of issues facing local government, and the difficulty in singling out problems that require more immediate attention
- the lack of time to identify all possible alternatives and to conduct detailed research and analysis
- the legal and financial limits on what council may do
- the complexity of implementing policies and developing mechanisms to monitor and evaluate them

Council is the primary policy-making body of the municipality. The administration is responsible for carrying out council's policy decisions. The two roles would appear to be distinct, but there can be much overlap. Although staff are responsible for implementing a policy, your council should develop appropriate reporting mechanisms to help ensure that the policies are being carried out as intended, and as effectively as possible.

### Accountability and Transparency

Accountability and transparency are paramount in maintaining public trust in council and in the management of your municipality. Section 224 of the Act explicitly includes accountability and transparency as part of the role of council. Councillors are, of course, accountable to the public every four years through municipal elections, but it is important that procedures and policies be clearly set out and accessible, and that the day-to-day operations of the municipality be transparent.

The importance of documenting municipal policies is becoming more and more apparent. Many municipalities have developed policy manuals to provide a basis for sound decision-making and to help ensure that policies are implemented and applied in a consistent way. The policy manual is a reference and information source for council, the administration and the public. Because the policies and procedures it contains cover most of your municipality's functions and responsibilities, it can also be a valuable training and orientation tool for new councillors and staff.

Section 270 of the *Municipal Act, 2001* requires municipalities to have policies on:

- sale and disposition of land
- hiring of employees
- procurement of goods and services
- when and how notice is provided to the public
- how they try to ensure accountability and transparency to the public
- delegation of powers and duties

Section 270 also requires local boards to have policies with respect to sale and deposition of land, hiring of employees, and procurement of goods and services.

To help ensure integrity and accountability in public office, Part V.1 of the act (sections 223.1 to 223.24) provides that municipalities may pass bylaws to establish:

- a code of conduct for council and local board members
- an Integrity Commissioner
- a municipal Ombudsman
- an Auditor General
- a lobbyist registry and registrar

## Appendix B

The Integrity Commissioner reports to council and performs in an independent manner. His or her role is to perform the functions assigned by council with respect to the application of a code of conduct for members of council and local boards as well as the application of procedures, rules and policies governing the ethical behaviour of members of council and local boards. The Commissioner's functions may include conducting inquiries into complaints from council or a local board, a member of council or a board, or a member of the public. If the Commissioner reports that a member of the council or local board has contravened the code of conduct, the municipality may impose a penalty in the form of a reprimand or a suspension of pay for a period of up to 90 days.

The municipal Ombudsman's function is to investigate, in an independent manner, decisions, recommendations and actions of a municipality, local boards or certain municipal corporations.

In addition, section 239.2 of the act provides that municipalities may appoint investigators for closed meetings. Should a municipality not appoint an investigator, the Ontario Ombudsman is the closed meeting investigator, by default, for the municipality (see Public Business is the Public's Business below).

The Auditor General may assist council in holding itself and municipal administrators accountable for the quality of stewardship over public funds and achieving value for money in municipal operations. The Auditor General's responsibilities do not include the responsibilities of the municipal auditor.

The *Municipal Act, 2001* authorizes a municipality to establish a public registration system for lobbyists and to do other things in relation to the lobbyist registration system, such as establishing a code of conduct for lobbyists and prohibiting former public office holders from lobbying for a designated time period.

Other statutes may require specific or general codes of conduct as well. For example, section 7.1 of the *Building Code Act, 1992* (BCA) requires municipalities to establish and enforce a code of conduct for the chief building official and inspectors. Municipalities may choose to include the code of conduct in their building bylaw. The BCA outlines the purposes of the code of conduct and requires that the code of conduct provide for its enforcement. The code of conduct must include policies or guidelines to be used in responding to allegations that the code of conduct has been breached and must set out the necessary disciplinary actions. The BCA also requires the municipality to ensure that the code of conduct is brought to the attention of the public.

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### Stewardship Role

The public may view council as responsible for ensuring that the municipality's financial and administrative resources are being used as efficiently as possible, and in a way that is consistent with council's objectives. To refer back to section 224 of the *Municipal Act, 2001*, part of your role, together with the rest of council, is to ensure that administrative policies, practices and procedures are in place to implement the decisions of council and to maintain the financial integrity of the municipality. All of this can be promoted through good policy and monitoring practices.

Specific legal standards may be set out in legislation. For example, section 19 of the *Safe Drinking Water Act, 2002* states that owners of municipal drinking water systems shall exercise "the level of care, diligence and skill in respect of a municipal drinking water system that a reasonably prudent person would be expected to exercise in a similar situation." This statutory standard of care is expected to come into force on January 1, 2013, and would carry potential penalties for those who fail to carry out their duty.

To be effective in this stewardship role, council should be satisfied that policies are in place on staff reporting requirements and processes to help ensure that:

- Policies adopted by council are being implemented.
- Staff are administering services and programs as council intended.
- Rules and regulations are being applied correctly and consistently, and everyone is being treated equally.
- Funds are being spent only as authorized, and the municipality's resources (financial and otherwise) are being used as efficiently as possible.

There is a fine line between council's overall stewardship of the municipality and the administration's management of day-to-day activities. Council monitors the implementation of its approved policies and programs, but the practical aspects of its implementation and administration are a staff responsibility.

Several things should be done before council can monitor and measure the municipality's administrative effectiveness and efficiency. With input from municipal staff, council may wish to:

- Define corporate objectives and set goals and priorities.
- Establish clear administrative practices.
- Provide specific guidelines and directions to staff on the applications of those policies.
- Delegate appropriate responsibilities to staff to the extent such delegation is permitted under municipal legislation.
- Establish a personnel management policy that emphasizes the recruitment, hiring, evaluation, training and development of staff.
- Ensure that policies with respect to most operations of the municipality are in place, with special note to mandatory policies required by the *Municipal Act, 2001*.
- Establish a policy and procedure for staff to report to council on administrative activities.
- Develop protocols for the flow of information between council and staff.
- Consider establishing a protocol for sharing approaches with other local governments and Aboriginal communities that share a common interest in community health, culture and economy.

Establishing and following such policies and guidelines enables council to leave the day-to-day details for the staff to manage. Council is then more free to:

- Deal with exceptional situations.
- Concentrate on ensuring that policies are current.
- Listen to issues raised by the public and represent the broader community interest.

Measuring performance in key program areas is another excellent way that council can better understand and make improvements to the way your municipality delivers services to residents. Under section 299 of the *Municipal Act, 2001*, the Minister of Municipal Affairs and Housing has established the Municipal Performance Measurement Program (MPMP), which collects and reports information from all Ontario municipalities on the efficiency and effectiveness of municipal services.

## **Appendix B**

### **The Municipal Councillor and the Strategic Plan**

A strategic plan can be considered an essential part of municipal governance. It is a document that looks to the future, clearly setting out the municipality's vision and priorities. Becoming familiar with your municipality's strategic plan is an effective way of understanding both the organization and the broader environment in which you will be working. Your municipality's administrative, financial and planning decisions should reflect and support the strategic plan.

Decisions, both popular and unpopular, are more easily made when seen in the context of your municipality's broader, long-term strategy. The plan is a framework that encourages consistency in municipal decision-making among both councillors and staff. When developed with public input, the plan represents a shared view of the municipality's future and encourages public commitment to achieving it.

Not all municipalities have a strategic plan. If yours does not, you should consider all the ways that having a strategic plan in place would benefit your community, and encourage your council colleagues, municipal staff, and the public to work together to develop and implement one.

If your municipality does have a strategic plan, you may want to find out when it was developed and determine if the time has come to review the plan.

(Ministry of Municipal Affairs and Housing)

## Appendix C: Summary of Survey of Council Compensation Practices of Comparator Ontario Municipalities

The following table summarizes the information obtain through the survey of Council compensation practices across the comparator Ontario municipalities.

**Notes:**

**Lower Tier includes:** Brampton, Kitchener and Mississauga

**Single Tier includes:** Chatham-Kent, Greater Sudbury, Guelph, Hamilton, Kingston, Ottawa, Toronto, Thunder Bay and Windsor

**Upper Tier includes:** Peel and Waterloo (Region)

The market statistics includes all base salaries set equivalent to 1/3 tax exempt (MOEA)

\* The market statistics for the Single Tier & Waterloo Region/Kitchener cut includes all 9 single tier rates plus the Waterloo Regional Councillor rate plus the Waterloo Region Area Mayor Councillor rate for Kitchener.

	London, City of	Summary of Findings
Population	369,940 per FIR	Respondent’s population ranges from 100,000 to 2,615,055.
Total City Council	15	Number of City Council Members ranges from 11 to 12 at the lower tier, and 13 to 45 at the single tier.
Councillors annual base stipend (all set to 1/3 tax exempt)	\$33,465	Minimum Base Stipend - \$26,019 Maximum Base Stipend - \$94,680 Overall Average/Median - \$50,915/\$39,676 Lower Tier Average/Median - \$62,224/\$72,363 <b>Single Tier Average/Median - \$48,784/\$33,220</b> Upper Tier Average/Median - \$43,541 <b>* Single Tier &amp; Waterloo Region/Kitchener Average/Median - \$53,837/\$38,689</b>  Stipend for Brampton Mayor as Peel Councillor - \$196,764 Stipend for Mississauga Mayor as Peel Councillor - \$170,849 Stipend for Kitchener Mayor as Waterloo Councillor - \$114,465  <b>London is approx. at the 50th percentile of the Single Tier Market</b> <b>* London is approx. at the 40th percentile of the Single Tier &amp; Waterloo Region/Kitchener Market</b>
Chair/Mayor annual base stipend (all set to 1/3 tax exempt)	\$104,258	Minimum Base Stipend - \$75,776 Maximum Base Stipend - \$155,216 Overall Average/Median - \$116,395/\$122,456 Lower Tier Average/Median - \$115,534/\$122,456 <b>Single Tier Average/Median - \$110,766/\$102,796</b> Upper Tier Average/Median - \$140,205 <b>*Single Tier &amp; Waterloo Region/Kitchener Average/Median - \$109,417/\$102,796</b>  <b>London is approx. at the 51st percentile of the Single Tier Market</b> <b>* London is approx. at the 51st percentile of the Single Tier &amp; Waterloo Region/Kitchener Market</b>
Committee Chair stipend (e.g. amount per meeting, annual amount)	\$1,249	The amounts vary by range, type of meeting and budget; the majority of respondents did not provide stipend details.
Councillors - Benefits Roll-Up		Of the 14 respondents who provided information to the survey, only 12 of the 14 respondents provided details on their benefits.  The majority of respondents (11 out of 12) receive the following benefits: extended health, vision care, hospital coverage, prescription drugs coverage, out of country travel insurance.  All respondents receive life insurance.  10 out of 12 respondents receive AD&D. 4 out of 12 respondents receive STD. 6 out of 12 respondents receive LTD benefits.  7 out of 12 respondents contribute to OMERS. 2 out of 12 respondents have employer contribution to RRSP.



	London, City of	Summary of Findings
Mayor/Chair - Benefits Roll-Up		<p>Of the 14 respondents who provided information to the survey, only 12 of the 14 respondents provided details on their benefits.</p> <p>All respondents (12 out of 12) receive the following benefits: extended health, vision care, hospital coverage, prescription drugs coverage, out of country travel insurance and life.</p> <p>11 out of 12 respondents receive AD&amp;D. 5 out of 12 respondents receive STD. 7 out of 12 respondents receive LTD benefits.</p> <p>8 out of 12 respondents contribute to OMERS. 3 out of 12 respondents have employer contribution to RRSP.</p>
office space at city hall for Councillors (yes/no)	Yes	The majority of respondents (9 out of 12; 2 did not specify) are provided with office space at city hall.
office staff support for Councillors (yes/no)	Yes	The majority of respondents (9 out of 12; 2 did not specify) are supported by office staff.
discretionary fund for Councillors (yes/no)	Yes-\$15,000 per year	The majority of respondents (11 out of 14) are provided with discretionary funds.
office space at city hall for Mayor/Chair (yes/no)	Yes	Respondents are provided with office space at city hall (12 out of 12; 2 did not specify).
office staff support for Mayor/Chair (yes/no)	Yes - 2.5 City staff and one contract staff	Respondents are supported by office staff (12 out of 12; 2 did not specify).
discretionary fund for Mayor/Chair (yes/no)	Yes - from annual budget	The majority of respondents (10 out of 14) are provided with discretionary funds.

APPENDIX C

compensation set to 1/3 exempt			shelter costs as per 2010 National Household Survey (for CMA)					
lower tier or single over 500+								
councillor			\$72,363	\$75,324	\$71,286	\$86,001	\$94,680	
mayor			\$148,371	\$122,456	\$124,912	\$149,052	\$155,216	
councillor/mayor			49%	62%	57%	58%	61%	
owner			\$ 1,516	\$ 1,516	\$ 1,252	\$ 1,282	\$ 1,516	
renter			\$ 1,043	\$ 1,043	\$ 833	\$ 925	\$ 1,043	
			Brampton	Mississaug	Hamilton	Ottawa	Toronto	
upper tier over 500K+								
councillor			\$ 38,689	\$ 47,454				
mayor			\$ 160,494	\$ 132,267				
councillor/mayor			24%	36%				
owner			\$ 1,516	\$ 1,254				
renter			\$ 1,043	\$ 869				
			Peel	Reg Waterloo				
Single tier below 500K								
councillor			\$ 26,019	\$ 33,220	\$ 31,222	\$ 29,260	\$ 33,465	\$ 28,771
mayor			\$ 81,450	\$ 112,068	\$ 93,523	\$ 89,907	\$ 104,258	\$ 86,895
councillor/mayor			32%	30%	33%	33%	32%	33%
owner			\$ 875	\$ 1,112	\$ 1,296	\$ 1,137	\$ 1,110	\$ 1,008
renter			\$ 656	\$ 753	\$ 890	\$ 894	\$ 813	\$ 707
			Chatham	Sudbury	Guelph	Kingston	London	Windsor

Appendix D: Statistics Canada Data

The Task Force reviewed compensation related data available for the London census area, to assess statistics on compensation for the London population. Statistics that were seen as relevant are summarized below.

Table 202-0407 Income of individuals, by sex, age group and income source, 2011 constant dollars, annual(1,2)								
Survey or program details:								
Survey of Consumer Finances - 3502								
Survey of Labour and Income Dynamics - 3889								
Geograph Sex	Age group	Income recipient	Income source	2007	2008	2009	2010	2011
London, C Both sexe	All age groups	Average income of recipients (dollars)	Total income	42100	39600	40300	37800	37000
London, C Both sexe	All age groups	Median income of recipients (dollars)	Total income	34000	28900	29900	26700	28000
Footnotes:								
1 Source: Income Statistics Division, Statistics Canada								
2 Data quality indicators are based on the coefficient of variation (CV) and number of observations.								
Quality indicators indicate the following: A - Excellent (CV between 0% and 2%); B - Very good (CV between 2% and 4%);								
C - Good (CV between 4% and 8%); D - Acceptable (CV between 8% and 16%); E - Use with caution (CV greater than or equal to 16%).								
Source:								
Statistics Canada. Table 202-0407 - Income of individuals, by sex, age group and income source, 2011 constant dollars, annual (accessed: July 24, 2013)								

Table 111-0009 Family characteristics, summary, annual (number unless otherwise noted)(1,4,15,16,18)						
Survey or program details:						
Annual Estimates for Census Families and Individuals (T1 Family File) - 4105						
Geography	Family characteristics	2006	2007	2008	2009	2010
London, Ontario [35555]	Taxfilers and dependants aged 15 to 64 years (2,3,14)	306,220	307,620	308,500	310,940	311,560
London, Ontario [35555]	Couple families (15)	107,880	108,650	109,390	110,610	110,490
London, Ontario [35555]	Lone-parent families (16)	20,980	20,920	20,900	21,020	21,250
London, Ontario [35555]	Median total income, all families (dollars) (4,6,17)	\$68,400	\$70,720	\$71,770	\$70,160	\$71,840
London, Ontario [35555]	Median total income of persons with income, all families (dollars) (4,6,15,16,17)		\$31,410	\$31,920	\$31,320	\$31,820
London, Ontario [35555]	Median total income of persons with income, couple families (dollars) (6,15,17)		\$32,530	\$33,050	\$32,400	\$32,880
London, Ontario [35555]	Median total income, lone-parent families (dollars) (6,16,17)	\$33,300	\$34,360	\$35,170	\$35,020	\$36,740
London, Ontario [35555]	Persons in lone-parent families (16)	53,710	53,470	53,410	53,540	54,350
London, Ontario [35555]	Persons not in census families (18)	74,310	74,880	75,590	76,700	77,900
London, Ontario [35555]	Median total income of persons not in census families with income (dollars) (6,17,18)		\$25,950	\$26,270	\$25,650	\$25,450
London, Ontario [35555]	Families with employment income (4,8,15,16,18)	109,500	110,260	110,740	110,860	111,050
London, Ontario [35555]	Median employment income of families (dollars) (4,6,8,15,16,18)	\$63,600	\$64,620	\$64,860	\$62,020	\$63,630
London, Ontario [35555]	Persons not in census families with employment income (8,18)	44,740	45,300	45,450	44,800	45,310
London, Ontario [35555]	Median employment income of persons not in census families (dollars) (6,8,18)	\$24,800	\$25,150	\$25,180	\$24,110	\$24,350
London, Ontario [35555]	Families with government transfers (4,10,15,16,18)	107,750	108,260	109,500	112,410	130,100
London, Ontario [35555]	Persons not in census families with government transfers (10,18)	60,370	61,080	61,910	64,040	75,560
London, Ontario [35555]	Families receiving Employment Insurance benefits (4,15,16,18)	20,140	22,000	23,250	28,340	25,150
London, Ontario [35555]	Persons not in census families receiving Employment Insurance benefits (18)	4,260	4,680	5,060	6,530	5,820
Footnotes:						
1 Information on the data source, the historical availability, definitions of the terms used, and the geographies available can be found at <a href="http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm">http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm</a> . Because they are based on a different methodology, estimates of the number of Census families presented in this table differ from estimates produced by Demography Division. For questions and comments, contact <a href="mailto:income@statcan.gc.ca">income@statcan.gc.ca</a> , Income Statistics Division, Client Services, Jean Talon Building, 5th Floor, Ottawa, Ontario K1A 0T6.						
4 Families are comprised of: 1) couples (married or common-law, including same-sex couples) living in the same dwelling with or without children, and 2) single parents (male or female) living with one or more children. Persons who are not matched to a family become persons not in census families. They may be living alone, with a family to whom they are related, with a family to whom they are unrelated or with other persons not in census families. Beginning in 2001, same-sex couples reporting as couples are counted as couple families.						
15 A couple family consists of a couple living together (married or common-law, including same-sex couples) living at the same address with or without children. Beginning in 2001, same-sex couples reporting as couples are counted as couple families.						
16 A lone-parent family is a family with only one parent, male or female, and with at least one child.						
18 A person not in census families is an individual who is not part of a census family, couple family or lone-parent family. Persons not in census families may live with their married children or with their children who have children of their own. They may be living with a family to whom they are related or unrelated. They may also be living alone or with other persons not in census families.						
2 Taxfilers are people who filed a tax return for the reference year and were alive at the end of the year.						
3 Dependent is a member of a family who did not file a personal income tax return for the referenced year.						
14 Characteristics such as age are as of December 31 of the reference year.						
6 Median is the middle number in a group of numbers. Where a median income, for example, is given as \$26,000, it means that exactly half of the incomes reported are greater than or equal to \$26,000, and that the other half is less than or equal to the median amount. Median incomes in the data tables are rounded to the nearest hundred dollars. Zero values are not included in the calculation of medians for individuals.						
17 Total income is income from all sources. A detailed definition of what is included in total income is available from the User's Guide to this series, available at <a href="http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm">http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm</a> .						
8 Employment income includes wages and salaries, commissions from employment, training allowances, tips and gratuities, and net self-employment income (business, professional, commission, farming and fishing income).						
10 Government transfer payments are payments to individuals by the federal or provincial governments: Employment Insurance (EI), Goods and Services Tax Credit (GST) and Harmonized Tax Credit (HST), Canada Child Tax Benefit, Old Age Security (OAS) and net federal supplements, Canada Pension Plan (CPP) and Quebec Pension Plan (QPP), Workers' Compensation, Social Assistance and provincial refundable tax credits and Family Benefits. Definitions of the transfer payments are available from the User's Guide to this series, available at <a href="http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm">http://www.statcan.gc.ca/imdb-bmdi/4105-eng.htm</a> .						
Source:						
Statistics Canada. Table 111-0009 - Family characteristics, summary, annual (number unless otherwise noted) (accessed: July 26, 2013)						

## Appendix D

### NATIONAL HOUSEHOLD SURVEY

<http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/fogs-spg/Pages/FOG.cfm?lang=E&level=3&GeoCode=555>

**Table 2 – Population aged 15 years and over by total income, London, Ontario, Canada**

Table 2 – Population aged 15 years and over by total income, London, Ontario, Canada

Total income	London (CMA)	Ontario	Canada
<b>Population 15 years and over by total income (count)</b>	388,445	10,473,665	27,259,525
<b>Without income or less than \$27,815 (%)</b>	50.1	49.6	50.0
<b>Without income or less than \$12,025 (%)</b>	24.9	25.6	25.0
<b>\$12,025 to \$27,814 (%)</b>	25.2	24.0	25.0
<b>\$27,815 and over (%)</b>	49.9	50.4	50.0
<b>\$27,815 to \$51,304 (%)</b>	25.2	23.8	25.0
<b>\$51,305 and over (%)</b>	24.8	26.6	25.0
<b>\$80,420 and over (top 10 percent) (%)</b>	9.7	11.3	10.0
<b>\$102,305 and over (top 5 percent) (%)</b>	4.3	5.5	5.0
<b>\$191,150 and over (top 1 percent) (%)</b>	0.8	1.1	1.0

Of those persons with employment income in London, 50.9% worked full year, full time [Income Footnote 4](#) in 2010 compared to 52.2% in Ontario. The median employment income was \$47,963 for these workers (\$50,116 for those in Ontario).

The top three most common occupations for those working full-year full-time in 2010 in London were Retail and wholesale trade managers; Retail salespersons; and Registered nurses and registered psychiatric nurses.

#### **1. Table 3 – Median earnings of the most common full-year, full-time occupations in 2010, London, Ontario, Canada**

Table 3 – Median earnings of the most common full-year, full-time occupations in 2010, London, Ontario, Canada

Population with earnings who worked full-year, full-time in 2010 <a href="#">Income Footnote 5</a>	London (CMA)		Ontario	Canada
	number	median earnings (\$)	median earnings (\$)	median earnings (\$)
<b>Retail and wholesale trade managers</b>	3,945	44,316	43,522	42,697
<b>Retail salespersons</b>	3,750	32,062	30,927	30,249
<b>Registered nurses and registered psychiatric nurses</b>	3,250	75,482	73,960	70,927

## Appendix D

### Family income

The median after-tax income of economic families in London in 2010 was \$66,673, the median for couple families was \$73,005 and for lone-parent families, \$39,462. For persons not in economic families (persons living alone or with non-relatives only), the median after-tax income was \$24,783.

These compare to the medians in Ontario of \$71,128 for after-tax family income of all economic families, \$76,951 for couple families, \$44,398 for lone-parent families and \$27,319 for persons living alone or without relatives.

**Table 4 – Median after-tax income in 2010 for economic families and persons not in economic families, London, Ontario, Canada**

Table 4 – Median after-tax income in 2010 for economic families and persons not in economic families, London, Ontario, Canada

Economic family structure and sex	London (CMA)		Ontario	Canada
	number	median after-tax income (\$)	median after-tax income (\$)	median after-tax income (\$)
All economic families	131,845	66,673	71,128	67,044
Couple families	108,615	73,005	76,951	72,356
Lone-parent families	20,760	39,462	44,398	42,401
Other economic families	2,475	55,946	59,837	55,484
Persons not in economic families	75,940	24,783	27,319	25,761
Males	34,960	24,743	29,422	28,197
Females	40,980	24,812	25,823	23,917

## Appendix E: Summary of 2010 Task Force Findings

The following is material from the 2010 Council Compensation Review Task Force Report that describes the work of this Task Force in assessing suitable compensation comparators and methods of establishing compensation for Council Members. The 2013 Task Force benefited from this work and devoted some of its activities to furthering the work of the 2010 Task Force.

The [2010] Task Force had the benefit of considering numerous similar compensation reviews conducted by other municipalities including, Vancouver, Toronto, Ottawa, Hamilton, Kingston, Waterloo and Guelph. These reports were largely based on using comparators. Vancouver, for example, was an exception where the councillors' compensation was tied to the average income of an individual in Vancouver and the Mayor's compensation was determined to be a multiple of the average income.

The [2010] Task Force expressed concern that solely using other municipalities' compensation as the comparator was a formula for having to continually "keep up with the Joneses" in that one municipality's decision is dependent upon the decisions of other comparator group municipalities.

The difficulty in trying to establish a value for work approach lay in the fact that there are no minimum education, job or skills requirements for being elected as a councillor or mayor. Furthermore, there is generally no commonality in the way that a councillor is expected to perform the function of being a councillor. Each has their own approach dictated by the needs of their constituency and the time available to them. In this regard, the [2010] Task Force noted that there is no expectation that councillors should be fulltime although it was generally recognized that the role of mayor is a full time engagement. The [2010] Task Force concluded that it was difficult to assign a value for work done by elected officials. Ultimately, the ballot is reflective of job performance and the value of the work in the eyes of the constituency.

In an extract from The Hay Group's report in connection with its review of Toronto's compensation, the task of determining fair compensation was succinctly put in the following terms:

*"Organizations need a compensation philosophy in order to establish the rationale and process for maintaining fair and reasonable compensation for the skills and commitment that make the organization successful; At this point, however, the City of Toronto addresses compensation for its elected officials in an ad hoc basis, and for the most part, in a very reactive manner. Determining appropriate compensation for elected officials is a very complex task made even more difficult by the public nature of the role, the numerous stakeholders who wish to observe or comment on the process, the perceived conflict of interest and by the political sensitivity of the issue. The development of a compensation philosophy would assist the City in moving away from the continued debates and opinions on what is "fair" and "reasonable".*

In its deliberations the [2010] Task Force considered a host of possible comparators including the following:

- Per capita compensation cost compared to other single tier municipalities
- Percentage of annual operating budgets
- Median and average incomes of London taxpayers
- Chief Administrative Officer's compensation

The [2010] Task Force also considered whether it would be possible to match the determination of compensation to the City's own compensation job pointing or profiles for non-union employees. In discussions with the Chief Human Resources Officer for the City of London, it became clear that while there were characteristics within certain profiles that could be applied to elected officials the foundational elements were not sufficiently present to make a meaningful comparison. The [2010] Task Force was disappointed that such a novel approach did not appear to be workable.

In the end the Task Force was forced to conclude that compensation based upon value of the work was not practical, thus leading to the conclusion that the compensation was in the nature of a stipend.

This conclusion caused the [2010] Task Force to conclude that the only meaningful comparator available to it was other single tier municipalities. The [2010] Task Force therefore examined the compensation paid by six other single tier municipalities being Toronto, Ottawa, Hamilton, Kingston, Barrie and Windsor.

## **APPENDIX F: Council Actions with Respect to the Final Report of the Council Compensation Review Task Force (January 24, 2011)**

January 25, 2011

C. Saunders  
City Clerk

I hereby certify that the Municipal Council, at its session held on January 24, 2011 resolved:

6. That the following actions be taken with respect to the Final Report of the Council Compensation Review Task Force (CCRTF):

- (a) **NO CHANGE BE MADE** to the stipend paid to the Mayor (\$99,629) and the City Councillors (\$31,979), subject to recommendation (b), below;
- (b) the current escalator for annual adjustment purposes **BE RETAINED** with the additional proviso that the escalator **NOT BE APPLIED** in those years where the non-union staff wages are frozen;
- (c) the current practice that the Mayor and the City Councillors not receive compensation for sitting on agencies, boards and commissions **BE CONTINUED**;
- (d) the current additional stipend paid to standing committee chairs **BE CONTINUED**;
- (e) the benefits package currently available to the Mayor and the City Councillors **BE CONTINUED** in its present form;
- (f) the existing one-third tax exemption **BE CONTINUED**;
- (g) the compensation of the Mayor and the City Councillors **BE REVIEWED** on a regular basis by a task force or committee of volunteers comprised with similar representation as this Task Force;
- (h) future compensation review panels **BE REPRESENTED** by a person or persons with past experience on Council; it being noted that the 2010 CCRTF noted the value of having a former Councillor (Sandy Levin) as a representative on the Task Force given his past experience as a City Councillor;
- (i) the report of any compensation review panel **BE COMPLETED** prior to the opening of nominations in an election year so as not to politicize the review process;
- (j) in keeping with recommendation (i) above, the next review **BE COMMENCED** in January 2013 and the Final Report **BE SUBMITTED** in time for the Municipal Council to makes its final decision thereon by no later than November 30, 2013; and
- (k) the Mayor **BE REQUESTED** to send a letter, on behalf of the Municipal Council, thanking the CCRTF members for their contributions to the Task Force's work. (6/2/FAC)

## **Appendix G: Results of Survey of Council Members**

The following is a summary of the results from the interviews of interested Council Members that was done by the Task Force's consultant in July, 2013. The Task Force specifically specified that it did not want to know the identity of Council Members who participated.

### **Question 1: What comparators do Council Members feel that the City of London Council Members stipends should be benchmarked against?**

- Look at MPP's and MP's salary and benefits and the number of constituents they oversee, as a percentage. i.e. most Councillors oversee approx. 1/3 of what an MP or MPP oversees. (2 similar comments)
- Expressed being concerned about the concept of "salary creep" in Council wages.
- London Council should be paid the same as other large single tier municipalities
- This is a full-time commitment – Councillors are on call 24/7 regardless of other obligations. They spend between 40 and 50 hours per week on City-related business. The position should be compared to Directors in Corporations.
- We should be looking at comparators where Council Members are doing the job on a full-time basis
- Suggest Hamilton, Markham, Kitchener-Waterloo and perhaps Ottawa
- We can't have people running a billion dollar corporation on the present salary. We deal with major responsibilities, some with legal implications. We can't expect people to give up full time careers to take on this much responsibility, without compensating them properly.
- Suggests the comparators should be staff positions i.e. Council could be compared to a first level manager. Also thinks that we should compare with other single tier cities – suggest Victoria, Edmonton & Halifax

### **Question 2: What do you feel would be a reasonable stipend for a member of Council and the Mayor for the first year of the new Council term?**

- Take the Federal and the Provincial stipend and divide by 2. That's what the Mayor should be making. The Mayor oversees the entire city, not just certain areas. And that should be a go forward formula. If they make an increase, so does the Mayor etc.
- The present stipend is reasonable. Agree to COL or CPI annual average to set yearly increase
- Councillor will be comfortable with whatever is recommended by the group
- The City is not in a position to give councillors a huge raise. For more than 2 years we have been asking all departments to tighten their belt, and we should lead by example.
- 60% of Mayor's salary
- Feels that \$100,000 should be paid to each Councillor. This would include the money that a Councillor would have to spend as well and from this money, they could hire a part-time person or summer student as well
- Believes that the Mayor should be paid at the mid-point of the Director position for City of London staff, which would be approximately \$145,000. Believes Council Members should receive 50% of that rate.
- \$85,000 - \$90,000
- Council should receive 80% of the money paid to Provincial & Federal competitions
- Salary should go to \$68,000 per year and could be increased gradually over the 4 years of the Council term

### **Question 3: What other information would you like to provide to the Citizens Task Force for them to consider when making their recommendation on Council salaries for the new Council?**

- If they can work out a formula on an ongoing basis, then we do not have to look at this frequently. Council would no longer have to debate what their increases should be etc. Once the scale is set, that's what it is. At the same time, our benefit package should remain the same.
- We need to create and approve a formula which would be the standard across the board. Municipal, Provincial, Federal. When the numbers change Provincially and Federally, whether it's every year or not, then that would in turn, affect our salaries.



## Appendix G

- Some Council Members suggest the stipend received should reflect full time employment as opposed to a stipend as compensation for public service.
- If this was a mainstream job, the competition would be significantly different and the approach based on best education, skill set and experience for the job. Concerned that if the stipend increases substantially we will have career politicians who will work to keep the “job” as opposed to work on behalf of the public.
- There should be some consideration for compensation for additional Boards & Committees.
- Is there some way that the recommendations from the Council Compensation Review Task Force can be approved by Council for each of the 4 years of the upcoming Council term without Council actually knowing the quantum of what they are approving.
- Anything that is purchased out of our expense account that has a value of more than \$100 should be returned to the city. That is whether they are left over pins, umbrellas, websites that can be changed/transferred to the new representative, etc.
- Existing pay is not sufficient to provide a member of Council with reasonable income without having another job.
- Councillors should be provided with sufficient administrative resources – in house – as well as independent assistants to assist them
- Do not support the word ‘stipend’ but thinks that council should be paid one sum for their salary and expenses and everything and this item would not be audited.
- The London Hydro Board should be elected representatives, should compare salaries for both the hydro board and airport board.
- While the Mayor’s position is definitely full time, the councillor position should remain part-time. There is an existing and unequal situation in work load given that some members of Council sit on several boards and committees while some Council Members sit on one or none. There should be some consideration for remuneration for sitting on those Boards and committees.
- Councillors are expected to reply to emails, phone calls and text from constituents, days, evenings, weekends and all hours – well over and above the 9 to 5 standard. They have to give up their personal lives to serve the public 24/7. There are multiple requests for personal appearances, along with numerous requests for help with all sorts of issues and matters, which should be included in the Compensation Review Committee’s considerations. London is a full time City with full time problems, needing a full time Council.
- Suggests that the pension is quite inadequate for those Council Members who have served for a long number of years
- Councillor works approximately 60-80 hours per week on Council business
- Councillor thinks that remuneration should reflect that this is partly a Councillor’s civic duty. Councillor works 40-55 hours per week plus has an additional job.

## Appendix H: Summary of Public Participation Meeting Input

This appendix presents the summary of the public input received at the Public Participation Meeting as provided to the Task Force.

- B. Brock, constituent – advising that he made a presentation before the 2010 Council Compensation Review Task Force where he talked about a blue print and model and asked that the attached document be resubmitted; noting that four years later there has been no change and no questions regarding his 2010 presentation; questioning what “qualified” means when referring to Council Members as the only qualifications that are necessary are those that fulfill the requirements of provincial legislation to run for municipal office; stating that you can’t and shouldn’t think you can come up with qualified people and in, in any event, “qualified” is in the eye of the beholder; indicating that the monies saved through the elimination of the Board of Control was redirected to the Council Members to hire additional staff, which begs the question why should Council Members get a raise when they can afford to hire more staff to do their work for them; expressing the view that compensation for Council Members should not be raised as they do not deserve it, which is demonstrated in the annual budget document which benchmarks number of hours and number of meetings; noting that in January 2013, the Council Meeting was approximately 4 hours long, including the time taken for a dinner recess and 20 minutes for presentations to the public, and there were about 80 motions for the 400 page agenda, which means that each Member of Council would have spoken for 4 minutes each, on average; stating that there is a need to work smarter and separate Council and Administrative roles and citizens should control what Council Members do; stressing the need for accountability guidelines and suggesting that the Task Force look at Windsor’s role descriptions for Council Members; expressing concern that the City denied him the right to sit on this Task Force and Council should have no right to say no to his democratic rights; indicating that the City is the way it is because of politicians and professionals; relaying that some years ago he was advised to not join clubs when serving in a municipal office so that he was not influenced by any particular group; questioning why the Urban League of London, the London Chamber of Commerce and the London District Labour Council are members on everything as are environmental groups; emphasizing that responsibility needs to be placed on Council Members and noting that in Quebec Council Members were removed from office for only being charged with illegal acts and not yet convicted; indicating ReThink London has a component on land use, but it is not his role as a citizen to interpret the discussion—all parties need to come to the table and lay everything out without playing any games, and compare apples to apples; and summing up his comments by saying that compensation shouldn’t be looked at in isolation of accountability, otherwise don’t make any changes...and don’t ignore input from the trenches as the people in the trenches need to feel part of the decision-making process.
- Judy Potter, constituent – indicating she has been making noise on anti-poverty and social justice since 1994; stating that “compensation” is the wrong message, it should be “salary”; indicating her belief that Council and staff are of vital importance, but London’s current economic position makes this topic distasteful; noting that \$103,000 in compensation for the Mayor is not unreasonable and the 1/3 tax free break is a good deal; indicating that sometimes she does not feel listened to and that the City can’t be operated as a business as constituents are human beings; noting that she calculated her own personal income and expenses and realized she is living on a deficit and she hasn’t had a raise in her pay on disability and ODSP for some time; sharing that she is heartbroken that politicians are looking for a raise when she, and others like her, do not have sufficient income to meet their basic living expenses; expressing her fear that this is a stepping stone to full time, and that Council Members agreed to put time in when they ran for office; emphasizing that everyone deserves a fair shake and compensation is what you get when you earn it, though it is not being suggested that Council Members don’t earn their pay; questioning why, in this economic climate in London, are we having this conversation; indicating that Council compensation has been the subject of discussion since 1994, and it doesn’t make sense why there should be an additional stipend to act as Chair of a standing committee; and summarizing that the citizens want to trust their government and if compensation were to be increased then there wouldn’t be trust anymore, so don’t increase the compensation.
- Stephen Turner, constituent: indicating he is appearing before the Task Force as an individual who has previously run for elected office and may have an interest in doing so again in future; suggesting there is a need for the mechanism for change to be depoliticized as there is an inherent conflict of interest; noting that Council compensation

## Appendix H

is a hot potato, especially in a “zero budget” climate, so having any discussion about increasing compensation can’t be good; suggesting that perhaps the decision-making body should be by a body independent from Council and once a decision is made, the compensation should be tied to any increases for municipal non-union staff; in terms of benchmarking, consideration should be given at looking at the internal human resources grid and for comparators such as level of decision-making, breadth of stakeholder liaison, regulatory responsibility etc.; also suggesting that single tier municipalities with over 200,000 people be considered, together with workload responsibilities and those with annual budgets over \$500 million; he indicated that in terms of full time versus part time, there is an advantage to keeping the ability to serve open to the broadest cross section of the population; he indicated his belief that when compensation requires a concurrent career, that lends itself to conflict of interest, but if the City were the sole employer conflict of interest would be almost entirely eliminated; he also noted that municipal employees couldn’t be on Council, but if they were they could offer insight on many matters; he also suggested that compensation should reflect the level of workload, but not so much meetings as constituency work;

- David Winninger, constituent – indicating he previously served on Council and was paid similarly to the current Council Members and that he believes Council Members are adequately paid for their work, recognizing they may compare well to some other municipalities and not as well to others; noting that some Council Members, like himself, held down full time jobs outside of their Council responsibilities; stating that Council support increased from 1 to 3 staff during the time he held office and that Council Members’ expense allocation has moved from \$3,500 per year to \$15,000 per year, which allows the current Council Members to hire their own administrative support to assist them; questioning what compelling reason there would be to increase Council compensation when they have more resources to assist them and the economy is not good; suggesting that Council Members do not need to attend all meetings, the most important ones would be meetings with constituents; indicating his agreement with Professor Sancton, Western University, that if there was a lot more work and London Council Members were falling way behind others in their compensation then perhaps an increase would be in order; stating that as a taxpayer he wants to see his tax dollars spent wisely and if services have to be cut for higher salaries, he would rather have the services maintained; indicating that if Council Members made good use of their additional assistance then they should not have to spend extra hours doing their work, noting he put in about 12 hours per week as a Council Member and was able to get the majority of his Council work done; advising he does not see a Council Member’s position at City Hall as a career, if you get elected you are fortunate, and he never felt under compensated; stating that if there is to be a substantial increase in compensation or a Council Member’s position was to be considered “full time”, then that should be justified; and urging the Task Force to remember that many others have not seen pay increases.
- Professor A. Sancton, Western University – indicating that he had not intended on speaking, but as he was referenced by others, he thought he should say something; noting that he only knew about the meeting because the local newspaper called him; and stating he thought the 1/3 tax free allowance should be discontinued for transparency, but that if it is removed, the net effect would be sending in a cheque from the City to the federal and provincial governments.

## Appendix I: Council Compensation Survey

### CITY OF LONDON

#### Council Compensation Survey

##### INTRODUCTION:

This survey is being provided so that residents of the City of London, Ontario, can provide input to the 2013 Council Compensation Review Task Force. The Task Force is made up of citizens of the City of London and their job is to recommend the compensation for the next Council who will seek election during the Fall of 2014 and take office effective December 1<sup>st</sup>, 2014. This survey is available to be filled out by residents of London by going to the City of London website. Those wishing to fill out the survey manually can get a hard copy of the survey at London City Hall or any branch of the London Public Library. The Task Force will take into consideration the responses received by September 15, 2013. Survey participants are encouraged to consider the responsibilities of the position, not the performance of any particular incumbent, when responding to the survey questions. The current compensation for Councillors is \$33,465 and the Mayor is \$104,258. London City Council is comprised of the Mayor and 14 Councillors, with each Councillor representing one ward of the 14 wards within London.

##### Question 1:

Are you a resident of the City of London? Yes \_\_\_\_\_ No \_\_\_\_\_

##### Question 2:

Should Council Members' compensation be linked to the median individual income in London (as described by Statistics Canada) – (median is the point at which half of the salaries are higher and half are lower)? This amount for 2010 is \$31,820 and described by Statistics Canada as "Median Total Income of Persons with Income".

Yes \_\_\_\_\_ No \_\_\_\_\_

##### Question 3:

Should London Councillors' and the Mayors' compensation be compared to other single tier municipalities in the range of population of 100,000 – 500,000 (this would include such cities as Chatham-Kent, Guelph, Sudbury, Windsor, etc.)?

Councillors' Yes \_\_\_\_\_ No \_\_\_\_\_

Mayor's Yes \_\_\_\_\_ No \_\_\_\_\_

##### Question 4:

Should London Councillors' and the Mayor's compensation be compared with single tier municipalities with a population of greater than 500,000 (cities in this category would include Hamilton, Ottawa and Toronto)?

Councillors' Yes \_\_\_\_\_ No \_\_\_\_\_

Mayor's Yes \_\_\_\_\_ No \_\_\_\_\_

##### Question 5:

Should the Mayor's compensation in London be compared to that received by Provincial Members of Parliament (\$116,550) or Federal Members of Parliament (\$160,000)?

Note that the Mayor's annual income is equivalent to a fully taxable amount of \$130,916.

Yes \_\_\_\_\_ No \_\_\_\_\_

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### Question 6:

Given that the current (2013) compensation for Councillors is \$33,465 and the Mayor is \$104,258, how much do you feel that the new Council taking office on December 1<sup>st</sup>, 2014 should be paid?

COUNCILLORS SHOULD BE PAID: \$ \_\_\_\_\_

THE MAYOR SHOULD BE PAID: \$ \_\_\_\_\_

### Question 7:

Should a fixed differential between the compensation for a Councillor and the compensation for the Mayor be used? Currently, London's Mayor makes a little over 3 times the compensation of a Councillor.

Yes \_\_\_\_\_ No \_\_\_\_\_

### Question 8:

Should Councillors who serve as Chair of a Standing Committee continue to receive additional compensation while serving in that capacity (currently \$1,249), given the additional responsibility associated with that role?

Yes \_\_\_\_\_ No \_\_\_\_\_

### Question 9:

Do you think there is another method of comparing compensation that the Task Force should consider?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please describe in the space below.

### Question 10:

The current compensation for a Councillor in the City of London is \$33,465. Would increasing this compensation be something that might influence you to consider running for Council?

Yes \_\_\_\_\_ No \_\_\_\_\_

### Question 11:

At present, municipal Councils can choose whether or not to stop receiving 1/3 of their pay as tax free. Initially, setting 1/3 of the compensation as tax free was mandated by the Province for all Councils in order to help cover incidental expenses in discharging their duties as Council. Recently, the Province has given Municipal Councils the option of deciding whether or not to stop utilizing the 1/3 tax free allowance. In Ontario, for those municipalities who have chosen not to utilize the 1/3 tax free allowance, it has been common practice to increase Council Members' compensation in order to maintain the same amount of "take-home pay" for those Council Members. Councils who have eliminated the 1/3 tax free allowance have indicated that they have done so because they feel they should be paid and taxed similarly to all other people who are employed.

Maintaining the same "take-home pay" after the elimination of the 1/3 tax free allowance does, however, increase the annual operating budget for Council Members' compensation. In London's case, removing the 1/3 tax free allowance and offsetting the impact on "take-home pay" would approximately cost an additional \$81,000, based on 2013 rates, which would have to be added to the City's tax-supported budget. Once a municipality chooses to eliminate the 1/3 tax free allowance, it cannot reinstate it again at any time due to provincial law.

Should 1/3 of the compensation that members of Council receive continue to be tax free?

Yes \_\_\_\_\_ No \_\_\_\_\_

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### Question 12:

In the City of London, current Council policy requires that a Council Compensation Review Task Force be formed, made up of citizens of London, to recommend the compensation to be paid to City Council (including the Mayor). A Task Force is to be formed every four years, approximately 18 months prior to a new Council taking office as a result of a municipal election. The Task Force recommends the compensation for the new Council and the process for the next review.

Currently, the second, third and fourth year compensation of Council is adjusted annually at the start of the second, third and fourth years of the Council term, in keeping with Council policy. The policy sees the Council compensation increased on January 1<sup>st</sup> of each year by the lower of the Labour Index or the Consumer Price Index for Ontario. It should be noted, however, that in years where the non-union staff wages in the City of London are frozen that no increase would apply.

For example, on a Councillor's stipend of \$33,465 per year, an increase of 2% as a result of this policy would increase the Council stipend by an additional \$669.30.

Do you support this process of reviewing Council compensation on an annual basis?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, on what basis would you suggest that the compensation be reviewed?

### Question 13:

Should members of Council continue to receive employment benefits? The following employment benefits are provided: Extended health and dental, life insurance and disability coverage.

Yes \_\_\_\_\_ No \_\_\_\_\_

### Question 14:

Should members of Council be enrolled in a Pension Plan? Members of Council contribute to the Ontario Municipal Employees Retirement System. Almost all cities in Ontario enroll their members of Council in OMERS and those cities that don't, make other pension arrangements. Starting in 2011, members will pay 7.4% up to \$47,200 and 10.7% over \$47,200. These amounts are matched by the City. This is a defined benefit plan based on actual years of service and compensation received. For example, a one-term member of Council would roughly have \$19,000 of total pension earned upon leaving office. This is the total value and not an annual amount.

Yes \_\_\_\_\_ No \_\_\_\_\_

Thank you for your participation in this survey.

## Appendix J: Summary of Open-Ended question responses

Comment (Q9) other methods of comparing compensation	Approx. # of occurrences	Representative comments
Performance/merit pay or similar	98	Would be hard to implement, #32, p. 104 As indicated by the community, #76, p. 107 Bottom line results, #126, p. 110 Balanced scorecard, #100, p. 108 Not easy but preferred, #421, p. 126 Tax base growth, unemployment rate, cost control, #444, p. 127 Independent board from all walks of life, #447, p. 129
Attendance	56	Lose \$ when miss meeting, #441, p.127 # of hours they are on the clock, #104, p. 108 Base pay plus attendance, #295, p.119
How well the city is doing/cost of living/what the city can afford/economic conditions	38	
Work done/meaningful contributions/value/fulfill responsibilities	38	
Average/median wage	37	Should not earn more than the average wage or salary of their constituents, #36, p.105 You do not have to have any education to become mayor or councillor, #479, p.129
Hourly/hours worked, hours of involvement/workload	35 (excluding the full-time comments which were less)	
Private/public sector/non profit admin, private/public comparables/similar roles with equivalent responsibilities in private sector	26	
Referendum/satisfaction survey/constituent support	18	
Tax dollars spent/money saved	14	
% of welfare/minimum wage	11	
Volunteer	7	
Skills/abilities/knowledge	7	

Also a number of people said raises should be based on Consumer Price Index (CPI) or inflation (#82, p. 107, #118, p. 109, #148, p.111) which indicates current method is not well understood

#127, p. 110, “.. The question about compensation will be easier to understand once we know what our Councillor does...”

#538, page 133, “use a decent consultant. Citizens have no idea what is fair or comparable.”

## **Appendix K: On-line Survey Results**

This appendix presents the on-line survey results provided to the Task Force.

The on-line survey results are available for viewing in the City Clerk's Office and is electronically attached on the City of London's website.