

6TH REPORT OF THE
GOVERNANCE WORKING GROUP

Meeting held on September 28, 2015, commencing at 4:05 PM, in Committee Room #5, Second Floor, London City Hall.

PRESENT: Councillor V. Ridley (Chair); Mayor M. Brown and Councillors M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, H.L. Usher and C. Saunders (Secretary).

ALSO PRESENT: Councillors A. Hopkins, P. Hubert, T. Park and J. Zaifman; and K. Huner and J. Smout.

I. CALL TO ORDER

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

II. CONSENT ITEMS

2. 5th Report of the Governance Working Group

That the 5th Report of the Governance Working Group, from its meeting held on July 29, 2015, BE RECEIVED for information.

3. Governance Working Group Terms of Reference, amended July 29, 2015

That the amended Governance Working Group Terms of Reference BE RECEIVED for information.

4. Governance Working Group Action List, as of July 29, 2015

That the Governance Working Group Action List, as of July 29, 2015, BE RECEIVED for information.

III. SCHEDULED ITEMS

5. Delegation: Brian Orr, Past Chair of the 2013 Council Compensation Review Task Force

That the following actions be taken with respect to Municipal Council compensation:

- a) the City Clerk BE REQUESTED to submit a report to the October 26, 2015 meeting of the Strategic Priorities and Policy Committee providing the following information:
 - i) a summary of the recommendations of the 2013 Council Compensation Review Task Force indicating Municipal Council's final decision with respect to the recommendations;
 - ii) information with respect to the financial and legal implications of the elimination of the 1/3 non-taxable portion of the remuneration paid to Municipal Council Members;
 - iii) draft Terms of Reference for the 2016 Council Compensation Review Task Force that provide for the following:
 - A) an enhanced public engagement process to ensure that members of the public are aware of the work of the Task Force and are provided with ample opportunity to provide input;
 - B) an enhanced communications program to assist in clarifying the role of the Municipal Council Members, including legislative responsibilities and day-to-day duties undertaken to fulfill the role;

- C) review and consideration of the recommendations of the 2013 Council Compensation Review Task Force;
- D) submission of a final report prior to the end of 2016;
- E) recognition of the guiding principles that address the concept of “full-time” or “part-time” roles within the context of “primary” or “secondary” work;
- F) consideration of the creation of role descriptions for the Mayor and for the Ward Councillors; and,
- G) collection of public input with respect to expectations for the availability of the Members of Council to the public during core business hours and outside of core business hours;

it being noted that the research and assistance provided to the Council Compensation Review Task Force should be neutral, independent and less human-resources focused expertise;

b) the following documents BE RECEIVED for information:

- i) Final Report of the 2013 Council Compensation Review Task Force;
- ii) Council Resolution - Final Report of the Council Compensation Review Task Force, dated October 23, 2013;
- iii) Original Terms of Reference for 2016 Council Compensation Review Task Force;
- iv) Final Report of the 2010 Council Compensation Review Task Force, dated December 17, 2010; and,
- v) Council Resolution – Final Report of the 2010 Council Compensation Review Task Force, dated January 25, 2011;

it being noted that the Governance Working Group (GWG) received the attached presentation from B. Orr, Chair of the 2013 Council Compensation Review Task Force.

IV. ITEMS FOR DIRECTION

- 6. Draft Council Procedure By-law

That the review of the draft Council Procedure By-law BE DEFERRED to the October 28, 2015 meeting of the Governance Working Group.

- 7. Informal, semi-annual discussions for Members of Council to Suggest Improvements to Processes and Procedures

That discussion regarding the establishment of informal, semi-annual meetings for Members of Council to suggest improvements to processes and procedures BE DEFERRED to the October 28, 2015 meeting of the Governance Working Group.

V. DEFERRED MATTERS/ADDITIONAL BUSINESS

None

VI. CONFIDENTIAL

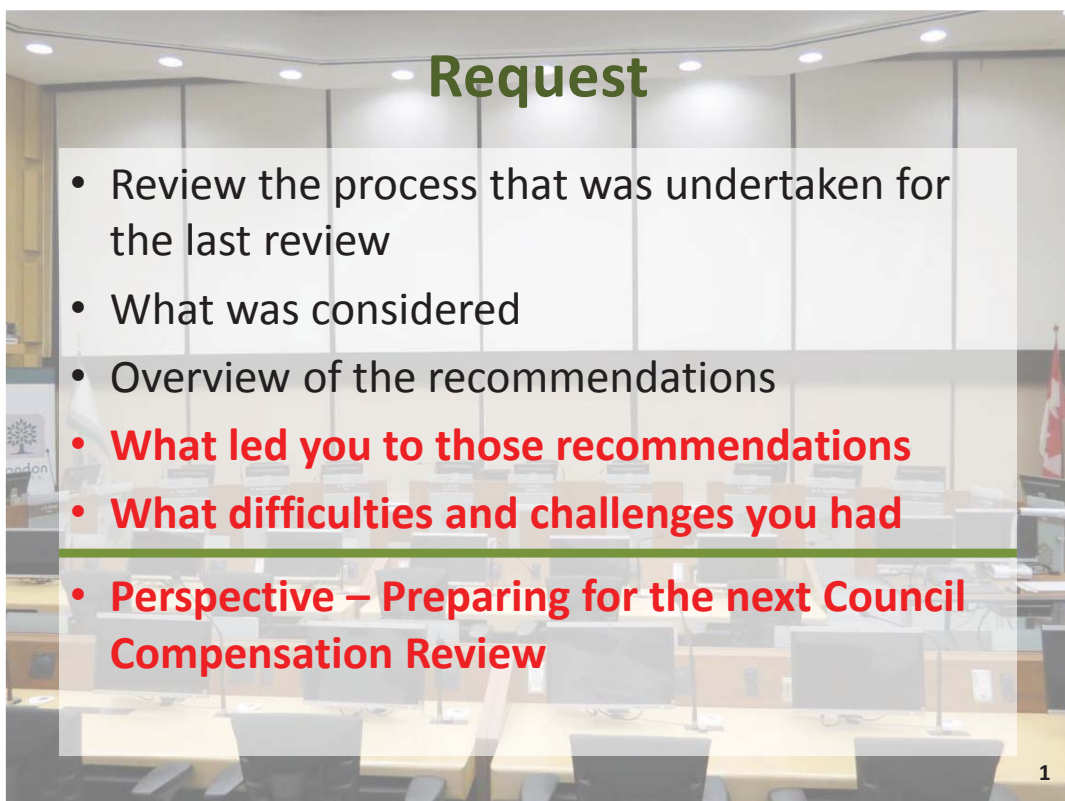
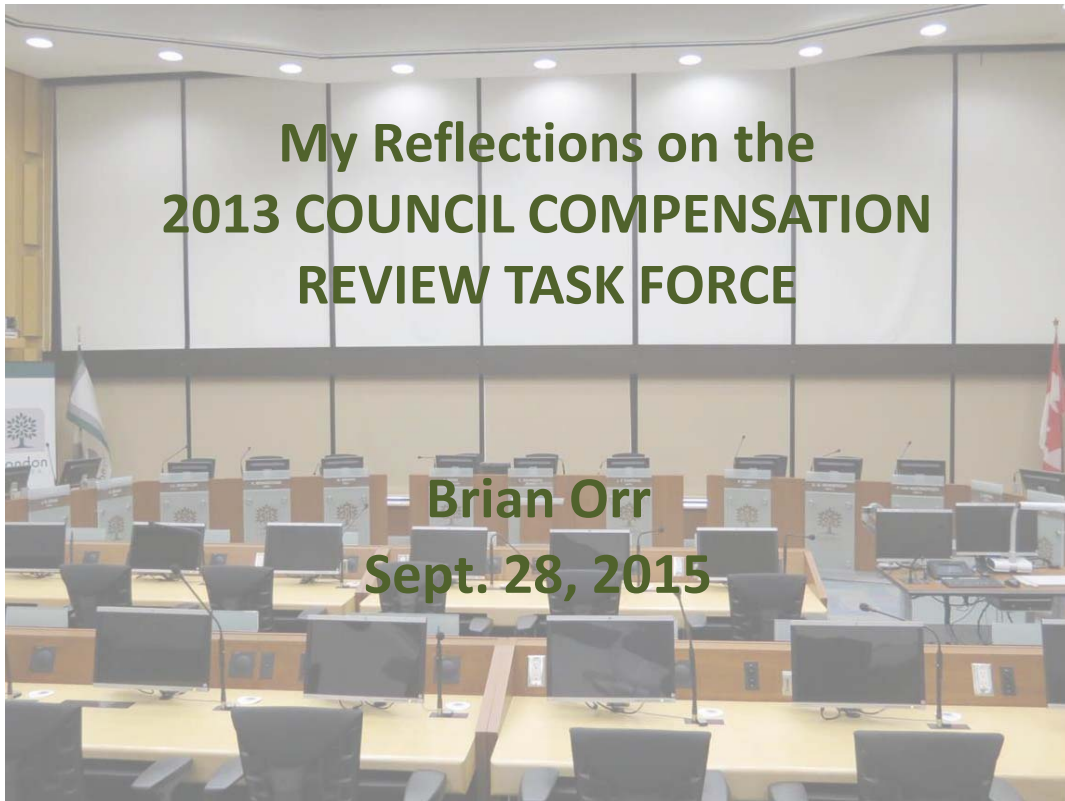
None.

VII. NEXT MEETING DATE

Wednesday, October 28, 2015, 4:00 PM - Committee Room #5.

VIII. ADJOURNMENT

The meeting adjourned at 8:18 PM.



Task Force Membership...

An Independent Task Force consisting of:

- 1 rep from the London Chamber of Commerce
- 1 rep from the Urban League of London
- 1 rep from the London & District Labour Council
- 1 rep from the Human Resources Professionals London & District
- 3 Citizens-at-Large

Support provided by:

- City Clerk's Office: Cathy Saunders & Linda Rowe
- external consultant

2

Task Force's Duties

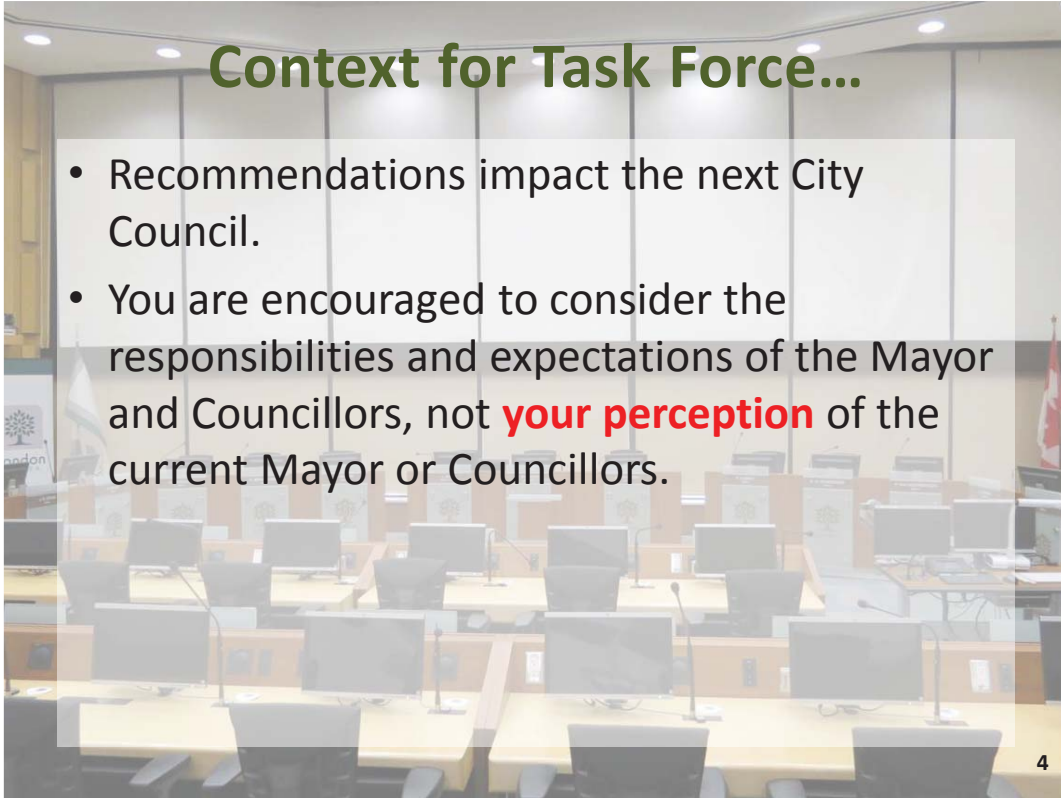
The Task Force shall be responsible for reviewing and providing recommendations with respect to Council Member compensation, including:

- a) collecting and analysing 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;
- c) reviewing and making recommendations with respect to:

Mayor and Council Member annual stipend;

- honoraria and agency, board and commission compensation
- benefits available to Members of Council;
- continuation of 1/3 tax free allowance;
- the process for future regular reviews of Council compensation.

3



Context for Task Force...

- Recommendations impact the next City Council.
- You are encouraged to consider the responsibilities and expectations of the Mayor and Councillors, not **your perception** of the current Mayor or Councillors.

4



Council Compensation...

- Mayor's Annual Stipend(2013 rate) \$104,258.
- Councillors' Stipend (2013 rate) \$33,465.
- Additional stipend of \$1,249 paid to Councillors serving as a Standing Committee Chair (maximum one stipend per year for serving as Chair).
- No additional compensation paid to Mayor or Councillors for sitting on a local agency, board or commission.
- **Asked late in process to look at the "Deputy Mayor' compensation (no change)**

5

Council Compensation...

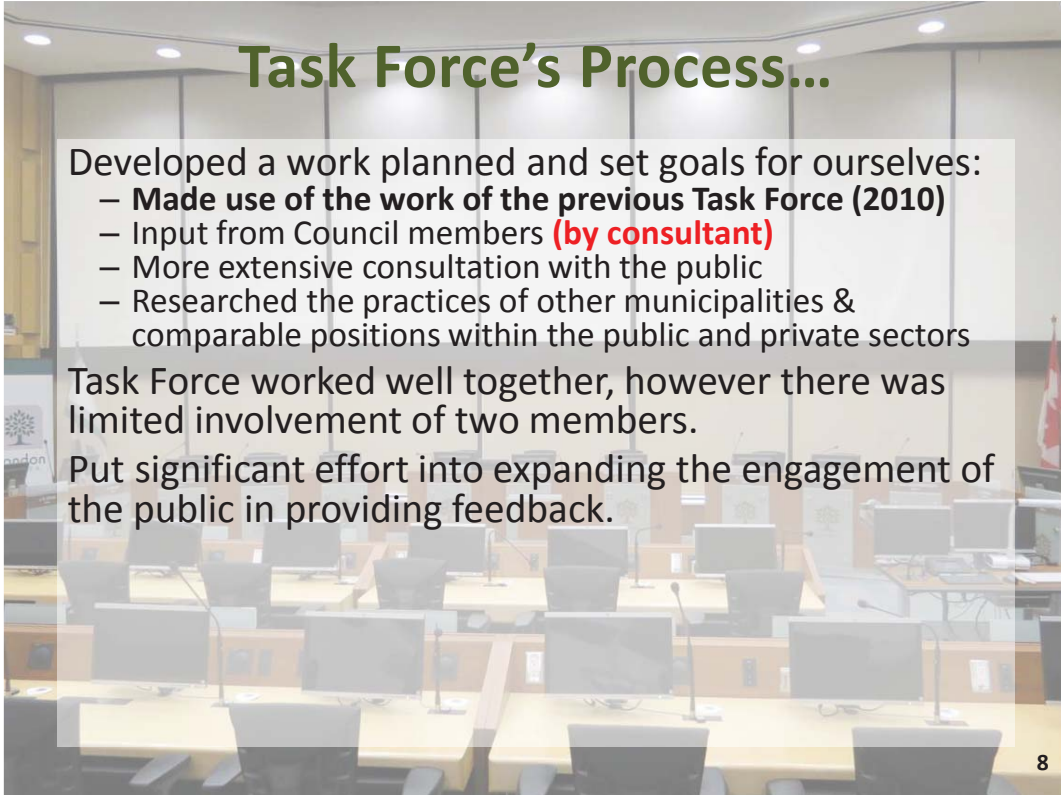
- Policy that defines how any annual adjustment is determined---taking into consideration the Labour Index, Consumer Price Index and whether or not the City's non-union staff wages are frozen.
- Members receive benefits including extended health and dental, life insurance, disability coverage, and pension contributions.
- **Recommended need to clarify on how long-term disability applies to Council members.**

6

1/3 Tax Free Exemption...

- Council exercises the one-third tax free exemption provision. **[Recommended phasing out this provision.]**
- If the one-third tax free allowance is removed, it can not be reinstated per provincial law.
- **In order to maintain the same "take home" pay if the tax-free allowance was removed, it would have a local budget impact of approximately \$81,000 (2013 rates).**

7



Task Force's Process...

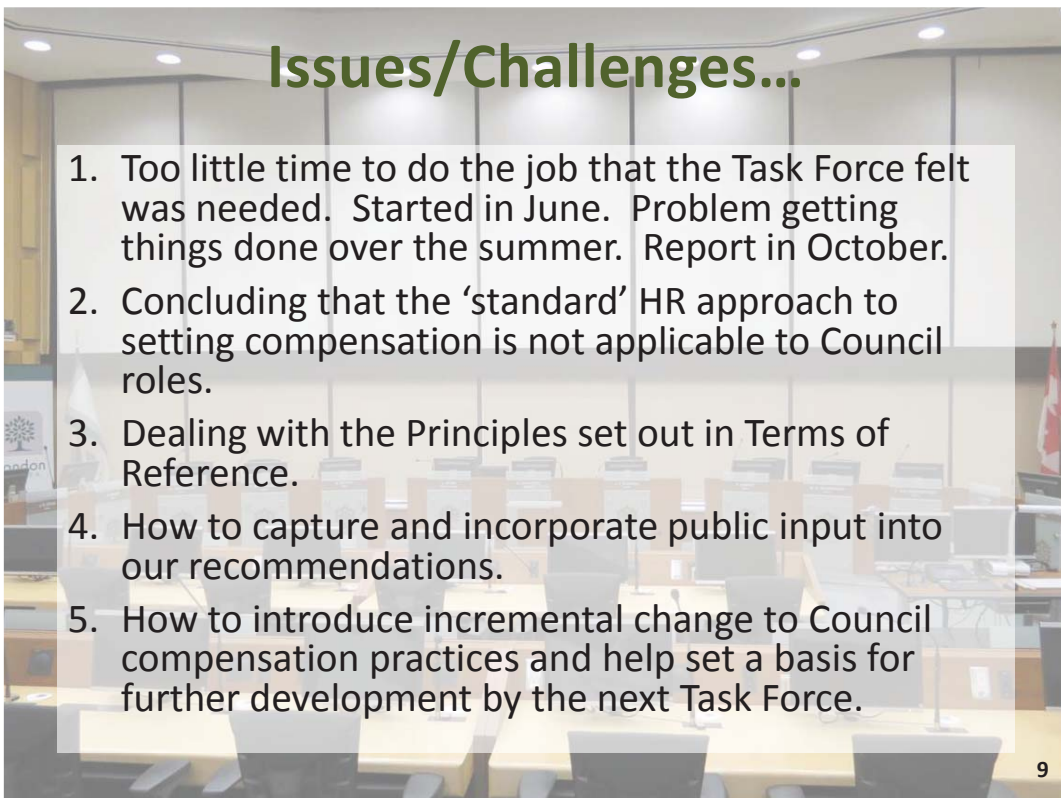
Developed a work plan and set goals for ourselves:

- Made use of the work of the previous Task Force (2010)
- Input from Council members (**by consultant**)
- More extensive consultation with the public
- Researched the practices of other municipalities & comparable positions within the public and private sectors

Task Force worked well together, however there was limited involvement of two members.

Put significant effort into expanding the engagement of the public in providing feedback.

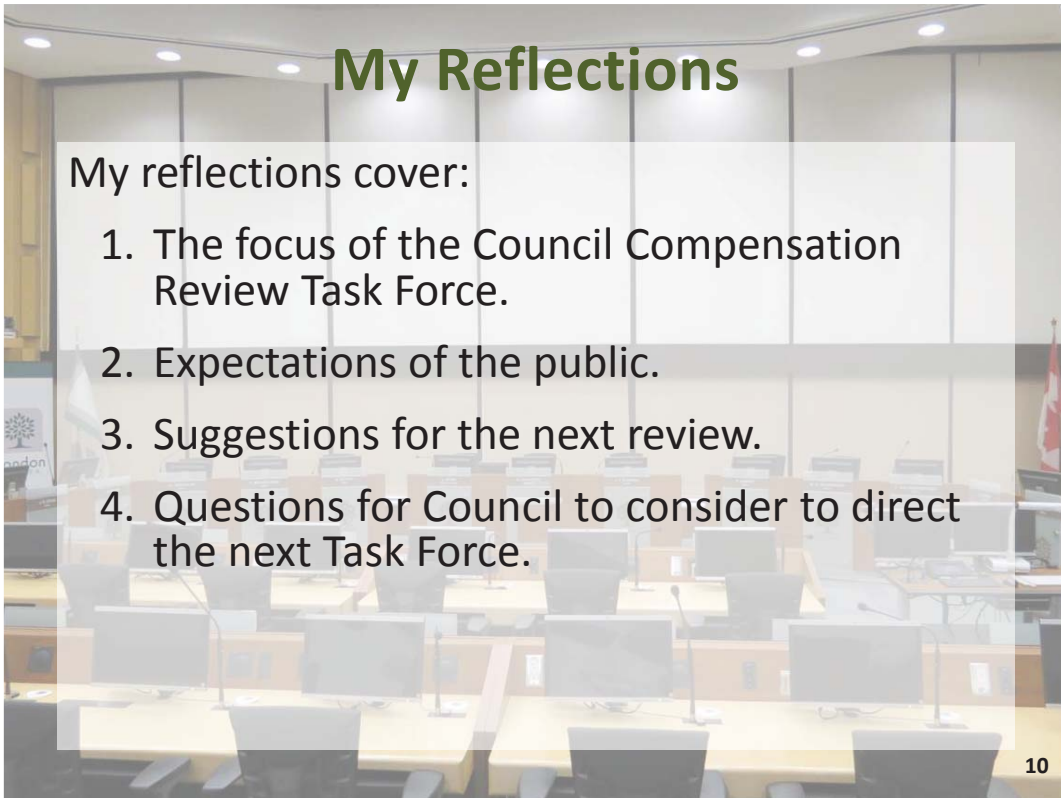
8



Issues/Challenges...

1. Too little time to do the job that the Task Force felt was needed. Started in June. Problem getting things done over the summer. Report in October.
2. Concluding that the 'standard' HR approach to setting compensation is not applicable to Council roles.
3. Dealing with the Principles set out in Terms of Reference.
4. How to capture and incorporate public input into our recommendations.
5. How to introduce incremental change to Council compensation practices and help set a basis for further development by the next Task Force.

9

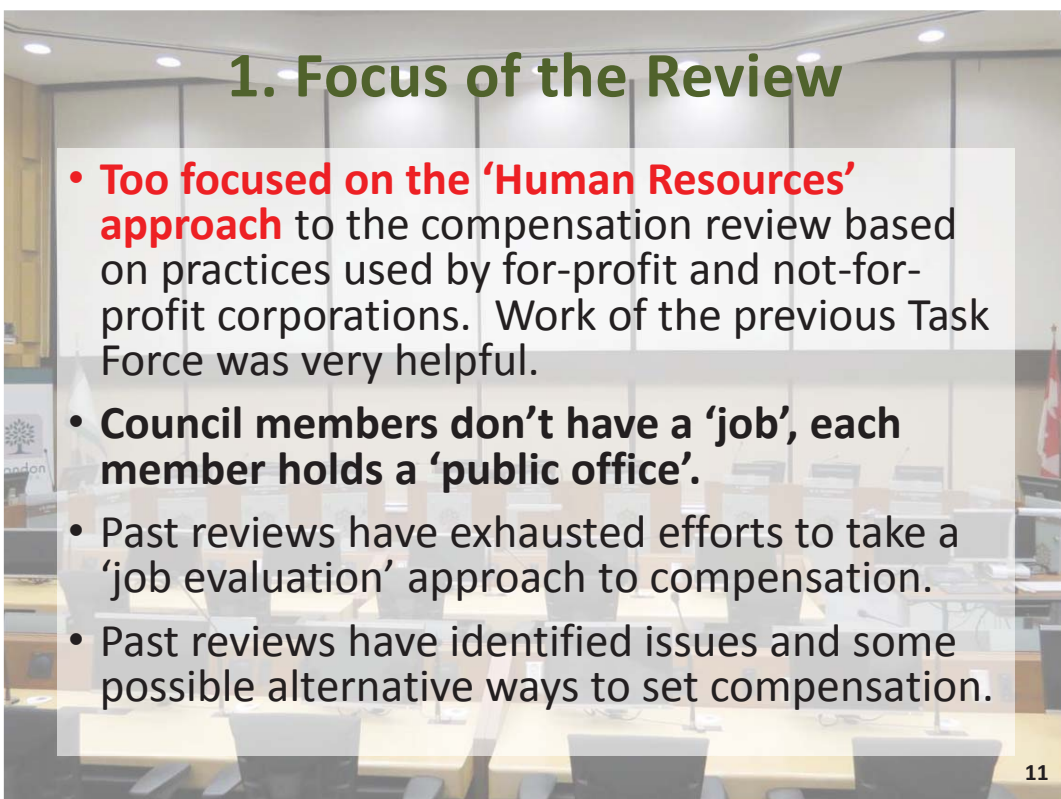


My Reflections

My reflections cover:

1. The focus of the Council Compensation Review Task Force.
2. Expectations of the public.
3. Suggestions for the next review.
4. Questions for Council to consider to direct the next Task Force.

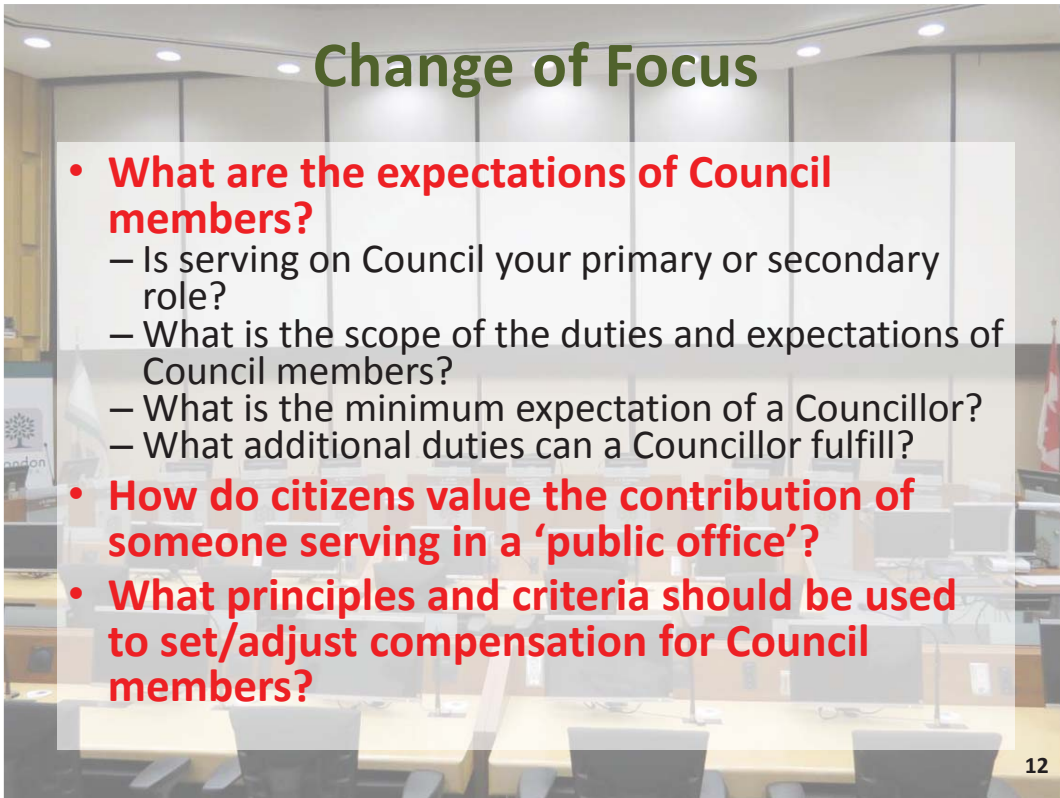
10



1. Focus of the Review

- **Too focused on the 'Human Resources' approach** to the compensation review based on practices used by for-profit and not-for-profit corporations. Work of the previous Task Force was very helpful.
- **Council members don't have a 'job', each member holds a 'public office'.**
- Past reviews have exhausted efforts to take a 'job evaluation' approach to compensation.
- Past reviews have identified issues and some possible alternative ways to set compensation.

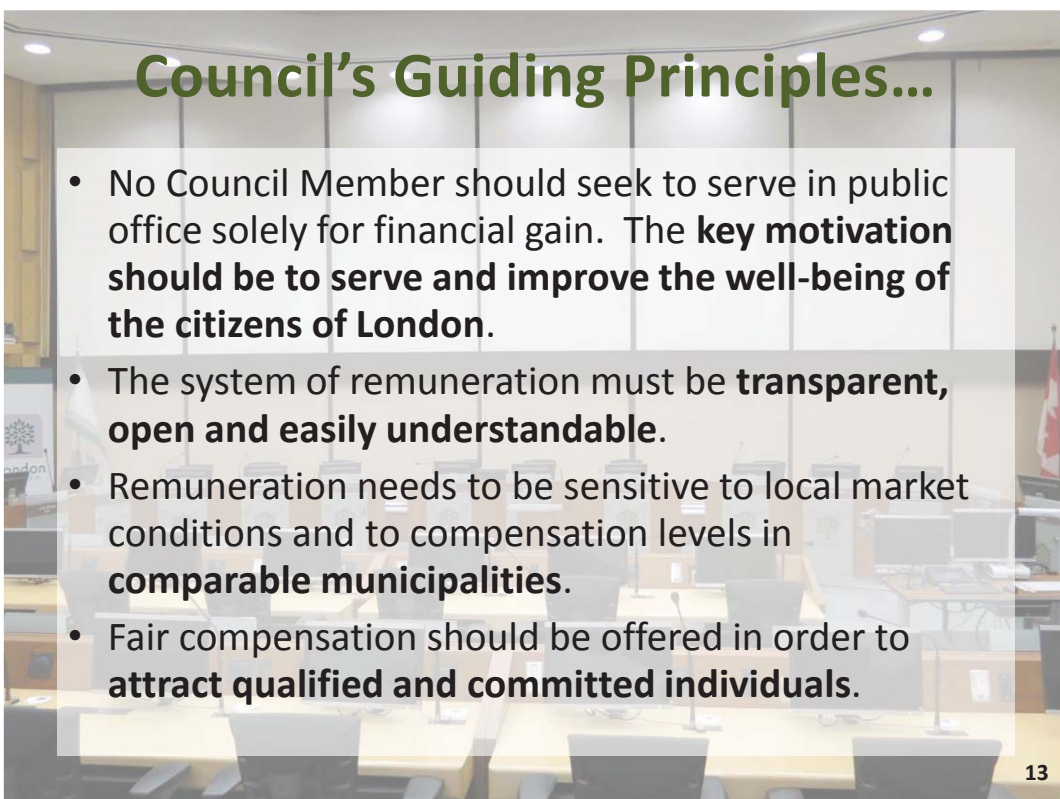
11



Change of Focus

- **What are the expectations of Council members?**
 - Is serving on Council your primary or secondary role?
 - What is the scope of the duties and expectations of Council members?
 - What is the minimum expectation of a Councillor?
 - What additional duties can a Councillor fulfill?
- **How do citizens value the contribution of someone serving in a ‘public office’?**
- **What principles and criteria should be used to set/adjust compensation for Council members?**

12



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.**
- 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.**

13

Observations on Principles

- If Councillor role is essentially a **person's primary role**, then providing adequate compensation becomes more significant.
- Ideally setting compensation rates need to be simple to **understand, acceptable to citizens and linked to some related comparator**.
- Difficult to link to compensation practices of other municipalities – lack of comparable situations and practices.
- What is '**fair compensation**'? Attract quality candidates to run for office and be an effective Council member?

14

How do we View London...

- Wikipedia lists London (Pop.: 366,151) as the 15th largest city in Canada (2014) and 6th largest in Ontario.
 - In Ontario Hamilton is 5th (519,949), Markham is 7th (301,709), and Vaughan 8th (288,301).
- Statistics Canada 2014 data on Census Metropolitan Areas lists London CMA (pop. 502,360) as 12th largest in Canada and 5th largest in Ontario.
 - In Ontario Hamilton CMA is 3rd (765,228), Kitchener-Cambridge-Waterloo CMA is 4th (506,858), St. Catharines-Niagara CMA is 6th (405,908), and Oshawa CMA is 7th (384,143).
- **Who do we compare to?**
- **Are we a 'small city' or a 'large city'?**

https://en.wikipedia.org/wiki/List_of_the_100_largest_municipalities_in_Canada_by_population
<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo05a-eng.htm>

15

2. Expectations of the Public

- 2013 review influenced by public perception of that Council's behaviour.
 - Range of input received from the public.
 - Acceptability of the Review's recommendations.
- **Individual bias** – tendency to undervalue the contribution of jobs that are unfamiliar to an individual. Incorporate their judgement of person(s) holding the jobs in question.
- General lack of understanding of the demands placed on Council members and the attributes needed to be successful.

16

Improving Public's Perceptions

- London's median income (2013 data)
 - Per person (with income) in all families: ~\$35,500
 - Lone-parent families: ~\$38,700
 - Total income for couple families: ~\$84,500
- The public needs a better appreciation of the complexity of the Councillor and Mayor roles, and what makes a Council member successful.
- The public needs to trust that Council is doing a great job.
 - London is well run and has good leadership.
 - Councillors and Mayor have credibility.
 - Council is open and honest with citizens.

17

Ideas...

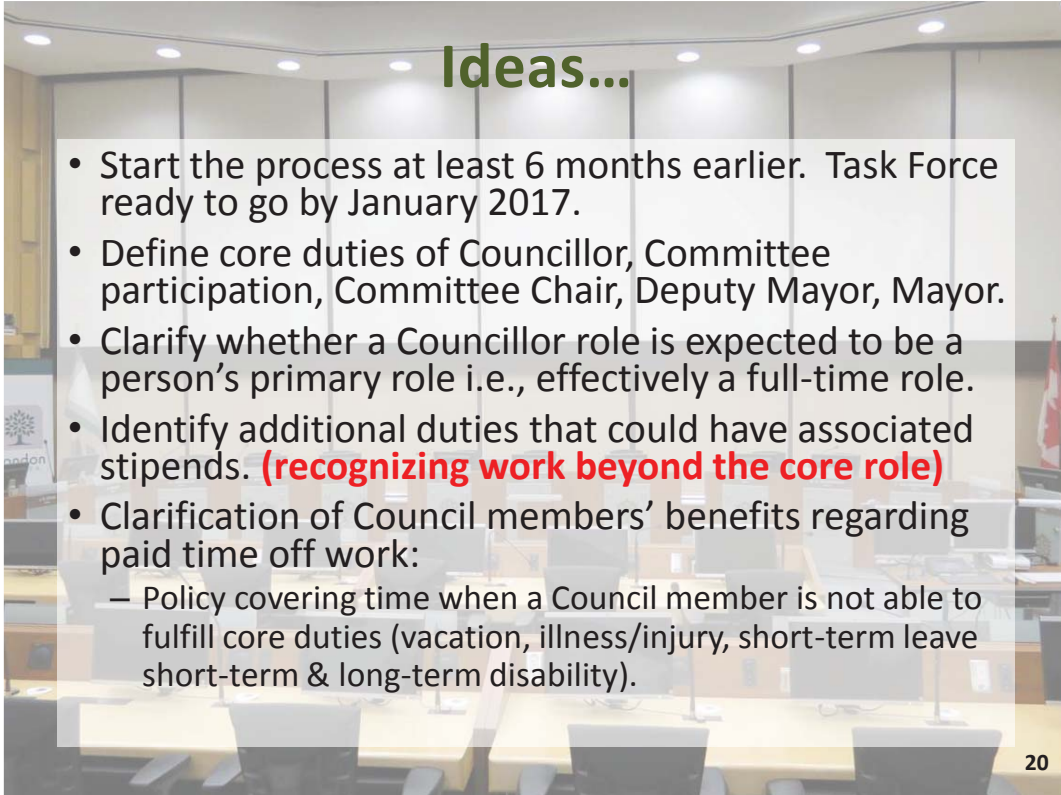
- Be honest when describing how much Councillors and the Mayor make.
 - Use the before tax equivalent amount for describing your annual stipend.
 - (On Dec.1, 2014) Mayor: \$128,316 [\$104,258]
& Councillor: \$36,262 [\$33,465]
 - One Councillor used his T4 income of \$22,310.
- Define and communicate the roles and expectations of Council members.
- How can Council demonstrate its worth to the public?

18

3. Next Task Force Mandate

- Provide more time for the review to explore its mandate, issues, and seek input from citizens.
- Provide clear direction to the Task Force on its mandate.
 - Principles to guide the Task Force
 - What is in scope: roles and expectations: Councillors, committee membership/chair, Deputy Mayor, Mayor, etc.
 - Compensation components needing attention.
 - Feedback from citizens.
- Provide more credible support to the Task Force.
 - external consultant(s)
 - **[Task Force involvement in selection of external consultant(s)]**
- Look at strengthening the Task Force – citizens at large.
 - [experience and available time]

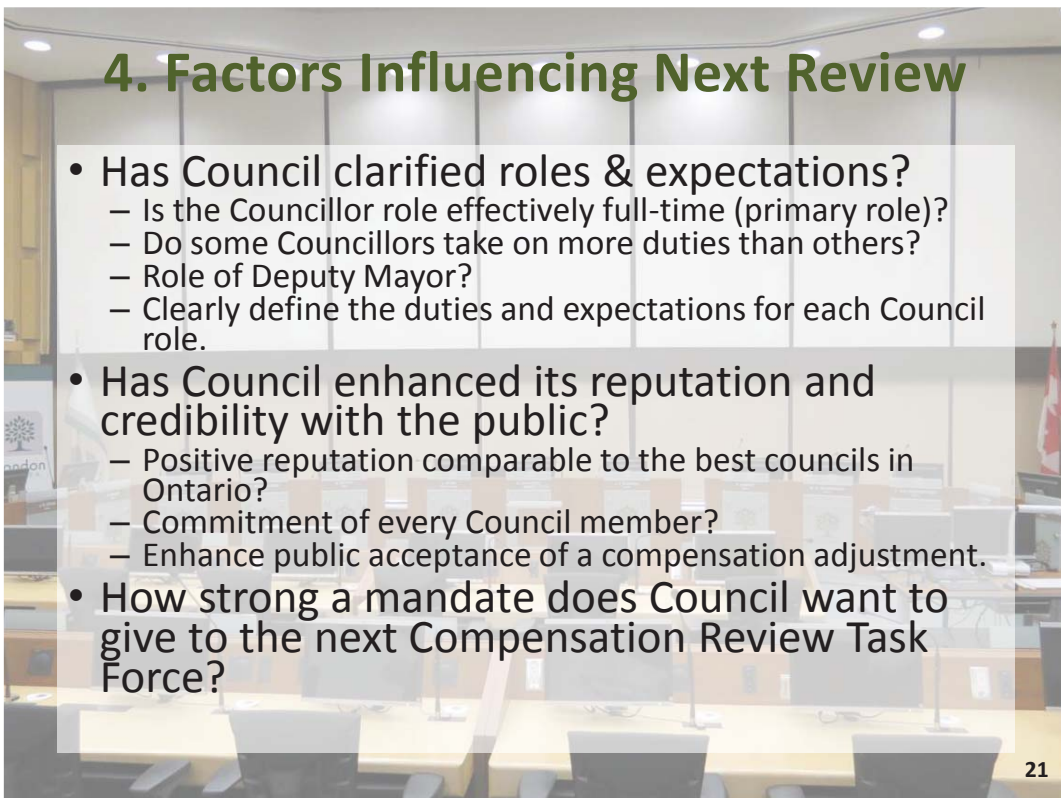
19



Ideas...

- Start the process at least 6 months earlier. Task Force ready to go by January 2017.
- Define core duties of Councillor, Committee participation, Committee Chair, Deputy Mayor, Mayor.
- Clarify whether a Councillor role is expected to be a person's primary role i.e., effectively a full-time role.
- Identify additional duties that could have associated stipends. **(recognizing work beyond the core role)**
- Clarification of Council members' benefits regarding paid time off work:
 - Policy covering time when a Council member is not able to fulfill core duties (vacation, illness/injury, short-term leave short-term & long-term disability).

20



4. Factors Influencing Next Review

- Has Council clarified roles & expectations?
 - Is the Councillor role effectively full-time (primary role)?
 - Do some Councillors take on more duties than others?
 - Role of Deputy Mayor?
 - Clearly define the duties and expectations for each Council role.
- Has Council enhanced its reputation and credibility with the public?
 - Positive reputation comparable to the best councils in Ontario?
 - Commitment of every Council member?
 - Enhance public acceptance of a compensation adjustment.
- How strong a mandate does Council want to give to the next Compensation Review Task Force?

21