



**The Corporation of The Town of Penetanguishene
Finance & Corporate Services Section
Committee Report**

COMMITTEE: Finance & Corporate Services Section

COMMITTEE CHAIR: Deputy Mayor Doug Leroux

SUBJECT: Council Remuneration Survey

RECOMMENDATION

THAT Finance and Corporate Services Section recommends to Council that, based on the 2009 survey, the current level of compensation, benefits and method of indexing Council Remuneration be confirmed as recommended within this report for the upcoming 2010-2014 Council term, including the one third tax free allowance;

AND THAT staff be directed to prepare the necessary By-laws and policies for Council review and approval;

AND FURTHER THAT this report and recommendations be presented at the Special Council Meeting scheduled on August 9, 2010;

AND FINALLY THAT the next Council Remuneration survey be conducted in the year prior to the next election year (2013) with a report to come forward to Council in early 2014 outlining the recommendations for the following Council term.

INTRODUCTION

In 2002, Gazda, Houlne & Associates prepared a Council Compensation Review for the Town of Penetanguishene. This review included a survey of 12 other comparable municipalities (including the Town) and four recommendations. Recommendation No. 2 was a formal review of Council compensation packages every three years in February (now every four years) of an election year in order to ensure that the Town's Council remuneration is maintained within the target rate (55th percentile). In addition to this recommendation, municipalities are required under the Municipal Act to review the one third tax free allowance for municipal officials at a public meeting each Council term.

ANALYSIS

The C.A.O.'s Office prepared and distributed a survey to the 11 comparator municipalities in being: the Towns of Erin, Goderich, Gravenhurst, Hanover, Midland, Wasaga Beach and Parry Sound, Townships of Ramara, Severn, Tay and Tiny. This survey compared the 2009 actual rates of remuneration for the Mayor, Deputy Mayor and Councillor positions. Additional information was also collected on the 1/3 tax free allowance, per diems, expense allowances, mileage rates, annual adjustments and benefit coverage. Eight (8) of the 11 comparator municipalities participated in the full survey.



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Table 1 – Benefit Coverage

Life Insurance:

For life insurance, 4 of 9 municipalities do not provide this coverage while 5 municipalities including Penetanguishene do have coverage for their members. Coverage for under 65 ranged from a maximum payable of \$10,000 (Penetanguishene & Wasaga Beach) being the lowest to \$25,000 (Ramara) being the highest. Coverage for over 65 ranged from a maximum payable of \$5,000 (Penetanguishene & Wasaga) being the lowest to \$13,000 (Ramara) being the highest. In addition, the Town provides further insurance coverage through their general insurance provider (BFL).

Based on the information provided, the average rate is: Under 65 = \$17,000, Over 65 = \$8,250.

Accidental Death & Dismemberment:

Of the 9 municipalities, 3 do not provide AD&D coverage for their members. The remaining 6 municipalities including the Town of Penetanguishene do provide this coverage.

Extended Health:

Of the 9 municipalities, 5 of 9 municipalities, including Penetanguishene, do not provide Extended Health coverage, 3 municipalities do provide this coverage and 1 municipality, including Penetanguishene, provides this coverage as an option to their members at their expense. It should be noted that extended health coverage is only provided to the age of 65 under the Town plan.

Dental:

Of the 9 municipalities, 4 of 9 including Penetanguishene, do not provide dental coverage, 4 municipalities do provide this coverage and while 1 municipality, including Penetanguishene, provides this as an option to their members at their expense. It should be noted that group benefits coverage including dental is only provided to the age of 65 under the Town plan.

OMERS

Only 1 of the 9 municipalities provides OMERS coverage while the remaining 8 including the Town of Penetanguishene do not.

Table 1 Recommendation:

- Continue to provide Life insurance coverage through both the Town's Benefit Provider and General Insurance Provider. The cost to provide life insurance through one carrier only should be considered at the time of group benefits and/or insurance renewal.;
- Continue to provide Accidental Death and Dismemberment coverage;
- Continue to not provide extended health benefit;
- Continue to not provide dental coverage;
- Continue to not provide OMERS coverage.



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Table 2 – Council Remuneration

Mayor

Based on the 9 responding municipalities, the highest rate of remuneration in 2009 was \$37,132 and the lowest was \$20,967. The average rate paid to the Mayor is \$26,463.09. When the high and low rates are excluded, the adjusted average is \$25,581.26.

For comparison purposes, staff also analyzed the per capita rate for the Mayor in the participating municipalities. Both the average and adjusted rate was \$2.17 per resident. The current remuneration for the Penetanguishene Mayor is \$23,624 which translates to \$2.49 per capita. It should be noted that the Mayor's responsibilities in the Town of Penetanguishene includes participation on all Standing Committees of Council. The current Town Committee structure includes considerably more standing committees than in other municipalities that use a "Committee of the Whole" structure. Given the additional workload, no change is recommended.

Deputy Mayor

The highest rate of remuneration reported by 8 of the municipalities was \$24,931 with the lowest being \$15,556. The average rate is calculated as \$19,532.72 with an adjusted average of \$19,295.79 when the high and low rates are excluded.

On a per capita basis, the average rate for the Deputy Mayor is \$1.63 with an adjusted rate of \$1.87. The current remuneration for the Penetanguishene Deputy Mayor is \$17,417 which translates to \$1.83 per capita. No change is recommended.

Councillor

Based on the 9 responding municipalities, the highest rate of remuneration in 2009 for a Councillor is \$20,180 and the lowest is \$11,998.22. The average rate paid to Councillors is \$16,105.89. When the high and low rates are excluded, the adjusted average is \$16,110.68.

On a per capita basis, the average rate for a Councillor is \$1.36 with an adjusted rate of \$1.34. The current rate for Councillors in Penetanguishene is \$14,196 which is higher than the average level of remuneration which translates to \$1.49 per capita. No change is recommended.

Annual Adjustment

Of the 9 participating municipalities, all reported annually adjusting Council remuneration based on the management or non union wage increases. Only Penetanguishene provides an additional increase based on growth. The discontinuation of this practice was recommended by the consultant in 2002 but not implemented as the growth related factor provides for a continued adjustment to Council remuneration based on "electors served". This has eliminated the need to make any



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additional adjustments in the remuneration rates for Penetanguishene Town Council since 2002.

Table 2 Recommendation:

-That there be no increase in the current level of remuneration for the Mayor, Deputy Mayor and Councillors in the Town of Penetanguishene.

Table 3 – Other compensation

1/3 Tax Free Allowance

Of the participating municipalities, all have continued the 1/3 tax free allowance for Members of Council. It is recommended that the 1/3 tax free allowance be continued in Penetanguishene.

Internet Reimbursement/Laptop Use

Of the participating municipalities, 5 of 9 provide reimbursement for internet expenses and 4 of 9 provide laptops for use by Members of Council for the term of Council to use for Town business. As the Town relies on communicating with Member of Council via e-mail and utilizes an electronic agenda system, it is recommended that internet reimbursement to a maximum of \$25 per month and issuance of a laptop for Town business be retained. As the Mayor and Deputy Mayor are provided laptops and internet reimbursement through the County, they will not be eligible for the same through the Town.

Phone Line

Of the participating municipalities, only one provides a private phone line for the Mayor's Office at Townhall. It is not recommended to implement this service in the Town of Penetanguishene. The Mayor's Office is serviced by the Townhall phone system.

Cellular Phone/Blackberry

Of the participating municipalities, 4 of 9 issue a cellular phone/blackberry to their Mayor only. When the Town needs to contact the Mayor, she is contacted on her personal cellular phone. Emails are retrieved daily on her laptop either at the office or at home. If in future the Mayor did not have a personal cellular phone, the Town should review the need to provide a cell phone and/or blackberry. As this would be a Town asset, it could only be used for municipal purposes and would need to be returned to the municipality at the end of the term.

Table 3 Recommendations:

- Continue 1/3 tax free allowance with public review at Council meeting on July 7, 2010;
- Continue the Max. \$25/month reimbursement of internet expenses for Councillors;
- Continue the issuance of laptops to Councillors for the term of Council for Town business;
- Continue to provide telephone service for the Mayor's Office through the Townhall system



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- Review the issuance of a cellular phone/blackberry to the Mayor for Town use, only if and when the need arises.

Table 4 – Training/Conferences/Per Diems & Related Expenses

Per Diems

There is a wide range of policies on the payment of per diems (per meeting, per day). In the final analysis however 8 of the 9 responding municipalities including the Town of Penetanguishene only paid per diems for exceptions such as special meetings, certain appointments or for training/conferences. The length of meetings also varies widely with Town of Penetanguishene meetings typically lasting 1.5 to 2 hours while other municipalities meet regularly for 3 hours and longer per meeting. Per diem rates ranged from \$70 to \$102.70 per meeting or \$120 to \$125 per day.

Given that the Council remuneration rates in Penetanguishene are largely “all inclusive”; the per diem rate is not a significant factor. To ensure that the rate continues to reflect the “value” of the additional hours served, it is recommended that the per diem be indexed at the same rate as the annual adjustment, excluding the growth factor.

Expense Allowances

There was a range of policies for the payment of expenses. All responding municipalities offered a form of expense allowance in reference to conference or overnight expenses. The daily rate ranged from \$40 per day to no set limit with the highest daily set rate of \$104.39 which also included meals, as well as provisions for only overnight conferences. The Town of Penetanguishene provides for \$40 to Council Members expenses while attending conferences, including meals but excluding mileage. Questions have been raised as to whether this daily rate continues to apply when meals are provided. It is recommended that the Council conference and training expense allowance be reviewed to ensure consistency with the staff training and development policy.

Mileage

Reported mileage rates ranged from 42 cents to 52 cents per kilometre. Most reported providing mileage for out of Town travel only, with the exception of Ramara Township who offered mileage for all travel related to municipal business. The Town’s current mileage rate of 46 cents falls approximately in the middle of this range is applied to out of Town business. There is no recommendation to change the mileage rate as part of this survey; however, in the event the Town reviews or makes changes to its Vehicle Use policy, the changes would be reflected as it applies to Members of Council.

Travel & Accommodations

Travel and accommodations routinely were disclosed as being included dependant on budgetary allowances and approved requests for conferences requiring overnight accommodations. From the municipalities surveyed, 5 of 9 reported budget consideration for one conference per year per Member subject to available funds. It is recommended that the Town continue the practice of permitting two conferences per



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year for the Mayor and one conference per year for the rest of the Council members. This should be incorporated into the new Council Conference & Training Policy

Meals

All but one municipality surveyed provided for meal reimbursement while attending training, seminars or conferences where meals were not provided. The main difference lies in whether or not it was considered part of the expense allowance or in addition. Of the municipalities surveyed, 3 of the 8 that reported meals, including the Town, indicated that there was an option for the Member to either request reimbursement or to utilize the expense allowance. It is recommended that the payment of meals be by reimbursement with receipts only to be consistent with the staff training and development policy and included in the new Council Conference & Training Policy.

Training Allowance

Of the participating municipalities, 3 of 9 reported no training allowance, however, consideration was provided for new Members at an expense to the Town. For those that did offer some form of training or consideration thereof, indicated that training for Members of Council was based on the availability and approval during the budget process. It is recommended that the approval of Council training continue to be part of the training and development approval process subject to the annual conference and training budgeting which is prepared by the HR Assistant and approved by Finance & Corporate Services Section. This process can also be outlined in the new Council Conference & Training Policy.

Table 4 Recommendations:

- Continue all inclusive salary with per diems paid for attendance at training/conferences and exceptional meetings only
- index per diem based on annual adjustment (not including growth)
- No recommended change to the mileage rate as part of this survey;
- Continue to have the HR Assistant prepare the Council Conference and Training budget and process training requests for FCS approval
- Meal reimbursement to be with receipts only (no fixed allowance);
- develop Council Conference & Training policy which is consistent with staff training policy

BUDGETARY IMPLICATIONS

The annual indexing of Council salaries is included in the budget estimates. The Council Remuneration By-law needs to be consolidated and updated to properly outline the rates for the positions as well as the methods of annual indexing and formula to be used for this calculation.

The annual growth rate should be based on the number of new households as set out in the Annual Report prepared by the Planning & Development Department net of any



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demolitions and residential conversions then divided by the number of existing households during the prior year as a percentage.

For multi-residential developments in excess of 3 units, the total number of units should be converted into SFD unit equivalents based on the same population ratios as used in the Development Charges Study.

RISK MANAGEMENT

There is no risk management associated with this report.

STRATEGIC GOALS & OBJECTIVES

It is a strategic goal of the Town to attract and retain qualified individuals and to be cost efficient.

Prepared by: H. Bryce, Acting Clerk
A. Peters, HR Assistant (survey)
In consultation with E.J. Rath, C.A.O.

Approved by: E.J. Rath, C.A.O.

Meeting Date: July 26, 2010 (FCS)
August 9, 2010 (Special Council)

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