

COUNCIL REMUNERATION & BENEFITS REVIEW

TOWN OF CONCEPTION BAY SOUTH

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1.0 INTRODUCTION

In December, 2013, the Town of Conception Bay South requested an independent study to review Council Remuneration and Benefits and make recommendations regarding Councillor remuneration and benefits over and above salary.

In developing the compensation package for the Mayor and Members of Council, consideration was given to:

- The compensation provided to the Mayor and Councillors of other municipalities of comparable size, operating budget, geographic area and population; and
- The Municipal Councillor Remuneration and Reimbursement Regulations, 2001 under the Municipalities Act, 1999.
- The City of Mount Pearl's Councillor Remuneration and Reimbursement Regulations.

This report will address remuneration provided by other municipalities and requirements and limitations as provided by the Municipalities Act.

2.0 MUNICIPALITIES ACT:

Remuneration paid to municipal Councillors in the province, with the exception of those serving on the City Councils of St. John's, Mount Pearl and Corner Brook, is governed by the Municipalities Act, 1999 Section 205 and by the Municipal Councillor Remuneration and Reimbursement Regulations, 2001 (NLR 89/01) a Lieutenant-Governor in Council regulation made under that Act.

The remuneration paid to Councillors in the Cities of St. John's, Mount Pearl and Corner Brook is governed by the respective Cities Act and regulations made by the respective Councils under these Acts.

Remuneration paid to all other Towns are based on a maximum percentage of local revenue and is stipulated in legislation as follows:

The total remuneration voted to be paid by a council in a year under Section 3 shall not exceed;

- (a) 2% of a total fixed revenue of more than \$1,000,000 in the approved budget for the financial year of the Council; or
- (b) 3% of a total fixed revenue of \$500,000 to \$1,000,000 in the approved budget for the financial year of the Council but shall not exceed \$20,000; or
- (c) 4% of a total fixed revenue of \$250,000 to less than \$500,000 in the approved budget for the financial year of the Council but shall not exceed \$15,000; or
- (d) 5% of a total fixed revenue of less than \$250,000 in the approved budget for the financial year of the Council but shall not exceed \$10,000.

As well, Council may by a two-third majority vote of the Councillors in office, vote to pay remuneration to a Councillor and shall fix the amount paid to him or her, with such remuneration pro-rated as a result of timing of appointment, attendance, unpaid leave, resignation, results of an election or for leave of office.

In addition to total remuneration, Councillors may be reimbursed for personal expenses incurred in the conduct of municipal business, including accommodations, transportation, and loss of regular income.

Section 3(a) would apply to the Town of Conception Bay South.

3.0 RESEARCH OTHER MUNICIPALITIES:

Each municipality surveyed provided remuneration to Council in accordance with either the Cities Act and internal regulations made by the respective Councils or by the Municipalities Act. The following summaries remuneration, benefits, travel and perks paid by the Town of Conception Bay South and the municipalities surveyed:

3.1.1 The Town of Conception Bay South provides the following:

The 2014 remuneration for the Mayor is \$33,575.84, Deputy Mayor \$24,434.45 and Councillors \$22,517.16 per annum. 33% is tax free. Fixed revenue is \$26,646,386. Total Council remuneration is \$229,130.41 which is less than 1% of fixed revenue.

There are no benefits such as life insurance, medical/dental or RRSP and travel is in accordance with the Town's management travel policy.

Additional related perks are that each Councillor is provided a \$1,500 expense allowance at the beginning of each year for business related issues that arise throughout the year to use at their own discretion. In addition, they also receive \$4,500 per year for conferences, accommodations and travel.

Each Councillor may request to have a cell phone/PDA issued to them to use for their term of office.

3.1.2 One of the Cities surveyed has Councillor Remuneration and Reimbursement Regulations which states that "Council may, by two-thirds vote of the councilors in office pay annual remuneration to the Mayor, Deputy Mayor & Councillors, and shall fix the amount to be paid to each of them. The total remuneration payable shall not exceed 2% of the fixed

revenue as contained in the approved budget of the Council for the fiscal year, in respect to which the remuneration is applicable.”

For fiscal year 2014, revenue is \$43,211,730 and expenditure for governance is \$645,300 which represents 1.5% of fixed revenue.

For fiscal year 2012, the City provided the Mayor with an annual stipend of \$29,152 plus \$13,751 tax free allowance for a total of \$42,903, Deputy Mayor receives \$20,650 plus \$9,741 tax free allowance for a total of \$30,391, and each Councillor receives \$19,433 plus \$9,167 tax free allowance for a total of \$28,600. In addition, Councillors are reimbursed for personal expenses incurred in the conduct of municipal business as follows:

- Accommodation as verified by receipt or where no receipt is provided to a maximum of \$40.00;
- For transportation, in case of the use of a personal vehicle, at a rate to be fixed by Council, and in the case of use of other transportation, costs as verified by receipt; per diem meals as fixed by Council; and for loss of income up to a maximum of \$250.00 per day.

As well, each Councillor receives funds annually for professional development and training up to a maximum of \$6,000.00

The Mayor and Councillors receive Life Insurance of \$50,000 before age 65, reduced to \$25,000 at age 65 and ceases at age 70; Accidental Death and Dismemberment Benefit of \$50,000 before age 65, reduced to \$25,000 at age 65 and ceases at age 70, Dependent Life Insurance for spouse (\$5,000) and Children (\$2,500), and Health Care and Dental

Care Benefits. Premiums are paid 100% by the City for Councillors elected prior to November 15, 2007 and cost shared 45% employee and 55% employer for Councillors elected after November 15, 2007.

3.1.3. For 2014, another City provides the Mayor an annual remuneration of \$35,190, the Deputy Mayor \$24,489 and each Councillor \$22,950 for a total of \$174,429 per annum. In addition, all member of Council have a \$30,000 life insurance policy with premiums 100% paid by the City and all members are eligible to participate in the group health and dental plan, up to age 65, with premiums 100% paid by the City. Councillors are not offered disability insurance. Travel is covered under the City's Travel Policy.

For fiscal year 2014, total revenue is \$30,281,800 and the expenditure for the Executive and legislative is \$301,700, which represents 1.4% of total revenue.

3.1.3 For 2014, the largest city provides an annual stipend of \$108,743 to the Mayor, \$50,411 to the Deputy Mayor and \$39,016 to each Councillor, 1/3 of salary is non-taxable.

For fiscal year 2014, the city's expenditure is \$250.1 million and \$272.3 overall gross expenditure. Council total budget is \$673,454 which represents less than 1% of total revenue.

Council members also receive Insurance Plans such as Group Life (\$100,000 paid 100% by employer), AD&D (\$100,000 paid 100% by employer); and Health Plans such as Group Health, including vision care (96% paid by employer). Members are also eligible for a pension plan based on at least two terms being served, assigned a municipal vehicle,

and receive travel expenses (lodging and meals) in accordance with the City's Travel Regulations.

- 3.1.5 One of the Town's surveyed provides the Mayor with an annual stipend of \$32,064, the Deputy Mayor \$28,260 and each Councillor \$27,540 for a total of \$198,024 per annum. Approximately 34.4% is tax free. There are no other benefits such as RRSP, insurance, medical/dental, etc., however, Councillors do receive travel and accommodations for selected conferences, seminars, etc., in accordance with the Town's General Travel Policy.

For fiscal year 2014, revenue is \$29,635,259 and remuneration for Councillors is \$198,024, plus accommodations and transportation to conferences, etc., which represents 1.0% of fixed revenue.

- 3.1.6 Another Town surveyed provides the Mayor with an annual stipend of \$35,160, Deputy Mayor \$23,973, and each Councillor \$20,137 for a total of \$159,818 per annum.

For fiscal year 2014, total revenue is \$16,294,332 and total budget for Councillors is \$275,549 (\$159,818 for remuneration and 115,731 for other), which represents 2% of local revenue which is \$13,777,453.

Travel policy to conferences, etc. is in accordance with the Town's travel regulations.

- 3.1.7. Remuneration paid to Councillors with another Town was not available, however for fiscal year 2014, total revenue is \$14,031,161 and Council's budget represents 1.3% of total revenue. Council has approved an overall maximum of 2% of fixed revenue

allocated for Council expenses. Stipends are increased/decreased by the same percentage as the increases/decreases in pay rates for staff.

The Mayor receives a car allowance of \$250.00 per month. All other travel is subject to the Town's Travel Expense Policy. The Town also has a policy for attendance at conferences and conventions, as follows:

1. The Mayor and two Councillors will be eligible to attend the Federation of Canadian Municipalities Conference each year.
2. Attendance at FCM Conferences will be rotated in such a manner that each Councillor will have the opportunity to attend at least one conference during their term of office.
3. At the beginning of the first year of each Council Term, a draw will take place to determine in what order the Councillors will attend the FCM conferences in the first three years of the current term of office.
4. At the beginning of the fourth year of each Council Term, a draw will take place to determine which Councillors will attend that year which will provide an opportunity to include any Councillor that is elected during a by-election.
5. A Councillor selected to go to any one given convention may trade their position to attend with another Councillor who may wish to do the same; provided there is no additional cost to the Town.
6. The guidelines for budgeting funds to ensure each of the six Councillors (including the Deputy Mayor) have the opportunity to attend a FCM Conference during their term of office will be as follows:

- Councillors not selected to attend the FCM Conference are eligible to attend the NLFM Conference; and
- The Chair of the Parks and Recreation Committee will attend the annual CPRA Convention.

Attendance at the FCM, NLFM and CPRA Conventions is subject to approval by Council in the annual budget process and will only be accommodated if funds are available.

4.0 RECOMMENDATIONS:

The process of allocating remuneration to Council is clearly outlined by the Municipalities Act, 1999, Section 205 and by the Municipal Councillor Remuneration and Reimbursement Regulations, 2001 (NLR 89/01). An analysis of information provided by the participants revealed that all Town's are strictly following the Act and regulations and, therefore, the Town of Conception Bay should apply the provisions of the Act accordingly.

The following remuneration is recommended:

Option 1:

Based on the average of the five comparable Cities and Towns surveyed, establish Council Remuneration as follows:

Mayor: \$36,330

Deputy Mayor: \$26,778

Councillor: \$24,806

Option II:

Increase Council Remuneration based on the average of Cities surveyed, excluding the City of St. John's, as follows:

Mayor: \$39,046

Deputy Mayor: \$27,440

Councillors: \$25,775

Option II is recommended.

1. Current expense allowance of \$1,500 per annum to continue, in addition to remuneration referenced in # 1.

2. Future adjustments to the remuneration be in accordance with general economic increases awarded Management employees.
3. Implementation date to be January 1, 2014.
4. Increase the benefits package to include any other benefits, perks, etc. such as contributions to an RRSP program; reimbursement for loss of wages; and contribution towards a Group Life Insurance Program.

5.0 CONCLUSION/ACKNOWLEDGEMENTS:

I wish to thank both Council and management and the Cities and Towns who participated in this study for the courteous and professional manner in which information was submitted in order to assist me in this process.

Respectfully submitted.

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