

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The text is centered on a white background that is partially framed by these blue shapes.

# Town of Tecumseh 2019 Compensation Review for Elected Officials

**Final Summary Report  
Council Compensation Review Committee  
July 23, 2019**

# Background and Objective

- Compensation for Elected Officials at the Town of Tecumseh was reviewed in 2005 whereby Council approved an increase in base pay that included committee, special and public meeting per diems; base pay for the Deputy Mayor was increased in 2007 relative to the Mayor and Councillor positions.
- A Council Compensation Review Committee was established by Council to review Council Compensation in 2019. A Consultant was retained to undertake a comparative analysis of compensation for Elected Officials using an identified set of municipal comparators, facilitate the Review Committee and make appropriate recommendations to Council.
- The primary objective is to conduct an overall review of the total compensation package for the Mayor, Deputy Mayor and Members of Council and make recommendations on the elements of total compensation for implementation in 2019.
- The review considers the compensation provided by comparator municipalities, the adequacy of current benefit entitlement, provision of technology and staff resources, and tax treatment; and considers current work-load, level of responsibility and commitment required of the Mayor and Members of Council.
- The Council Compensation Review Committee met on February 21, April 30, June 13 and June 28 to discuss the comparator group, review the preliminary analysis and observations, and review and finalize the report
- The recommendations in this report are from the Council Compensation Review Committee

# Current Compensation and Pay Practice

- 2018 Base Pay for Tecumseh Elected Officials is as follows:
  - Mayor: \$39,047/Deputy Mayor: \$31,650/Councillor: \$24,254
- Incumbents in all positions had a 1/3 tax free exemption up to December 31, 2018
- Effective January 1, 2019 Elected Official positions will no longer have the 1/3 tax free income benefit (i.e., removal of the 1/3 tax free treatment for Mayor/Councillor base pay was included in the 2017 Federal Budget). The Town has yet to determine whether to provide additional compensation to offset the loss of this benefit
- No additional meeting per diems are provided
- Per diems of \$200/day are paid for attendance at conferences and workshops
- \$80/day meal allowance is provided
- Health Care premiums are paid (\$388.67/month), equivalent coverage as Management Staff); no Health Care coverage is provided on 'retirement'/termination
- \$50,000 Life Insurance coverage is provided (\$15.99/month)
- 9% of earnings are paid in lieu of participation in the OMERS pension plan or an RRSP
- Kilometrage expense equivalent to the CRA rate
- Lap top/tablet and cell phones are provided
- Internet service is reimbursed at \$50/month and cell phone service is paid by the Town with personal long distance charges to be reimbursed
- Base pay is adjusted on an annual basis effective January 1<sup>st</sup> each year at the same percentage rate as approved for the Management/Non-union Group; there is no regular schedule for review of compensation

# Executive Summary

- ▶ Generally, the 2018 base pay remuneration for Elected Officials at Tecumseh is the same or higher relative to the defined pay market having regard to the comparator group identified.
- ▶ Other elements of compensation are generally competitive. |
- ▶ The comparator group is representative based on select criteria and the 65<sup>th</sup> percentile target is a reasonable pay target for base pay.
- ▶ The majority of municipal comparators have adjusted base pay salary to offset the 1/3 tax free treatment, supported by prevailing practice in the province.
- ▶ This information is provided to the Council for consideration as it relates to setting base pay remuneration for Elected Official positions during this term of Council.

# Market Competitiveness—Methodology and Source Data

- ▶ A custom survey was prepared using 9 comparator municipal organizations.
- ▶ The comparator group is shown in [Appendix A](#).
- ▶ The market comparator group that was selected for the last Management/Non-union compensation study was used to determine competitive remuneration for Tecumseh’s Elected Officials, consisting of all local area municipalities in the County and 3 municipalities external to the County.
- ▶ The comparator group was selected having regard to relevant scope/criteria:
  - ▶ Historic comparators
  - ▶ Geographic location (i.e., County and surrounding area)
  - ▶ Similar service alignment/”like” services
  - ▶ Size (i.e., population/operating budget)
- ▶ Tecumseh is relatively placed within the comparator group having regard to size indicators (i.e., operating expenditures, population, size of Council)
- ▶ The AMCTO publication, Municipal Council Compensation in Ontario (March 2018) was referenced to identify best practice and common trends relative to this Review; referred to as the “AMCTO Report”

# Market Observations

- ▶ Remuneration for the positions of Mayor, Deputy Mayor and Councillor positions was reviewed and compared to the defined pay market using 2018 base pay rates (as not all comparators have determined 2019 pay rates).
- ▶ Base pay comparative statistics are shown in **Appendix B** using a variety of percentile targets. The “% Difference” shown beside each percentile value is the amount that the current base pay amount for Tecumseh Elected Official positions is above the market target percentile value.
- ▶ Amherstburg sets the pay target for Elected Official positions at the 65<sup>th</sup> percentile; Lakeshore targets the 60<sup>th</sup> percentile; other comparators did not provide their pay market target.
- ▶ Market comparison for Tecumseh Elected Official positions based on the 65<sup>th</sup> percentile is as follows:
  - ▶ The Mayor is at the 65<sup>th</sup> percentile; annual base pay ranges from \$30,834 (Kingsville) to \$65,488 (Stratford)
  - ▶ The Deputy Mayor is 22% above the 65<sup>th</sup> percentile; annual base pay ranges from \$13,550 (Stratford) to \$31,640 (LaSalle)
  - ▶ Councillors are 13% above the 65<sup>th</sup> percentile; annual base pay ranges from \$11,870 (Stratford) to \$28,497 (LaSalle)

# Market Observations, cont'd

- ▶ Two of the nine comparators provide Committee per diems in addition to base pay. These amounts have not been included in the base pay comparative analysis impacting the overall results when comparing Tecumseh Elected Official compensation to comparator organizations.
- ▶ Base pay for the Deputy Mayor position was increased in 2007 relative to the Councillor position and resulted in equalizing the annual difference in base pay between the three Elected Official positions.
- ▶ Base pay differences between Elected Official positions are shown in [Appendix B-1](#)
  - ▶ St. Thomas was excluded from the analysis as there is no Deputy Mayor and Stratford was excluded as an outlier for this comparison.
- ▶ There is 19% difference in 2018 base pay between the Tecumseh Mayor and the Deputy Mayor and a 23% difference between base pay for the Deputy Mayor and Councillor positions.
- ▶ All comparators show a larger percentage differential between the Mayor and Deputy Mayor base pay (33% on average) as compared to the percentage differential between the Deputy Mayor and Councillor base pay (17% on average).

# Market Observations, cont'd

- ▶ The amount of base pay that a municipality offers Elected Officials is closely related to its size and geographic placement in the province.
- ▶ The AMCTO Report shows that:
  - ▶ the base pay for the Tecumseh Councillor position is comparable to base pay for Council Members in Southwestern Ontario for municipalities with populations between 25,000 and 49,999: Council Member: \$24,791 (2017 rates); and higher when considering municipalities in Southwestern Ontario with populations between 10,000 and 24,999: \$15,945 (2017 rates)
  - ▶ the base pay for the Tecumseh Mayor position is low when compared to the base pay salary for Mayor within the same geographic region and population between 25,000 and 49,000 scope: Mayor/Head of Council: \$48,724 (2017 rates); and higher when considering municipalities with populations between 10,000 and 24,999: \$29,245 (2017 rates)
  - ▶ The AMCTO Report did not provide base pay data for the Deputy Mayor position.



# Market Observations, cont'd

- ▶ All comparator organizations provided the 1/3 tax free exemption through to December 31, 2018.
  - ▶ 6 comparator organizations report that the base salaries of Elected Officials have been increased to offset the loss on net income with the removal of the 1/3 tax free exemption effective January 1, 2019; and 3 local area municipalities report that the issue is currently under review.
- ▶ 8 comparator organizations report that Council remuneration was adjusted annually by the amount of increase provided to the Non-Union Salary Grid, COLA or the year over year change in the CPI; and 1 comparator advises that the adjustment is currently under review.
- ▶ 5 comparator organizations conducted a compensation review during the last term of Council; 3 comparator organizations used a community based Advisory Committee to assist in the Review; 2 comparator organizations used a Consultant.

# Market Observations, cont'd

## ▶ Committee Per Diems

- ▶ 8 comparators provide a per diem for attendance at conferences, seminars and workshops; ranging from \$150 to \$200 per day; 1 comparator provides a \$100 per diem
- ▶ 2 comparators provide meeting per diems for special meetings of Council; \$100 flat and \$200 maximum per meeting
- ▶ 6 comparators provide meeting per diems for Committees ranging from \$60 to \$150 per meeting

## ▶ Travel and Meal Expenses

- ▶ 6 comparators provide reimbursement thresholds for meals; and others reimburse based on receipts and policy; 5 of the 6 use a total daily reimbursement threshold ranging from \$65 to \$82
- ▶ 7 comparators reported kilometrage reimbursement for travel; 5 of the 7 comparators reimburse using CRA rates; none report payment of an annual car allowance

# Market Observations, cont'd

## ▶ Technology

- ▶ 8 of the 9 comparators provide a lap top
- ▶ 6 comparators provide a cell phone to Elected Officials and 2 comparators provide a cell phone to Mayor only
- ▶ 3 comparators pay a monthly internet allowance or full reimbursement for service
- ▶ 1 comparator provides a \$1,500 annual telecommunications allowance

## ▶ Pension and Benefits

- ▶ 2 comparators contribute to OMERS for Elected Officials; 3 comparators provide payment in lieu of OMERS (2 comparators report 9%); 1 comparator is currently reviewing entitlement
- ▶ 5 comparators provide group benefit plan coverage—Drug, Health, Dental (same coverage as Management) and 1 comparator requires the Elected Official to pay premiums; 1 comparator provides a \$2,000 annual Health Care Spending Account; 1 comparator is currently reviewing entitlement
- ▶ The AMCTO Report states that 63% of municipalities in Southwestern Ontario with a population of 25,000 to 49,999 provide group health benefits to Elected Officials; 45% of municipalities in Southwestern Ontario with a population of 10,000 and 24,999 provide group health benefits to Elected Officials.

# Market Observations, cont'd

- ▶ 3 comparators provide Life Insurance
- ▶ 1 comparator reported provision of health care benefits on retirement up to age 65 for Council members in office starting with the 2010 to 2014 term of Council
- ▶ Reporting of Expenses
  - ▶ The format and level of detail of reporting in the Statement of Council Remuneration varies among the municipalities, with some municipalities showing a greater level of detail
- ▶ Frequency of Meetings:
  - ▶ All comparators excluding St. Thomas report that Council meets twice a month
  - ▶ All comparators hold Special, Public and Other meetings; the number varies between the municipalities and fluctuates within the municipality based on the mandates and issues arising
  - ▶ An Elected Official's workload also fluctuates based on local issues centric to their community
  - ▶ All comparators report that Elected Officials attend and participate in professional development, workshops and conferences

# Market Observations, cont'd

- ▶ Market trends and prevailing practice:
  - ▶ Base pay rates for Elected Officials are typically adjusted annually based on the annual adjustment provided to the Employee Salary/Wage Grid.
  - ▶ As a best practice, compensation is reviewed once during the term of Council; often in the last year of the 4 year term and typically by surveying neighbouring municipalities.
    - ▶ Municipalities use a range of factors to help them set compensation levels for Elected Officials. The most common practice is to survey the compensation paid by neighbouring municipalities to ensure that Elected Official compensation is competitive considering the fiscal capacity of the municipality. (*AMCTO Report, March 2018*)
  - ▶ Most municipalities have provided increases to base pay to offset the change in tax treatment (supported by the Survey results)

# Conclusions

- ▶ The 2018 base pay remuneration for Elected Officials at Tecumseh is the same or higher relative to the comparator group identified.
  - ▶ Base pay for the Deputy Mayor and Councillor positions is higher than the 65<sup>th</sup> percentile of the comparator group (22% and 13% respectively).
  - ▶ The difference in base pay between the Tecumseh Mayor and Deputy Mayor positions is 19%; the average difference in base pay between the Mayor and Deputy Mayor among the comparator group is 33% (i.e., the Tecumseh Deputy Mayor base pay is sitting closer to the Mayor base pay relative to Deputy Mayors/Mayors in the comparator municipalities).
- ▶ The 65<sup>th</sup> percentile target (P65) is a reasonable pay target for base pay having regard to local area practice and the comparator group.
- ▶ Other elements of compensation are generally competitive, including health and life benefit coverage, technology, travel and professional development.
- ▶ The comparator group is representative based on select criteria and is aligned with the comparator group for the Management/Non-union Employee Group; however, it is noted that St. Thomas does not have a Deputy Mayor position and base pay amounts for Stratford positions do not align with those in the comparator group (i.e., Mayor/high; Deputy Mayor/low)

# Conclusions, cont'd

- ▶ The majority of municipal comparators have adjusted base pay salary to offset the 1/3 tax free benefit, supported by prevailing practice in the province.
- ▶ It is common practice to increase the annual base pay for elected official positions annually by the amount used to adjust the Management/Non-union salary grid. This allows for a year over year increase to align with cost of living increases; also supported by the survey results.
- ▶ It is best practice to review compensation once during the term of Council using a survey of comparator municipalities.

# Options for Consideration

- ▶ The Committee discussed a variety of options based on the information provided and formulated 3 options for consideration relative to the 65<sup>th</sup> percentile target:
  1. Adjust the base pay for the Deputy Mayor and Councillor to align with the 65<sup>th</sup> percentile for those positions (i.e., a one time adjustment to reduce base pay)
  2. Increase the base pay for the Mayor and Councillor positions to the Deputy Mayor percentile placement (i.e., base pay for all Elected Official positions will be 22% above the 65<sup>th</sup> percentile)
  3. Normalize base pay for all positions over time to the 65<sup>th</sup> percentile by varied economic adjustments in 2019 and future years for the Deputy Mayor and Councillor (i.e., 100% of the economic adjustment for the Mayor, 50% for Councillor and 25% for Deputy Mayor)



# Recommendations

## Removal of 1/3 Tax Free Exemption

- ▶ It is recommended that base pay for the Elected Official positions be adjusted to offset the removal of the 1/3 tax free treatment, effective January 1, 2019, and that the adjustment be removed in the event that the CRA provision is repealed.
  - ▶ Budgetary impact of the removal of the 1/3 tax free treatment in 2019 will be subject of a separate report.

## P65 Market Target:

- ▶ It is recommended that Council continue the practice of adjusting base pay for the Elected Official positions annually by using the % adjustment provided for the Management/Non-union Salary Grid; however, Council may wish to consider a varied economic adjustment for the Mayor, Deputy Mayor and/or Councillor position in 2019 and future years to normalize the base pay for the three positions and become more aligned with comparator practice and the 65th percentile (i.e., 100% of the economic adjustment for the Mayor, 50% for Councillor and 25% for Deputy Mayor)

## Review Period:

- ▶ It is recommended that an external review be conducted once every four years using a Community Advisory Committee, a Consultant and comparator data; the next review being during the next term of Council (2022-2026)

# Recommendations, cont'd

## Comparators:

- ▶ It is recommended that Council consider revising the comparator group when the comparators for the Management/Non-union compensation change.

## Reporting:

- ▶ It is recommended that Council consider providing more itemization of the remuneration and benefits in the Annual Statement of Council Remuneration.

# Market Comparators

Data collected from 2017 FIR (<https://efis.fma.csc.gov.on.ca/fir/>) and 2016 Statistics Canada

Municipality	Size of Council	2017 Expenditures	Population
St. Thomas, City of	9*	136,294,749	38,909
Lakeshore, Town of	8	45,165,241	36,611
Innisfil, Town of	9	56,824,164	36,566
Stratford, City of	11	114,035,577	31,465
LaSalle, Town of	7	53,728,243	30,180
Leamington, Town of	7	53,048,335	27,595
Amherstburg, Town of	7	39,682,122	21,936
Kingsville, Town of	7	29,173,227	21,552
Essex, Town of	8	32,114,701	20,427
Tecumseh, Town of	7	34,023,147	23,229
*no Deputy Mayor			

# 2018 Council Market Survey Results—Base Pay

## Tecumseh Council Market Analysis (Base Pay)

2018 MARKET SUMMARY - ANNUAL JOB RATE (_) = above market    +_ = below market										
Job Title	2018 Job Rate Annual	No. of Obs.	Market Median Annual	% Diff.	Market P55 Annual	% Diff.	Market P60 Annual	% Diff.	Market P65 Annual	% Diff.
Mayor	\$ 39,047.00	9	\$37,301	(4.5%)	\$37,591	(3.7%)	\$38,027	(2.6%)	\$38,882	(0.4%)
Deputy Mayor	\$ 31,650.00	8	\$22,930	(27.6%)	\$23,590	(25.5%)	\$24,257	(23.4%)	\$24,690	(22.0%)
Councillor	\$ 24,254.00	9	\$19,397	(20.0%)	\$19,883	(18.0%)	\$20,612	(15.0%)	\$21,050	(13.2%)
				<b>(17.3%)</b>		<b>(15.7%)</b>		<b>(13.7%)</b>		<b>(11.9%)</b>

# 2018 Comparator Base Pay Differentials

Town of Tecumseh				Amherstburg			Essex			Innisfil			Kingsville			Lakeshore			LaSalle			Leamington		
Council Salary Analysis		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff		\$ Diff	% Diff
Mayor	\$ 39,047	\$ 7,397	19%	\$ 36,531	\$ 14,544	40%	\$ 36,107	\$ 14,191	39%	\$ 39,737	\$ 13,119	33%	\$ 30,834	\$ 9,949	32%	\$ 37,067	\$ 12,233	33%	\$ 38,027	\$ 6,387	17%	\$ 37,301	\$ 13,428	36%
Deputy Mayor	\$ 31,650			\$ 21,987			\$ 21,916			\$ 26,618			\$ 20,885			\$ 24,834			\$ 31,640			\$ 23,873		
Councillor	\$ 24,254	\$ 7,396	23%	\$ 18,073	\$ 3,914	18%	\$ 18,275	\$ 3,641	17%	\$ 21,488	\$ 5,130	19%	\$ 16,969	\$ 3,916	19%	\$ 20,612	\$ 4,222	17%	\$ 28,497	\$ 3,143	10%	\$ 19,397	\$ 4,476	19%
* excluding Stratford and St. Thomas																								

Average Base Pay and % Differences	\$ Diff	% Diff
Mayor/Deputy	\$ 11,979	33%
Deputy/Councillor	\$ 4,063	17%