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Municipality of Port Hope 2021 Compensation Review for Elected Officials

Summary Report

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Background and Objective

- Compensation for Elected Officials at the Municipality of Port Hope was reviewed in 2018 whereby Council approved compensation rates and pay practice for the Mayor and Councillor positions:
 - Effective Jan. 1/2019 , the Mayor's salary was adjusted to \$55,100; the Deputy Mayor's salary was adjusted to \$28,900 and the Councillor's salary was adjusted to \$22,250
 - Compensates for attendance at Council meetings, Standing Committees, Advisory Committee Meetings, associated and related business functions, Ad Hoc Committee meetings and representing the Municipality at official functions
 - Salary adjusted annually by the Cost-of-Living Adjustment for the Non-union employee group
 - Per diem rates for Mayor and Councillor: \$200 full day/\$100 half day
 - Compensates for attendance at labour conciliation, mediation/arbitration sessions, annual budget meeting or other Municipal obligations
 - Travel allowance of \$75/month for distance traveled to perform Council business; \$.59/km for other travel (e.g., conferences)
 - Meal expense reimbursement to a maximum of \$93.50/day
 - Lap-top and Cell phone provided; monthly line charges covered
 - Group Health and Dental Benefits (to age 65) are aligned with benefits provided to the Non-union Employee group
 - Full premium paid for Mayor
 - 2/3 premium paid for Deputy Mayor and Councillor
- Councillor pay rates have been adjusted annually in accordance with the approved pay practice; 2021 salaries:
 - Mayor: \$57,100; Deputy Mayor: \$29,900; Councillor: \$23,100
- The Consultant has been retained to collect and review the comparator pay data, prepare a market analysis and provide observations relating to pay practice.

Executive Summary

- ▶ The 2021 base pay Compensation for the Mayor, Deputy Mayor and Councillor positions is at or above the 50th percentile of the municipal comparators identified.
- ▶ The comparator group is representative of the Municipalities identified in the Compensation Administration Policy for Non-union employees and the 50th percentile target percentile identified for the Non-union employee group is a reasonable pay target for base pay.
- ▶ Other elements of compensation (i.e., per diem payments, technology/line charges, travel and meal expense) are generally competitive; however, it is noted that there is a difference between the Port Hope elected official positions regarding payment of premium for Group Health Benefits and there is no Pension or RRSP contribution.
- ▶ Recommend periodic review of Council Compensation (i.e., once during a term of Council)
- ▶ Method of establishing annual adjustments for Mayor and Councillor base pay aligns with best practice in the sector.

Market Competitiveness—Methodology and Source Data

- ▶ The market comparator group that was approved for the Non-union Employee group was used to determine competitive compensation for the Municipality of Port Hope's ("Port Hope") Elected Officials.
- ▶ A custom survey was prepared using 11 comparator municipal organizations.
- ▶ The comparator group was selected having regard to relevant scope/criteria:
 - ▶ Historic comparators
 - ▶ Geographic location
 - ▶ Similar service alignment/"like" services
 - ▶ Size (i.e., population/operating budget)
- ▶ The comparator group is shown in **Appendix A**.
- ▶ Port Hope is reasonably placed within the comparator group having regard to size indicators (i.e., population, size of Council)
- ▶ The Association of Clerks and Treasurers of Ontario (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

- ▶ Compensation for the positions of Mayor, Deputy Mayor and Councillor positions was reviewed and compared to the defined pay market using 2021 base pay rates.
- ▶ 9 of the 11 comparators have Deputy Mayor positions.
- ▶ 9 comparators report that Councillors and Deputy Mayor are ‘part time’; 3 comparators report that the Mayor is ‘full time’.
- ▶ 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 the Mayor, Deputy Mayor and Councillor positions is above or below the market target percentile value.
 - ▶ The 50th percentile is the market median
- ▶ Market comparison for Port Hope Elected Official positions based on the 50th percentile is as follows:
 - ▶ The Mayor base pay salary is 22.7% above the 50th percentile; annual base pay ranges from \$30,958 (Greater Napanee) to \$61,995 (Quinte West)
 - ▶ The Deputy Mayor base pay salary is 2.1% above the 50th percentile; annual base pay ranges from \$20,020 (Greater Napanee) to \$33,624 (Quinte West)
 - ▶ Councillors are .1% below the 50th percentile; annual base pay ranges from \$11,489 (Port Colborne) to \$26,757 (Oro Medonte)

Market Observations, cont'd

- ▶ 9 comparator organizations report that Council Compensation is adjusted annually by the amount of increase provided to the Non-union Salary Grid, COLA or the year over year change in the CPI.
- ▶ The amount of base pay that a municipality offers Elected Officials is closely related to its size and geographic placement in the province.
- ▶ The 2018 AMCTO Report shows that based on municipalities with 10,000 to 24,999 population:
 - ▶ the base pay for Port Hope's Councillor position is above the base pay for Council Members in Central Ontario: Council Member: \$19,670 (2017 survey results prior to adjustment for 2021 comparison);
 - ▶ the base pay for the Port Hope's Mayor position is above the base pay for a Mayor within the same geographic region: Mayor/Head of Council: \$33,344 (2017 survey results prior to adjustment for 2021 comparison);
 - ▶ the AMCTO Report did not provide base pay data for the Deputy Mayor position.
 - ▶ 98% of municipalities have part time Heads of Council; and 100% of municipalities have part time Councillors

Market Observations, con't

▶ Committee Per Diems

- ▶ 4 comparators provide a per diem for Council business outside of regularly scheduled meetings; ranging from \$60 to \$200 per day (MPH pays \$200 for a full day and \$100 for a half day).
- ▶ 1 comparator provides an hourly rate for additional meetings --\$23.81/hour to a daily maximum of \$142.82

▶ Travel and Meal Expenses

- ▶ 9 comparators reporting provide reimbursement for meals based on receipts and policy; 4 of the comparators report a cap on meal expenses ranging from \$50 to \$90/day (MPH pays \$93.50/day)
- ▶ All comparators provide kilometrage reimbursement; rates range from \$.54/km to \$.59/km; 1 comparator provides an allowance of \$1,000 annually for the Mayor (MPH provides \$75/month for Council business and \$.59/km for other travel)

Market Observations, cont'd

► Benefits and Pension

- 7 comparators reported provision of benefits either through participation in the municipality's benefit plan, a lump sum payment in lieu of benefits, or a Health Care Spending Account (HCSA); and 2 of the 7 comparators provide Life Insurance (MPH pays the full premium for Health and Dental coverage (not including Life Insurance, LTD or AD&D) for the Mayor and 2/3 premium for Deputy Mayor and Councillors)
- 7 comparators reported that Elected Officials were members of the OMERS Pension Plan; none of the comparators provide RRSP contributions (MPH does not provide Pension or RRSP)
 - OMERS Pension Plan Administration provisions state that a Council can choose to enrol all Council members in the Plan (including the Head of Council) or the Head of Council only; a bylaw is required to make pension enrolment possible. Current Council members can elect to enrol, and only if the Head of Council is enrolled. Enrolment must be before age 71. Future Council members are required to enrol.
- The AMCTO Report states that 45% of municipalities with a population of 10,000 to 24,999 provide group health benefits to Elected Officials and 21% provide pension contributions

Market Observations, cont'd

► Technology

- 8 of the comparators reported that hardware is provided (i.e., Lap Top, Tablet); (MPH provides a laptop, cell phone and covers line charges)
- 1 comparator reported that a Technology Allowance is provided (\$1,500 per term)
- 6 comparators provide cell phones; 6 comparators provide payment for Internet charges
- 1 comparator provides an ipad and a Professional Development Allowance that can be used for internet / phone line charges (Mayor: \$2,000; Deputy Mayor: \$5,000; Councillor: \$4,000)

► Frequency of Meetings:

- Generally, Council meets twice a month and could vary by jurisdiction
- 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 and participation on various committees
- 6 comparators report that Elected Officials attend and participate in professional development, workshops and conferences

Market Observations, cont'd

- ▶ Reporting of Expenses
 - ▶ The format and level of detail of reporting in the Statement of Council Compensation varies among the municipalities, with some municipalities showing a greater level of detail
- ▶ 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
 - ▶ This allows for a year over year increase to align with cost-of-living increases and mitigates large adjustments identified in cyclical market reviews.
 - ▶ Compensation is reviewed once during the term of Council; often in the third year or 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*)

Conclusions

- ▶ The 50th percentile target (P50) is a reasonable pay target for base pay having regard to the comparator group.
- ▶ The comparator group is representative based on select criteria and is aligned with the comparator group for the Non-union Employee group; however, it is noted that 2 of the comparators do not have a Deputy Mayor position.
- ▶ The 2021 base pay compensation for Mayor is above the 50th percentile of the comparator group identified and the base pay for the Deputy Mayor position is slightly above; the base pay for Councillor is slightly below (.1%) relative to the 50th percentile value.
- ▶ Other elements of compensation are generally competitive to the comparator group; however, specific to Port Hope, the Deputy Mayor and Councillor pay 1/3 of the premium for Group Health Benefits and the Mayor does not pay the premium.
- ▶ Council may consider participation in the OMERS pension plan, subject to Plan Administration requirements.
- ▶ The method of annual adjustment to base pay and frequency of review of Council compensation aligns with best practice

Recommendations

- ▶ The following recommendations are provided for Council's consideration:
 1. No change to the base pay rates for Mayor, Deputy Mayor or Councillor
 2. No change to ancillary compensation such as per diem rates, technology, meal and travel expenses .
 3. Payment of full premiums for Group Health Benefits for Deputy Mayor and Councillor to align with benefits provided to the Mayor; enrolment upon request and not mandatory.
 4. Consider enrolment in the OMERS Pension Plan, in accordance with the OMERS Pension Plan Administration provisions.
 5. Continue the practice of providing annual adjustments by using the % adjustment provided for the Non-union Employee group.
 6. Continue the practice of reviewing Council Compensation in the third year of Council, with any changes being effective the first year of the new Council term.
 7. Continue to use the same municipal comparators as those used for Non-union Employee compensation administration and revise the comparator group when the comparators for the Non-union Employee group change.

Market Comparators

Municipality	Population*	Operating Budget**	# of Council members	2021 Base Pay Rates		
				Mayor	Deputy Mayor	Councillor
Quinte West	43,577	\$ 91,471,197	13	\$61,995	\$33,624	\$24,798
Amherstburg	21,936	\$ 40,112,256	7	\$45,900	\$30,549	\$24,250
Collingwood	21,793		9	\$45,846	\$32,567	\$25,821
Oro-Medonte	21,036		7	\$49,649	\$32,848	\$26,757
Cobourg	19,440	\$ 24,482,801	7	\$40,440	\$27,679	\$23,120
Springwater	19,057	\$ 24,482,801	7	\$43,593	\$33,604	\$26,700
Thorold	18,801	\$ 31,717,962	9	\$42,270		\$16,297
Port Colborne	18,306	\$ 38,734,077	10	\$46,175		\$11,489
Midland	16,864		9	\$44,163	\$29,874	\$19,817
North Grenville	16,451	\$ 25,748,113	5	\$33,712	\$20,226	\$20,226
Greater Napanee	15,893	\$ 25,045,265	7	\$30,958	\$20,020	\$18,200
Port Hope	16,753		7	\$57,100	\$29,900	\$23,100
*Data Source: 2016 Census						
**Data Source: 2020 FIR						

2021 Council Market Survey Results—Base Pay

Port Hope 2021 Council Remeration --Base Pay

Job Title	2021 Base Pay Annual	2021 MARKET SUMMARY - ANNUAL BASE PAY (_%) = above market +_% = below market						
		No. of Obs	Market P50 Median Annual	% Diff.	Market P55 Annual	% Diff.	Market P60 Annual	% Diff.
Mayor	\$ 57,100	11	\$44,163	(22.7%)	\$45,173	(20.9%)	\$45,857	(19.7%)
Deputy Mayor	\$ 29,900	9	\$29,265	(2.1%)	\$32,432	+8.5%	\$32,707	+9.4%
Councillor	\$ 23,100	11	\$23,120	+0.1%	\$23,798	+3.0%	\$24,360	+5.5%