

# **DRAFT 2021 TOWN OF THE BLUE MOUNTAINS (TBM) MAYOR & COUNCIL COMPENSATION REVIEW – report of Oct 20, 2021**

## **BACKGROUND**

Prior to December 2018, there had been no pay adjustments to Council Compensation in over nine years.

At the 2019 formation of the Council Compensation Committee (the “Committee”) Mayor and Council were paid the following:

- Mayor \$31,000 per year
- Deputy Mayor \$22,000 per year
- Councillor \$17,500 per year

As a first step in the review process, the Committee developed a Compensation Philosophy based on first principles (Appendix “A” which continues to be adjusted to reflect a dynamic work environment). The Committee then interviewed the Mayor and all members of Council along with the CAO to inform themselves about the work of Mayor and Council and the interviewees’ views on their work within the municipality.

Of note, since TBM is a lower tier municipality within Grey County, by statute, the Mayor and Deputy Mayor attend Grey County council meetings (and are provided an annual stipend to do so); however, if one or the other is unable to attend, the Town, by statute, must have appointed a “County Designate” to attend in their place. This Designate must prepare for all County meetings whether called and has not historically been compensated for these stand-by preparations.

As a result of information gathered and thorough research by the Committee - Staff Report FAF 19.243 was developed and approved resulting in the approval of the following compensation for Mayor, Deputy Mayor and Council, retroactive to January 1, 2019.

- Mayor \$39,500 (+27%) and continues to receive Grey County stipend of \$21,650 – Total Compensation \$61,150
- Deputy Mayor \$29,120 (+32%) and continues to receive Grey County stipend of \$21,650 – Total Comp \$50,770
- Councillor \$29,120 (+66%) which is the extent of the Total Compensation
- County Designate compensation was not addressed in the report

Further to Staff Report FAF 19.243, it was also approved that Mayor and Council compensation was to be increased through Cost-of-Living Allowances (COLA) and accordingly the following current compensation levels are in place as of January 1, 2021:

- Mayor \$39,697.50 + Grey County Stipend
- Deputy Mayor \$29,265.60 + Grey County Stipend
- Councillor \$29,265.60

The Committee notes that due to “residency requirements” for members of Council, special attention should be given to the recent FIREFIGHTERS DILEMMA where an analysis of the costs to reside in the Town have resulted in the proposed firefighters annual compensation rising to more than \$100,000.

Today, the lowest paid TBM employee earns approximately \$50,000. A significant number of management employees earn well more than \$100,000.

## 2021 COMPENSATION REVIEW PROCESS

The 2021 Committee was struck one year ahead of the next municipal election to ensure those running for office could be apprised of Council compensation levels well ahead of a decision to run for office. While the 2019 process revealed that most Councillors saw their role as a call of a “duty to serve the Town” – it was clear that the 40-hour work week requirement for these roles, in most cases necessitated a secondary income. For those reasons the Committee’s 2019 report recommended significant salary increases as noted above. Furthermore, in early 2021, Council gave direction to the Committee to consider the need for further diversity (including age) when deliberating on its 2021 Terms of Reference (and by inference its’ Compensation Philosophy).

For the 2021 process, the Committee once again interviewed the Mayor, Deputy Mayor, and all Councillors plus the CAO to understand what if anything had changed since the previous interviews of 2019.

The interviews resulted in the Committee continuing to support conclusions made in its 2019 report with emphasis on the following (with the points not in sequence as they are numerically taken from the FAF 19.243 report):

1. To help avoid conflict of interest, citizens should form the Council Compensation Committee that recommend to Council on compensation matters AND that engaged citizen input forms an important part of the process. Pay must be felt “fair” and “impartial” and public participation through open meetings provides a key ingredient for fairness.
  - Note to this report - Unfortunately COVID has to date not enabled citizen input to the degree desired.
3. Processes used by most municipalities (to determine Council compensation) are “inherently flawed...using quantitative analysis and recommendations from comparative studies of other municipalities.” i.e. The size of the population that the municipality serves was not deemed relevant whereas the income level of a single person living within the town that Council serves was deemed more relevant.
  - Note to this report – consideration beyond “single person” to household persons is a better designation.
5. Municipal reports noted a “desire to use remuneration to attract the largest possible group of candidates” and that “higher pay would attract municipal candidates with higher education and professional backgrounds.”
7. Differentials within Council based on the number of Committees they sit on should be avoided. The exception is “Councillors that are elected to the role of Deputy Mayor” whereby increased remuneration should be provided.

The Committee also concluded that the analysis conducted in its 2019 report highlighted once again the following key determinant for Councillor compensation – specifically:

- C. That the key determinant for Councillor compensation be the provision of a living wage equivalent to other full-time single members of the Town’s workforce.
  - Note to this report – same comment as in point 3 above to use household persons vs “single members”

**The following key pieces of information were noted from the Committee’s 2021 interviews with Mayor, Deputy Mayor, Councillors and CAO:**

1. Decisions with respect to building activity had significantly increased. Post interviews the Committee requested and analysed “Building Permit Activity” 2019 through August 2021 to better understand the number of permits issued, the number of dwellings issued, and the construction value of permits issued (Appendix B).
2. The number of working committees had significantly increased. The Committee noted that Council now has 14 working Committees. Councillor participation in these working committees added significant preparation and attendance workload to an already full-time role (per the Committee report FAF 19.243 (in 2019)).
  - a. While working from home has saved travel time, the increased access to meetings through technology has meant that Mayor and Councillors have attended more meetings than pre-COVID
  - b. And pre-COVID, there continues to be an ineffective workspace(s) for Councillors to work within the Town offices
3. Outputs from the committees noted above created more comprehensive and lengthy Council and Committee of the Whole meetings. The work done at Council further increased the weekly and weekend time required to research and prepare for discussions the recommendations coming forward.
  - a. The complexity of issues now before the Town has required more research to be done ahead of Committee meetings and in preparation for Council and COW meetings and this research is best done by members of Council
  - b. It is deemed that having an Administrative Assistant help with the research would not be effective as Council members felt extra time would be required to validate the research leaving such research best done by the Member.
  - c. Currently there are no dedicated members of staff supporting the seven members of Council
4. That this report should address that while both the Mayor and Deputy Mayor attend County Council meetings, they required a Councillor back up to prepare for these meetings in case the one or the other could not attend. Those interviewed found it is unusual that there was no compensation afforded for the time required for the Designate Councillor’s preparation. It was also noted that the “Designate” role should be for not less than 2 years of the 4-year term.
5. That the Deputy Mayor fulfilled duties delegated by the mayor that go beyond the duties performed by Councillors and as such might have compensation differentiated from that of Councillors.
6. There is a lack of administrative support for the Mayor and Councillors in dealing with email and voice mail left by constituents or staff
  - a. The mayor averages well over 100 emails per day.
  - b. Mayor and Council do not have an effective Customer Relationship Management (CRM) system to track responses to constituents or follow-up with requests of staff
7. That those interviewed saw benefit in bringing more age diversity to Council but felt that the current “minimum wage” compensation structure for Councillors would inhibit the ability of any person with a family to afford to take up this role. Although there was general

agreement that a role of Councillor was “a calling” to provide service to the community – the compensation earned would need to represent at least a “living wage” and that this “living wage” must have increased over the past 24 months due to the increases in the price of housing and increases to the monthly cost of renting.

8. That the requirements of the role (both skills required, and time needed to fulfil duties) must be made clear to candidates seeking roles within Council. It is a full-time position where one is constantly accessible to constituents (even on personal time within the community). Decisions at Council require confidentiality and duty of loyalty. In the community one is always a member of Council.
9. That training and development to enhance one’s competencies should be available through paid programs researched by the member, suggested by staff and peers within Council for review and approval by the mayor.

The information obtained by the Committee through this process made it clear that the work done by Mayor and Council had become both more complex and more time consuming than was the case in 2019. It also became clear that the cost of living in the Town of The Blue Mountains (a statutory requirement to run for Council) has put pressure on the current compensation structure – Councillors paid at minimum wage with COLA increases.

As such, the Committee researched any information it could obtain on what a “living wage” would be in 2021 for a family of 4 (two working parents with two school aged children). We looked at existing United Way data (2019) and up to date Affordable Housing Corporation data – both supplied by the CEO’s office. (See Appendix C).

It also became clear that significant increases to Council compensation would be recommended in this report, and as such the Committee analysed the ability of the Town to afford such increases by obtaining data from the CAO on Town Tax Levy Summaries projections. The growth in tax revenue was seen by the Committee as significant. (Appendix D).

With this process, the Committee brings forward the following for consideration.

## **Recommendations** (see Appendix E)

That the Compensation Philosophy developed by the Committee in its 2019 compensation recommendation (Appendix “A”) continue to inform the 2021 recommendations. This is a living document that had been updated for the 2021 report.

### **(A) Compensation**

- (1) That the Mayor’s salary increases from the current \$39,670.50 by COLA, effective January 1, 2022 (estimated at 1.5% to \$40,293) and then by 20% in each of the following four years (compounded) to reach \$83,551 by end of the 2023 term of office (2026).
  - a. Mayor continues to receive County stipend in each of the years
- (2) That Councillors’ salary increases from the current \$29,265.60 by COLA, effective January 1, 2020 (estimated at 1.5% to \$29,704) and then by 20% in each of the following four years (compounded) to reach \$61,595 by end of the 2023 term of office (2026).

- a. That the County Designate receive an additional stipend of \$12,000 in each year that he/she is in this role
- (3) That the Deputy Mayor’s salary increases from the current \$29,265 by COLA effective January 1, 2022 (estimated at 1.5% to \$29,704) and then by 40% in January 2022 to \$41,586 and then by 20% in each of the following 3 years (compounded) to reach \$71,861 by end of the 2023 term of office (2026).
- a. Deputy Mayor continues to receive County stipend in each of the years

**(B) Administrative Support**

- (4) Mayor to be provided with own Administrative Assistant (1:1 ratio)
- (5) Deputy Mayor and Councillors to share two Administrative Assistants (3:1 ratio)

**CONCLUSION**

The Committee now concludes based on research provided by the CAO’s office and outlined in Appendix C that minimum wage cannot possibly be “living wage.” Since the United Way “living wage” represents 2019 data and is for Grey County not The Blue Mountains – the Committee will use the Affordable Housing Corporation’s data as follows:

Using 2 parents (two incomes) for a family in a 2 school age children scenario family scenario renting 2-bedroom accommodation, a minimum \$44.56 per hour or an annual income in excess of \$80,000 is required by at least one of the income earners

This same scenario as above now focused on “market based” rental accommodation and separately market-based house purchase information would require at least one of the income earners to have an annual income of above \$105,000 or above \$140,000 respectively.

The Committee’s recommendation to bring Council compensation as follows will take a significant step forward towards the provision of “living wages” to members of Council (again reference to Appendix C):

Mayor base salary compensation from approximately \$48,400 in 2023 to approximately \$83,500 in 2026

Deputy Mayor compensation from approximately \$41,500 in 2023 to approximately \$72,900 by 2026

Councillor compensation from approximately \$35,600 in 2023 to approximately \$62,000 by 2026

## APPENDIX A

### THE TOWN OF THE BLUE MOUNTAINS COUNCIL COMPENSATION PROGRAM - 2021

#### Purpose:

The Mayor, Deputy Mayor and Councillors for The Town of the Blue Mountains (TBM) are accountable for achieving, through TBM values, the strategic vision and mission established to serve its community. To enable this, a “Council Compensation Program” has been developed, allowing the Town to attract and retain the elected leadership required.

The Council Compensation Program is anchored by a Compensation Philosophy, designed to maintain an externally competitive, internally equitable and financially feasible compensation strategy.

#### COUNCIL COMPENSATION PHILOSOPHY

##### Scope:

Pertains to the Mayor, Deputy Mayor and all Councillors elected to fulfill their term of office. Studies completed indicate that all roles are full-time (40+ hour per week) contractual roles with a 4-year term of office.

##### Key Principles:

The Council Compensation Committee has determined that the Council Compensation Program shall be governed by the following principles:

- Accountabilities - defined by the scope, complexity and responsibility of each position.
- Leadership Competence – defined by measuring “how” the results for accountabilities are obtained.
- External equity – defined by providing total compensation that is competitive and “felt fair” as compared to elected roles of similar complexity.
- Internal equity – defined by how members of Council’s total compensation compare to each other - specifically, Councillors relative to the Mayor and Deputy Mayor.
- Financial responsibility - defined by the Town’s budget that respects its stewardship of public funds.
- Legal compliance – defined by any legislation governing any of the positions within Council.
- Publicly transparency – defined as being consultative to the community that the Town serves.
- **Compensation must not be a barrier to attracting a diversity of qualified candidates to a full-time position.**

#### Compensation Structure and Maintenance:

Council Compensation shall be comprised of three (3) elements – Cash compensation, benefits and regularly paid expense allowances.

1. **Cash Compensation** – is comprised of a base salary commensurate with the position’s accountabilities and leadership competencies plus pay for meeting attendance required to achieve results. The total amount of cash compensation paid to all members of Council in its entirety shall be considered the “pay envelope.”
2. **Benefits** – are the health and wellness benefits provided - includes health care, dental care and vision care.

3. **Expense Allowances** – are allowances regularly paid to enable the position to execute its duties, (i.e., car allowance and IT allowance). It does not include any expenses reimbursed on a one-off basis that are non-taxable.
4. **Training Allowance** – enables an investment in technical competencies through training and development as requested by members of Council and approved by the Mayor.

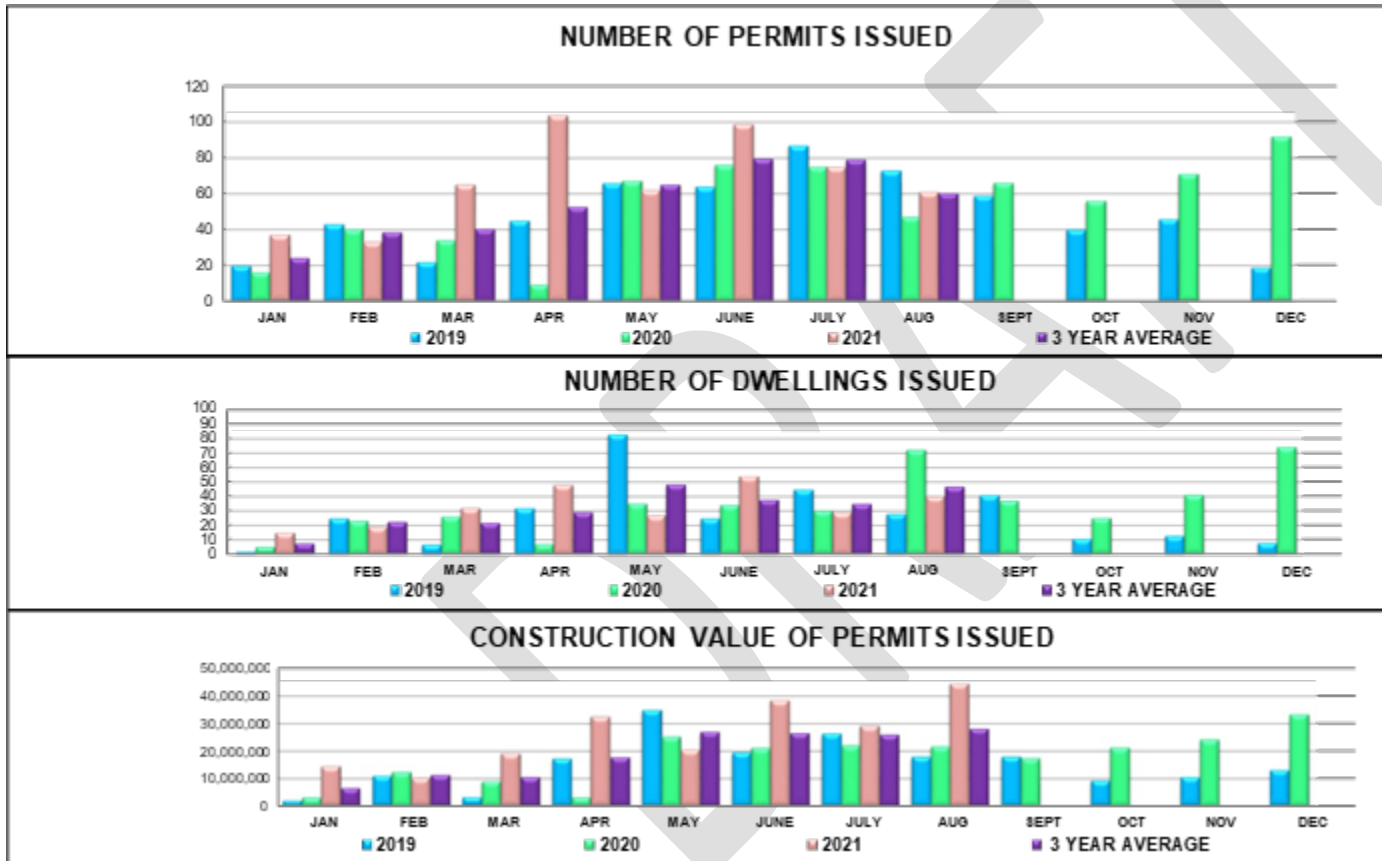
### **Maintenance**

The Town, through the Council Compensation Committee, shall annually review the compensation of the Mayor, the Deputy Mayor and Councillors and recommend any adjustments based on cost of living increases within the municipality. Once every four years, specifically in the last year of Council's term of office, an extensive review of the Council Compensation Program shall occur based on the principles outlined.

- **Added in 2021**

## APPENDX B

### INCREASE IN DEVELOPMENT ACTIVITY 2019 THOUGH YTD 2021





## APPENDIX C - LIVING WAGE AND AFFORDABLE HOUSING DATA

Costs based on Annual	Grey Bruce 2019 Living Wage "United Way"	TBM 2-bedroom BMAHC (\$925.00 per mth)	TBM Marlet 2- bedroom rental (\$2,950 per month)	TBM 2-bed house at \$950,000 (25- year mortgage @ 3%)
Rental "Rent"	\$14,400	<b>11,100</b>	35,400	n/a
Own "Mortgage"		n/a	n/a	54,285
Insurance		<b>1,500</b>	1,500	3,000
Property Tax	n/a	n/a	n/a	8,411
Water	n/a	n/a	n/a	1,600
Hydro/Natural Gas	1,472	n/a	n/a	2,000
Wastewater	n/a	n/a	n/a	1,600
Phone	1,085	<b>1,100</b>	1,100	1,100
Internet	780	<b>1,200</b>	1,200	1,200
<b>Transportation</b>	\$12,958	<b>\$15,000</b>	15,000	15,000
<b>Clothing</b>	\$3,630	<b>3,800</b>	3,800	3,800
<b>Medical</b>	\$3,460	<b>\$3,460</b>	3,460	3,460
<b>Total Childcare</b>	\$13,221	<b>\$20,950</b>	\$20,950	\$20,950
3-year-old attending day-care full-time year-round		\$14,925 is 260 days @ \$50 per		
7-year-old, attending school but with before and after school care and summer day care		\$6,025 is 55 days @ \$35/day -summer, plus 205 days at \$20/day after school care		
<b>Education</b> - 2 continuing Ed courses	\$707	<b>\$1,000</b>	\$1,000	\$1,000
<b>Food</b> - Using healthy at home options	\$9,220	<b>\$11,000</b>	\$11,000	\$11,000
<b>Recreation</b> - modest vacation, laundry, other	\$9,689	<b>\$11,000</b>	\$11,000	\$16,000
<b>TOTALS</b>	<b>\$70,622</b>	<b>\$81,110</b>	<b>\$105,410</b>	<b>\$144,406</b>
Staff suggested minimum TBM Living Wage	<b>\$38.80 per hour</b>	<b>1080 hours/year</b>	<b>\$44.56 per hour</b>	<b>\$57.92 per hour</b>
Per person minimum annual salary	\$70,616/yr	<b>\$81,110/yr</b>	\$105,410/yr	\$144,406/yr
Family hourly rate	<b>\$77.60/hr combined</b>	<b>\$89.12 /hr combined</b>	<b>\$115.84/hr combined</b>	<b>\$158.68/hr combined</b>

## APPENDIX D - The Blue Mountains Tax Levy Growth to Projected 2022

### Town Tax Levy Summary

Year	Taxable Assessment*	Growth*	Residential Tax Rate	Town Tax Levy
2016	3,903,925,619	1.0%	0.00365151	14,105,311
2017	3,911,344,113	1.5%	0.00382394	14,768,777
2018	4,089,239,504	2.2%	0.00375347	15,148,582
2019	4,255,734,168	1.9%	0.00380871	15,982,367
2020	4,609,492,581	6.0%	0.00364867	16,572,926
2021	4,778,790,117	3.7%	0.00368867	17,396,763
2022*	4,907,019,226	2.7%		
2023				
2024				
2025				

**\*Notes:**

**Taxable Assessment** includes ALL assessment/tax classes; therefore, assessment x tax rate **does not** equal levy

**2022 Assessment** is amount per MPAC as of September 27, 2021

**APPENDIX E - RECOMMENDED INCREASES TO MAYOR, DEPUTY MAYOR, COUNCILLORS**

			1/1/2022		NEXT TERM OF OFFICE				
		Current	2022		2023	2024	2025	2026	Comments
									2023 to 2026
<b>SCENARIO D</b>									
COLA @ 1.5% for 2021 then 20%/yr each yr within next term	<b>Mayor</b>	\$39,697.50	<b>\$40,292.96</b>		<b>\$48,351.56</b>	\$58,021.87	\$69,626.24	<b>\$83,551.49</b>	\$48K to \$84K
COLA @ 1.5% for 2021 then 40% in 2022 then 20% /yr each yr within next term	<b>D Mayor</b>	\$29,265.50	<b>\$29,704.48</b>		<b>\$41,586.28</b>	\$49,903.53	\$59,884.24	<b>\$71,861.08</b>	\$41K to \$72K
COLA @ 1.5% for 2021 then 20%/yr each yr within next term	<b>Councillors</b>	\$29,265.50	<b>\$29,704.48</b>		<b>\$35,645.38</b>	\$42,774.45	\$51,329.35	<b>\$61,595.21</b>	\$36K to \$62K
<b>Total Cost</b>			<b>\$218,519.86</b>					<b>\$463,388.65</b>	