



Council Remuneration Committee

To: Mayor and Council

From: Jordan Forbes, Human Resources Coordinator

Date: July 5, 2018

Subject: Recommendations from Council Remuneration Committee

The following report outlines the recommendations of the Council Remuneration Committee which has held two meetings, one on June 19, and one on July 3, 2018.

The Committee is made up of, Mayor Roy Avis, Councillors Ken Perry, Paul Ryan, and June Caul, as well as Doug Brown, Laurie Lindberg, and Jordan Forbes from Administration. Councillor Caul was selected to Chair the Committee.

The following is an overview of the what the committee has recommended

1. The Committee reviewed the current Council remuneration practice of the Town of Fort Frances. In addition, the practices of comparable Municipalities in the region were reviewed. It was determined that our current remuneration practice is fair based on the size of the Municipality, and the practices of similar communities in our area.
2. Due to the likely implementation of new Federal Tax Policy which would remove the tax exempt status of 1/3 of a Councillor's income, it is recommended that a commensurate increase in compensation be provided to offset the financial loss incurred by Councillors as a result of having to pay taxes on this portion of their income.

Given that the earnings of Councillors vary, it is impossible to predict the exact amount of tax that a Councillor will have to pay in a given year as a result of this change in tax policy. However, in the interest of procedural fairness, it has been recommended that Council members salary be based on the assumption that most Councillors will be in the following tax brackets:

Federal: taxable income is more than \$46,605, but not more than \$93,208 – Tax Rate of 20.5%.
Provincial: \$42,96 - \$85,923 – Tax Rate of 9.15%.

It was also agreed that future annual increases in Council Remuneration be aligned with Management / Non-Union increases. For example, if Management / Non-Union were to receive a 0.5% increase then Council would receive 0.5% as well (please note that this increase value is presented solely to provide an example).

The following table outlines the current, and projected models (Please note that the 2019 value is a projection that is created using the 2018 tax rates). Actual values will be determined when the Management / Non-Union increase, as well as tax rates are determined. At that point, the salary change will be applied retroactively.

Proposed Options for Council Remuneration starting in 2019

	2017	2018	2019 Projected (Note: Annual change, if any, will be aligned with Management / Non – Union)
Mayor Salary	23,345.00	23,695.18	26,689.00
Deputy Mayor	13,702.50	13,908.04	15,665.00
Councillor Salary	12,180.00	12,362.70	13,925.00
Note: Federal Income Tax Range \$46,603 - \$93,208 Provincial Income Tax Range \$42,963 - \$85,923			

It is recommended that should the proposed tax policy change occur, that council remuneration should increase using the methodology identified herein, to prevent a loss of earnings by accounting for the increased tax burden. Actual rates will be determined by 2019 Provincial and Federal tax rates, and if applicable, any increase in Management / Non-union compensation.

If the proposed tax policy change does not come into effect, then Council Remuneration would simply be tied to any change in Management / Non-Union compensation.

3. Remuneration schedule as it relates to per diems for attendance at meetings was discussed. At present, there are a number of meetings for which per diems are paid. However, there are some organizations of which two members of Council are actively participating on. As a result, there was some discussion regarding the allocation of per diems. Some of the organizations and meetings discussed were:
 - Rainy River District Municipal Association
 - Rainy River Future Development Corporation – Regional Economic Development Committee
 - Northwestern Ontario Municipal Association

The Committee has recommended that existing practices continue as prescribed in the current By-Law. Based upon current practice, this would typically mean that one Councillor will be compensated for per diem expenses to attend these meetings, unless otherwise specified in policy, or by Council. Council will continue to have discretion to determine areas where additional Councillors may be compensated for their participation with specific organizations, or meetings. The Committee recommended that the applicable compensation should be clearly specified in these instances. Doing so will ensure that all Councillors are aware of the cost implications, will clearly identify the scope and duration, and will facilitate reimbursement, and compensation for those participating.

4. OMERS eligibility was discussed, and it is important to note that in order for Councillors to participate in the plan, the Mayor must participate. Councillors on the committee indicated that the decision to participate was based on individual circumstances (e.g. if they are already receiving a pension). Mayor Avis indicated that for Councillor who serves multiple terms, there

is a clear benefit to participating, especially for individuals who own or work for an organization that doesn't have a pension plan. It is recommended that the current practices utilized by OMERS be followed going forward.

5. Current By-Laws. As the current By-Law 53/86, related to OMERS is out of date, and doesn't accurately reflect practice, and current legislation, it is recommended that it be rescinded, and replaced with an updated By-Law reflecting the current Provincial legislative framework, and updated Council remuneration practice. In addition, it is recommended that Schedule A of By-Law 02/10 be amended to reflect the recommendations of the Committee identified herein.

Council approval of this report will agree to the recommendation of the Council Remuneration Committee to approve the proposed changes to Council Remuneration.
