

Establishing an Elected Official Compensation Review Commission

Date	March 11, 2020
To	Executive Committee
From	City Clerk's Office
Service Area	Office of the City Clerk
Item No.	EX20-7

RECOMMENDATION

Executive Committee recommends that City Council:

1. Approve a review of Elected Official compensation by:
 - a. Appointing a Compensation Review Commission comprised of three citizen members; and
 - b. Requiring the Commission to submit its final report and recommendations to the Executive Committee meeting of June 10, 2020, with recommendations receiving final approval by City Council at its June 24, 2020 meeting.
2. Direct the City Solicitor to prepare the required bylaw establishing:
 - a. A commission "to conduct a review of City Council's compensation package and present recommendations to City Council";
 - b. The membership of the commission be comprised of nominees from the following:
 - Johnson Shoyama Graduate School of Public Policy (chair)
 - Saskatchewan Federation of Labour
 - Regina Chamber of Commerce
 - c. The terms of appointment to expire at the completion of the review;
 - d. Future reviews of Elected Official compensation be subsequently conducted with recommendations and reported to City Council by June 30 in the year prior to every second election term, with any increase taking effect January 1st of the year immediately following the election; and
 - e. The City Manager to engage an independent compensation professional to provide the required research and policy review assistance to the review Commission; and

3. Stipulate that any increases would come into effect January 1, 2021
4. Direct the City Solicitor to repeal *Bylaw No. 2001-87 The City Council Remuneration Review Commission Bylaw*;
5. Item CR18-104 be removed from the list of outstanding items for the Executive Committee; and
6. Approve these recommendations at its March 25, 2020 meeting.

ISSUE

On November 26, 2018 City Council considered item CR18-104: Council Remuneration and directed Administration to report back to Executive Committee outlining the process to establish a Salary Review Commission to address the City Council compensation structure.

IMPACTS

Financial Impacts

If a compensation review commission is established, it would be treated in the same manner as any other committee of council in that no monetary compensation will be provided to the commission members. Pending the outcome of the review and any recommendations the commission brings forward, there could be future budgetary impacts that would need to be addressed.

The cost of engaging an external, compensation professional is estimated to not exceed \$25,000 and will be funded from the Office of the City Clerk's 2020 budget.

Environmental Impacts

The Compensation Review Commission would conduct an environmental and jurisdictional scan to take into consideration factors such as economic conditions, cost of living, tax legislation and City Council compensation levels for similarly sized municipalities.

Strategic Impacts

City Council's current compensation structure has remained unchanged since 2002 and a review will ensure that an appropriate comparison between like-sized municipalities is undertaken.

Other Impacts

Engaging the services of an external compensation professional ensures that the review and information provided to the Commission is independently gathered and impartial.

There are no accessibility, risk/legal or policy impacts.

OTHER OPTIONS

Option 1: Immediate Review and Subsequent Review Every Two Election Cycles (Recommended)

A Compensation Review Commission would be established to conduct a scheduled review and provide recommendations to Executive Committee by June 10, 2020. Any City Council approved recommendations would take effect January 1, 2021 in sync with a newly elected City Council.

In addition, by August 31st the year prior to every second election cycle, a mandated review would be initiated for implementation January 1st of the following year.

Pros:

- A legislated, scheduled review of elected officials' compensation will be conducted on a regular basis, no longer requiring a decision from City Council to give direction for such a review of compensation to be undertaken
- This removes the perception or criticism that members of a current City Council are making a decision which could directly provide themselves with a salary increase
- The composition of the commission is arms-length from City Council and lends a needed degree of impartiality and non-bias
- Engaging the services of an external compensation professional ensures that the review and information provided to the Commission is independently gathered and impartial.
- A review at this time is notable as the current compensation structure has remained largely unchanged since 2002, with the exception of Revenue Canada imposed tax changes in 2018
- A regular review of elected officials' compensation should enhance the attractiveness of running for elected office

Cons:

- Any proposed increased to City Council compensation may be subject to criticism
- Although their pre-2019 salaries were deemed by Revenue Canada to be 1/3 exempt from taxation, this exemption was removed in November 2018; as a result, the gross annual salaries for the mayor and councillors increased by approximately \$32,000 and \$7,000, respectively

Option 2: One Time Review

This option is similar to option One. The only difference is that a review would take place in 2020 but the review commission would be dis-established upon completion of its review.

Pros: Similar to option one with the exception of the ongoing, subsequent review scheduled in advance of every second election cycle.

Cons: Similar to option one with the exception that a one-time review may result in future compensation reviews being deferred for many years and terms of future city councils.

Option 3: Status Quo

The current compensation formula outlined in Bylaw No. 2001-108, The Regina City Council Remuneration Bylaw, 2001 would remain unchanged.

The Mayor's salary would remain at 99.78% of a Cabinet Minister's salary, resulting in a 2020 salary of \$148,163. A Councillor's salary would remain at 30.73% of the Mayor's salary, resulting in a 2020 salary of \$45,530.

Pros:

- Retaining the status quo will eliminate criticism that elected officials are seeking a mechanism by which to give themselves a raise in salary
- The formula is simple, transparent and easy to understand; it has allowed adjustment to occur without direct involvement by City Council, thereby avoiding concerns about bias or allegations of self-interest in the salary setting process

Cons:

- Notwithstanding the Revenue Canada directed tax changes in 2018, the current compensation formula has remained unchanged since its establishment in 2002

Option 4: Adopt Saskatoon model as of January 1, 2021 with subsequent reviews undertaken every two election cycles

This option would set the compensation model identical to that of Saskatoon City Council, effective January 1, 2021.

Saskatoon undertook its most recent review of elected officials' compensation in 2018 to address the Revenue Canada mandated tax changes regarding the 1/3 tax exemption. At that time, the Mayor's salary was set at 85% of a provincial cabinet minister's salary, resulting in an annual salary of \$123,379. With the removal of the 1/3 tax exemption, the annual gross salary of the Mayor was increased to 100% of a provincial cabinet minister, resulting in an annual salary of \$145,152. With the statutory annual increase to cabinet ministers' salaries, the 2020 salary of Saskatoon's Mayor is \$148,490.

The 2018 review set Councillors' salaries at 46% of the Mayor's salary, resulting in an annual salary of \$66,770. Adjusted for the statutory annual increase to cabinet ministers' salary, and therefore the automatic increase to the Mayor's salary, the 2020 salary for Saskatoon Councillors is \$68,305.

Aligning Regina's compensation model with Saskatoon's model would result in the following increases to Regina's elected officials, effective January 1, 2020:

- Mayor's salary would rise from \$148,163 to \$148,490, an increase of \$327.
- Councillors' salary would rise from \$45,530 to \$68,305, an increase of \$22,775.

Pros:

- The compensation formula would model that of Saskatoon and would be appropriate given our similar size and composition of City Council (11 members)
- It is easy to understand
- Eliminates the need to establish a Compensation Review Commission at this time
- There is basically no change to the compensation provided to the Mayor as it currently is set at 99.78% of a cabinet minister's salary, resulting in a projected increase of \$327
- The resulting increase to a councillor's salary is seen to be more reflective of the demands of the position and is in line with that of Saskatoon
- The increase would not take effect until January 1, 2021 in line with the election of a new City Council, thereby minimizing the criticism that current members are giving themselves a raise

Cons:

- There may be criticism that City Council is giving itself a raise as there is no external, impartial review commission being established at this time
- The projected annual increase to the salary of a councillor will be \$22,775

COMMUNICATIONS

Notice will be provided to the public to indicate that an Elected Official's Compensation Review Commission is being established and will be considered at the March 11th meeting of Executive Committee, with subsequent consideration by City Council on March 25, 2020.

Public notice will be provided on the City of Regina website, public notice board and in the Leader Post.

DISCUSSION

The last compensation review for elected officials was conducted in 2001. The review commission was established by *Bylaw No. 2001-87 The City Council Remuneration Review Commission Bylaw* on September 17, 2001 and consisted of the following members:

- Dr. David Barnard, President of the University of Regina (Chairperson)
- Barbara Byers, President of the Saskatchewan Federation of Labour; and
- Ron Cameron, President of the Regina Chamber of Commerce

City Council approved the Commission's report, **CR01-293: Remuneration for Members of Council** on December 17, 2001, which recommended the following:

1. The level of remuneration for the members of Regina City Council be determined by an annual comparison with the salary paid to a provincial cabinet minister as at January 1 each year beginning January 1, 2002 and based on the following formula:
 - Mayor's salary 77.3% of the provincial cabinet minister's salary
 - Councillor's salary 33.3% of the Mayor's salary
2. That a Salary Review Commission be established by City Council in the fall of 2004 to address the following:
 - To confirm that the model being applied to set the level of remuneration for the Mayor and members of City Council is reasonably keeping pace with the remuneration in other cities.
 - To compare the percentage of salary that is allowed for members of City Council for benefits as compared to the percentage allowed for other cities in Western Canada.
 - To consider how frequently a Salary Review Commission should be established to ensure that the model for determining the level of remuneration for members of City Council is reasonably keeping pace with the level of remuneration being paid to members of City Council in other cities in Western Canada. (The Commission is of the view that the level of remuneration for members of City Council should be reviewed every three years or perhaps every six years).

On October 4, 2004, Council considered report **CR04-34: Remuneration for Members of City Council**, in response to the above noted recommendation. The report was "receive and filed" and no further action was taken nor other direction provided.

Other larger Canadian municipalities have typically established arms' length remuneration review commissions consisting of citizen members to conduct compensation review. The City of Edmonton adopted a recommendation to establish an Independent Council Compensation Committee to conduct a review every two election terms. The City of Saskatoon in 2014 enacted a bylaw to establish an independent commission to periodically review compensation and benefits. By contrast, the City of Winnipeg hired an external consultant to conduct a review of its City Council compensation structure in 2011.

DECISION HISTORY

On September 17, 2001, City Council approved *Bylaw No. 2001-87 The City Council Remuneration Review Commission Bylaw*.

Subsequent to recommendations from the Review Commission, City Council approved *Bylaw No. 2001-108 The Regina City Council Remuneration Bylaw, 2001*.

The recommendations contained within this report require public notice and City Council approval.

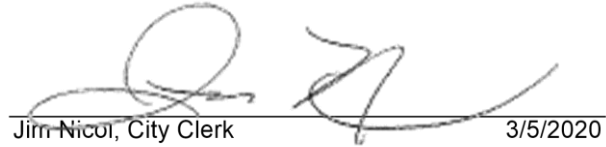
Respectfully Submitted,

Respectfully Submitted,



Amber Ackerman, Deputy City Clerk

3/4/2020



Jim Nicol, City Clerk

3/5/2020

Prepared by: Amber Ackerman, Deputy City Clerk