

Review of Salaries for Council Members

Recommendation:

That the July 7, 2017, Office of the City Manager report CR_4998, be received for information.

Report Summary

This report provides information to assist an Independent Council Compensation Committee's review of salaries payable to Members of Council, which may include recommendations for changes following the 2017 general municipal election.

Report

- At the June 27, 2017, City Council meeting, Bylaw 18119, Independent Council Compensation Committee Bylaw Amendment No. 1, (Attachment 1) was given three readings. The Bylaw re-establishes the Independent Council Compensation Committee, with a narrow mandate to review the salary of Council in light of economic changes, recent federal tax legislation eliminating the non-taxable option, and current municipal comparables. The Committee has been directed to provide a report with recommendations for the August 29, 2017, City Council meeting.
- Council directed re-establishment of a temporary Independent Council Compensation Committee earlier than typically scheduled to take into account the 2017 federal budget announcement that the federal *Income Tax Act* will be amended to require remuneration for certain elected office holders across Canada (which for Alberta includes MLAs, school trustees and municipal mayors and councillors) to be fully taxable, no later than January 1, 2019.
- The early salary review was also considered important to provide candidates running in the 2017 municipal election with the assurance that appropriate consideration has been given to remuneration for the elected officials' roles. Given the very short time frame for such an initiative, the 2017 Council Compensation Committee mandate has been limited to a review and recommendations regarding salary only.
- Council passed a motion on April 11, 2017, directing that remuneration for Edmonton's Mayor and Councillors, including annual salary, annual retirement benefit, annual car allowance and transition allowance, become fully taxable effective at the beginning of the 2017-2021 Council term, as recommended by the Independent Council Compensation Committee in January 23, 2013, with the intention of no material net salary increase or decrease.

Background

- Every second term a review of Council compensation and methods of periodic adjustments is completed by an Independent Council Compensation Committee. The last Independent Council Compensation Committee convened on April 26, 2012, and made recommendations to Council on January 23, 2013, for the 2013 to 2017 and 2017 to 2021 terms. An Independent Council Compensation Committee is expected to convene in 2020 to make recommendations to Council for the following two terms.
- At the January 23, 2013, City Council meeting the Independent Council Compensation Committee presented 10 recommendations, all of which were approved with the exception of 1.1: “That effective Tuesday, October 29, 2013, the City of Edmonton Members of Council annual salary, annual retirement benefit, annual car allowance and transition allowance be fully taxable.”
- That recommendation was declined by Council with the intent to support a modest savings in the City’s operating budget. Had Council supported this recommendation, the 2013 fully taxable salaries would have been \$198,523 for the Mayor and \$109,805 for the Councillors.
- Annual compensation adjustments are calculated with the Independent Council Compensation Committee -recommended method using the percentage change in the 12-month average of the Alberta Average Weekly Earnings values from September of the previous year against the same value for the year prior, as reported by Statistics Canada.
- Annual compensation changes of 3.51 percent for 2014, plus 3.81 percent in 2015, plus 0.88 percent in 2016, minus 2.49 percent in 2017, would result in 2017 post-election fully-taxable salaries of \$209,835 for the Mayor and \$116,062 for the Councillors.

Research

Administration has compiled the following information for the Independent Council Compensation Committee’s consideration:

- Cash Compensation for Elected Officials - Municipal Comparables (Attachment 2), provides information from six Canadian municipalities on salaries and other kinds of cash compensation provided to Mayors and Councillors.
- Recent Trends in Alberta’s Average Weekly Earnings (Attachment 3), provides an overview of this economic indicator (to be distributed).
- General Wage Increases and Council Compensation (Attachment 4), provides a table of wage and salary increases for City employees and elected officials, from 2004 to 2017/18.

Policy

This temporary committee of Council is classed as an *Ad Hoc* committee under Council Policy C575 - Agencies, Boards, Committees and Commissions.

Corporate Outcomes

The City of Edmonton has a resilient financial position.

Attachments

1. Bylaw 18119, Independent Council Compensation Committee Bylaw Amendment No. 1
2. Cash Compensation for Elected Officials - Municipal Comparables
3. Recent Trends in Alberta's Average Weekly Earnings (To Be Distributed)
4. Gen Wage Increase Incl CPI + Council Increase 2004-2018 (June 2017)