



Independent Council Compensation Committee

2024 Final Report

TABLE OF CONTENTS

2024 INDEPENDENT COUNCIL COMPENSATION COMMITTEE	3
INTRODUCTION	4
RECOMMENDATIONS	4
1.0 Salary	4
1.1 Base Salaries Recommendation	4
1.2 Salary Adjustment Recommendation	4
2.0 Benefits	4
2.1 Benefits Recommendations	4
3.0 Frequency of Future Council Compensation Reviews	5
3.1 Review Recommendation	5
BACKGROUND	5
Mandate	5
Principles	6
Roles and Responsibilities of Council	6
APPROACH	7
INPUTS	7
Jurisdictional Scan of Comparable Municipalities	8
Summary of Past Council Motions and Changes to Compensation	9
Public Engagement Summary	10
Councillor Self-Reflection Summary	11
Economic Data Summary	11
Additional Discussion	12
APPENDIX: RATIONALE FOR RECOMMENDATIONS	13
Base Salary	13
Annual Adjustments	14
Average Weekly Earnings vs Alternative Escalators	14
Other Escalators	16
Benefits	17
Workers' Compensation Insurance	17

2024 INDEPENDENT COUNCIL COMPENSATION COMMITTEE

The 2024 Independent Council Compensation Committee, appointed pursuant to Bylaw 20702, has completed its mandate and has the honour of submitting its final report for the consideration of Council.

Respectfully submitted,
Paul Precht (Chair)
Dan McKinley
Stephanie Powers
Roxy Shulha-McKay

INTRODUCTION

This report outlines the recommendations of the 2024 Independent Council Compensation Committee as well as the rationales for these recommendations and some of the analysis undertaken in reaching these recommendations.

RECOMMENDATIONS

1.0 Salary

1.1 Base Salaries Recommendation

The Committee reviewed the base salaries of the Mayor and Councillors and after careful deliberation decided not to make any revisions to these base salaries.

The Committee recommends the 2024 salaries of \$216,585 for the Mayor and \$122,363 for Councillors remain at these levels, and receive the annual adjustment on January 1, 2025 and in subsequent years.

1.2 Salary Adjustment Recommendation

The Committee considered several alternative escalators, but decided that the annual rate of change in Average Weekly Earnings of Alberta wage-earners is a good escalator and there are no compelling reasons to adopt an alternative indicator.

The Committee recommends the compensation of the Mayor and Councillors continue to be adjusted the first day of each year by the percentage change of Alberta Average Weekly Earnings for the most recent 12 months from October to September.

2.0 Benefits

2.1 Benefits Recommendations

The Committee concluded the benefits and other forms of compensation received by the Mayor and Councillor are generally appropriate and adequate, with one exception. The Committee noted the Mayor and Councillors are not covered by workers' compensation insurance, and believes it is in the interest of both members of Council and of the City to have this coverage.

The Committee recommends:

- a) **the Mayor and Councillors continue to receive existing retirement benefits, transportation allowances, transition allowances and other benefits; and**
- b) **Workers' Compensation Insurance coverage be provided to all members of Council as an additional benefit to protect both the employer (The City of Edmonton) and workers (Council) against the financial impacts of work-related injuries and occupational diseases.**

3.0 Frequency of Future Council Compensation Reviews

3.1 Review Recommendation

The Committee agrees the compensation of the Mayor and Councillors needs to be reviewed periodically, and the current practice of a review every two terms is appropriate, unless there are compelling or unusual circumstances that indicate an interim review should be undertaken.

The Committee recommends a review of Council compensation be undertaken following every two terms of Council (ie, every 8 years) unless significant economic uncertainties or other economic or political circumstances arise in the interim that indicate an earlier review would be appropriate.

BACKGROUND

Independent Council Compensation Committees were formed in 1999/2000, 2006, 2012, 2017 and in 2020 to make recommendations on future compensation for Members of Council. The general principle has been that compensation be reviewed every two Council terms, which until 2012 was a total of six years, and then changed to every eight years as the Council term was increased to four years.

Mandate

On December 12, 2023 Council passed City of Edmonton Bylaw 20702 to establish a temporary Independent Council Compensation Committee to conduct a comprehensive review of compensation for members of Council.

The independent Council Compensation Committee will, no later than December 31, 2024, provide a written report to Council with their recommendations on the:

- a) appropriate compensation for members of Council including salary, benefits, pensions, allowances, and any other forms of compensation; and
- b) frequency of future reviews of compensation

Principles

The recommendations of the Independent Council Compensation Committee will be based on the following principles:

- a) compensation must be appropriate to attract a diverse range of candidates;
- b) compensation must reflect the responsibilities, accountabilities, and time commitment required from members of Council;
- c) compensation must be reasonable in light of economic circumstances and the City's objectives and financial constraints; and
- d) compensation must be comparable to other jurisdictions.

Roles and Responsibilities of Council

The Municipal Government Act mandates Councils to:

- consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality;
- promote an integrated and strategic approach to intermunicipal land use planning and service delivery with neighbouring municipalities;
- participate generally in developing and evaluating the policies and programs of the municipality;
- participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;
- obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer;
- keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public;
- adhere to the code of conduct established by the council;
- perform any other duty or function imposed on Councillors by this or any other enactment or by the council.

The Committee recognizes that municipal government structures and responsibilities in Canada are established by Provincial statute, not by the constitution. But the Committee also recognizes and values the important role of Mayors and Councillors in the governance of our country, and perhaps increasingly important in an increasingly urban environment where so many of the social and economic challenges of our time arise and must be addressed by municipal governments.

"All politics is local", Tip O'Neill, former Speaker, US House of Representatives.

APPROACH

Once the Committee was appointed, the Committee met on the following dates:

May 22, 2024
June 12, 2024
July 10, 2024
July 31, 2024
September 18, 2024
October 9, 2024
October 16, 2024

At the May 22, 2024 meeting, the Committee elected a chair, reviewed the mandate and determined the information required for the next meeting. In subsequent meetings the Committee:

- Engaged in discussions on issues relating to base compensation, escalators for adjustments and benefits;
- Reviewed statistical data and jurisdictional comparisons on compensation of elected officials and other wage earners;
- Initiated a survey of the public and of current Council members on issues relating to compensation and benefits; and
- Discussed the information obtained to arrive at conclusions and recommendations.

Meetings were streamed to the public and agendas and minutes were posted on edmonton.ca.

The Committee was supported by the following members of Administration:

Aileen Giesbrecht, City Clerk
Nancy Jacobsen, Office of the City Clerk
Victoria Hinderks, Office of City Clerk
Michelle Dorval, Employee and Legal Services
Felicia Mutheardy, Budget Planning & Development

INPUTS

The 2024 Independent Council Compensation Committee (ICCC) relied on a wide range of inputs to assess and recommend appropriate compensation levels for City of Edmonton Council members. These inputs included:

1. Jurisdictional Scan of Comparable Municipalities, Alberta MLAs and federal MPs. This allowed a comparative analysis of Council compensation across major Canadian cities and other elected officials, including salaries, benefits,

- retirement options, and allowances for both Mayors and Councillors. This scan provided a critical benchmark for assessing how Edmonton's compensation package aligns with other municipalities and the broader public sector.
2. **Council Motions and Historical Changes to Compensation:** An examination of past Council motions and adjustments to compensation, highlighting significant decisions made over recent decades. This review illustrated how economic factors, legal changes, and recommendations from previous ICCC reports have shaped Council compensation, with particular focus on the shift to fully taxable salaries and recent decisions to freeze salaries during economic downturns.
 3. **Public Engagement:** The Committee sought feedback from Edmontonians via public surveys to gather input on appropriate compensation levels for the Mayor and Councillors. The responses provided valuable insights into the public's perception of Council compensation, helping to ensure that any recommendations reflect the community's expectations.
 4. **Councillor Self-Reflection:** Council members were asked to reflect on their own roles and responsibilities, providing a candid view of the demands they face in terms of workload, time commitment, and compensation. This input offered a critical internal perspective to balance public feedback and external benchmarking.
 5. **Economic Data:** The Committee considered the broader economic conditions influencing compensation, utilizing data from sources such as the Conference Board of Canada's Compensation Planning Outlook 2024 and Statistics Canada's Average Weekly Earnings (AWE), Average Hourly Earnings (AHE), Consumer Price Index (CPI) and other potentially relevant indicators. This economic data contextualized the broader fiscal environment in which the compensation decisions were being made, highlighting trends in wage growth, inflation, and cost-of-living adjustments.

Jurisdictional Scan of Comparable Municipalities

The Independent Council Compensation Committee reviewed Council compensation across major Canadian municipalities, including large cities such as Edmonton, Calgary, Ottawa, and Toronto, as well as a number of smaller cities. The analysis focused on key aspects of Council members' remuneration, including base salaries, salary escalators, health benefits, retirement options, and additional allowances like vehicle and transit support.

Cities with larger populations, such as Calgary, Edmonton, Winnipeg and Toronto, offer relatively higher salaries for both Mayors and Councillors, reflecting the increased responsibilities tied to governing larger urban areas. However, the structure of compensation varies significantly between municipalities. For instance, while Edmonton and Calgary provide vehicle allowances and comprehensive health

benefits, other cities like Vancouver and Toronto offer options to participate in municipal employee benefits or receive taxable supplements.

Health benefits are typically aligned with city employee packages, but spending accounts and additional wellness options differ by region. For example, Edmonton provides a \$3,600 health spending account, while Calgary offers a flexible spending account alongside a standard benefits package.

Retirement contributions also vary, with most municipalities offering participation in public pension plans or group savings programs. Transition allowances, provided upon leaving office, are a standard feature in most cities, helping elected officials transition back into the workforce.

In terms of review frequency, municipalities generally conduct compensation reviews every four to eight years, generally tied to Council terms. However, Edmonton has provided an option for interim reviews due to economic volatility and evolving public expectations, as this review in 2024.

This scan highlighted both the commonalities in Council compensation structures across Canada and the unique approaches municipalities take to balance fiscal responsibility with attracting qualified candidates for public service.

Summary of Past Council Motions and Changes to Compensation

In recent decades, the City of Edmonton has made several adjustments to Council compensation, driven by economic factors, legal changes, and recommendations from the Independent Council Compensation Committees. Key Committee recommendations have focused on salary adjustments, benefit enhancements, and the structure of compensation reviews.

Since the early 2000s, Council salaries were primarily adjusted based on the Alberta Average Weekly Earnings (AWE), with one-third of the compensation being tax-exempt until 2017, as permitted under the Income Tax Act.

The 2013 Committee made several key recommendations:

- a) the tax exempt portion of salaries be eliminated with the entire Mayor's and Councillors' salaries becoming fully taxable,
- b) the salaries of Councillors be increased by 2.5% to reduce the differential between the Mayor's and Councillors' salaries, and
- c) a flexible Health Spending Account was introduced, and retirement options were expanded to include participation in defined contribution pension plans.

The recommendation to make salaries fully taxable was not adopted by Council.

The 2017 review was initiated by Council to review salaries of the Mayor and Council in response to:

- a) a change in the Income Tax Act which no longer allowed a portion of elected officials' salaries to be tax exempt, and
- b) current municipal comparators.

The salaries were adjusted so that net pay after tax was not reduced after making them fully taxable and were then reduced to make them equivalent to those of Calgary's Mayor and Councillors.

The 2020 compensation review occurred during Covid when the City, along with the rest of Canada and the world, were undergoing significant economic hardships in coping with this health pandemic. As a result of these circumstances, key recommendations of the Committee were:

- a) salaries be frozen with no annual adjustments in 2021 and 2022, and
- b) compensation to be reviewed again in 2024.

Overall, the City of Edmonton has adopted a conservative approach to compensation increases in recent years, mindful of economic pressures while ensuring the remuneration remains competitive and fair. Reviews are generally conducted every two Council terms, with this 2024 review being an interim review undertaken because of the exceptional circumstances in 2020.

Public Engagement Summary

Public engagement continues to play an essential role in shaping compensation decisions, ensuring that the views of Edmontonians are considered in the recommendations of the ICCC. The 2024 Independent Council Compensation Committee gathered public input through a survey, seeking feedback on the compensation for the Mayor and Councillors. The survey received a significant response, with over 4,000 participants sharing their views on Council members' salaries and the appropriate compensation levels.

Some findings from the survey included:

- **Mayor's Salary:** About 39% of respondents felt a salary range between \$200,000 and \$225,000 was appropriate for the Mayor, with less than 20% supporting higher salary brackets. Approximately 42% of respondents chose "None of the above," indicating mixed or uncertain opinions on whether the proposed salary ranges were suitable.
- **Councillor's Salary:** About 47% of respondents felt a salary range between \$100,000 and \$125,000 was appropriate for Councillors, while 20% supported a higher range of \$125,001 to \$150,000. Again, a significant portion of respondents felt uncertain, with about 22% choosing "None of the above."
- **Mayor/Councillor Salary Differential:** 39% of respondents agreed the current difference between the Mayor's salary and a Councillor's salary is appropriate, and 47% disagreed; it is not clear whether those that disagreed thought the differential should be larger or smaller.

The views expressed on salary levels reflect a cautious approach from the public, likely influenced by the current economic conditions and by a broader public sentiment of cynicism and skepticism regarding government spending and the current political environment in general.

Councillor Self-Reflection Summary

In 2024, members of the Edmonton City Council were asked to reflect on their responsibilities and compensation as part of the Independent Council Compensation Committee review process. The key insights from their responses highlight the demanding nature of their roles:

- **Workload:** Councillors generally reported working in excess of 70 hours per week. The demands of their role include balancing legislative duties, constituent engagement, and committee responsibilities.
- **Balance of Responsibilities:** Councillors expressed concerns about the balance between the significant workload and the compensation they receive. Some commented that the compensation should better reflect the intensity and complexity of their work, especially given the growing demands on their time due to the city's increasing population and the broader economic challenges Edmonton is facing. Most recognized and acknowledged they were making economic sacrifices to serve on Council relative to their other career options. They also indicated that serving the public is a greater motivation for serving on Council than compensation.
- **Compensation Reflection:** While Councillors appreciated the benefits associated with their positions, they acknowledged that the public's perception of their compensation plays an essential role in maintaining trust. The reflections suggested a strong commitment to ensuring that their compensation remains fair and aligned with the expectations of public service while recognizing the increasing demands of their role. Many Councillors expressed that while compensation is an important consideration, their first commitment is public service to citizens.

Overall, the Councillor's reflections underscore the challenging workload they are responsible for and may suggest that compensation decisions should take into consideration both the heavy time commitments and the increasing complexity of their responsibilities.

Economic Data Summary

The economic context for Council compensation in 2024 is shaped by various factors, including salary trends, inflation, and cost-of-living adjustments. Multiple reports, such as the Conference Board of Canada's Compensation Planning Outlook 2024, and Statistics Canada data on indicators such as earnings and inflation, have been key to understanding the economic environment.

Salary expectations for 2024, according to the Compensation Planning Outlook 2024 from the Conference Board of Canada, include:

- An overall average salary increase in Canada is projected to be 3.5% for non-unionized employees.
- Sectors like construction, arts, entertainment, and recreation are expected to see higher increases (above 4.0%), while municipal governments and co-operatives are projected to have the lowest salary increases at 3.3%.

Additional Discussion

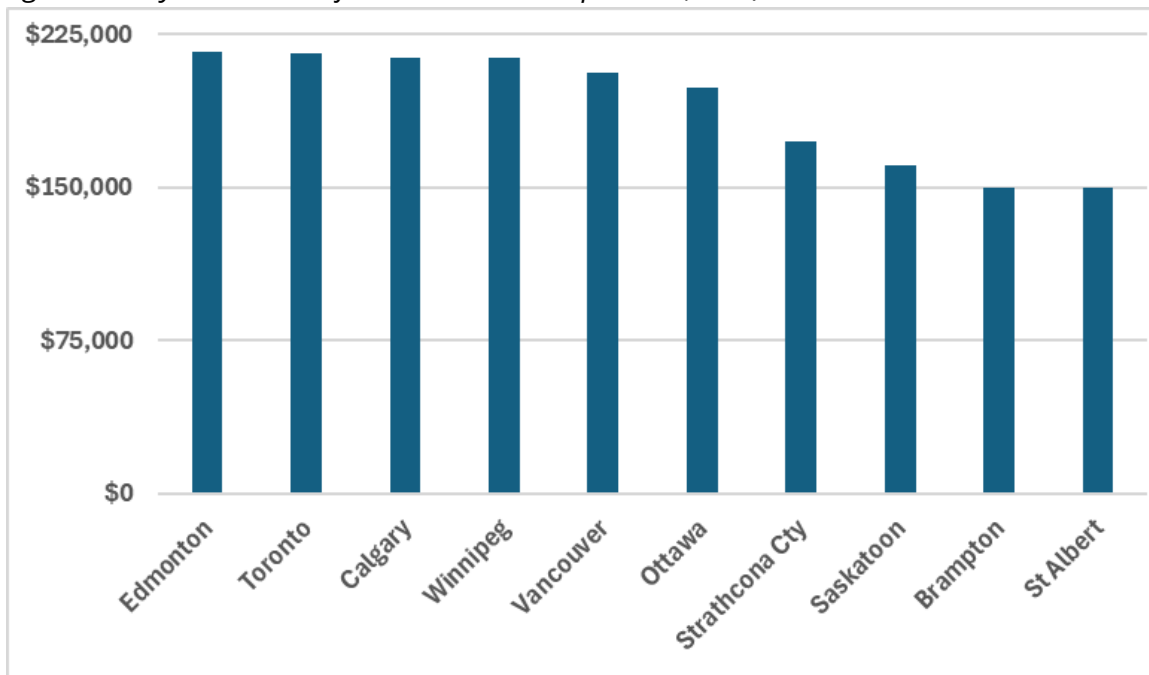
The Committee had thoughtful discussion on further benefit enhancement, in particular the importance of ensuring benefits such as access to childcare, thereby allowing for a potentially wider and more diverse range of potential citizens to consider running for future Councils. The Committee found that childcare is not provided to other City employees in Edmonton, nor is it generally available to other elected officials in Canada, and therefore the Committee could not recommend introducing this in Edmonton.

APPENDIX: RATIONALE FOR RECOMMENDATIONS

Base Salary

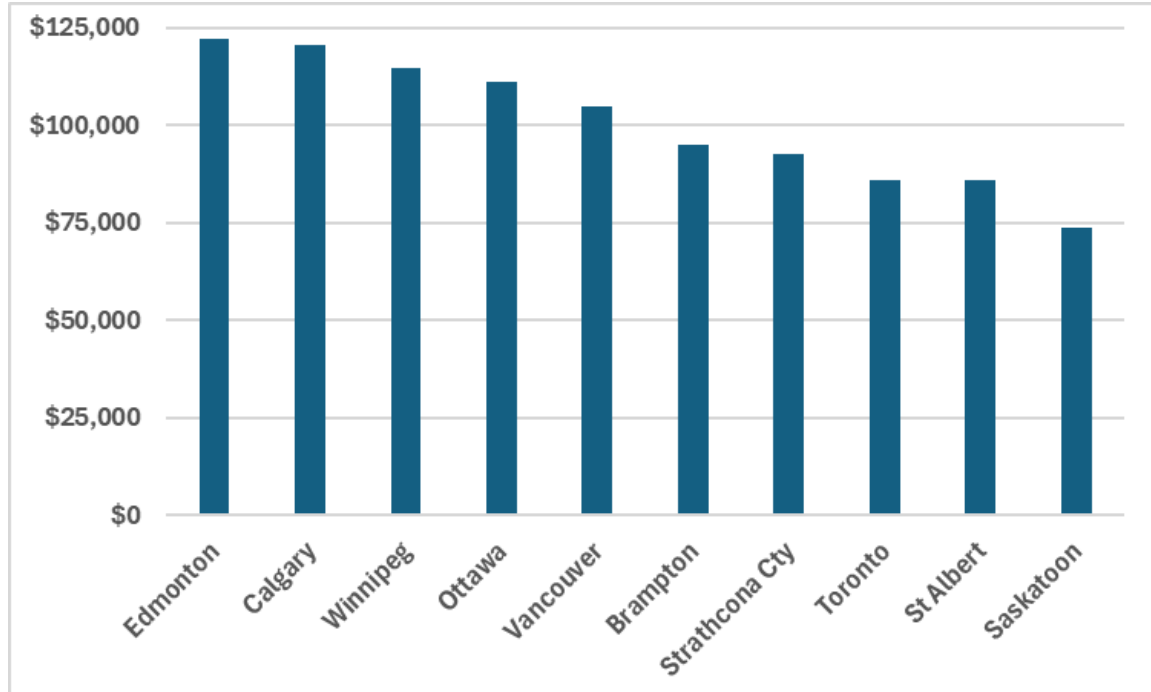
Figure 1 shows that Mayors’ salaries in Edmonton, Toronto, Calgary and Winnipeg are virtually identical, and these are the largest cities of those included in Figure 1.

Figure 1: Mayors’ Salaries for Selected Municipalities (2024)



Councillor’s salaries for these same cities show somewhat larger disparities, as seen in Figure 2. Comparing Figures 1 and 2 also indicates the differential between Mayor and Councillor salaries.

Figure 2: Councillor's Salaries for Selected Municipalities (2024)



Figures 1 and 2 indicate that salaries for Mayor and Councillors are virtually identical between Edmonton and Calgary. While maintaining this relationship was seen as important by members of the Committee, it may also serve as a roadblock to either City taking initiatives to reduce the differential between Mayor and Councillor salaries which would entail increased Councillor salaries.

Annual Adjustments

Average Weekly Earnings vs Alternative Escalators

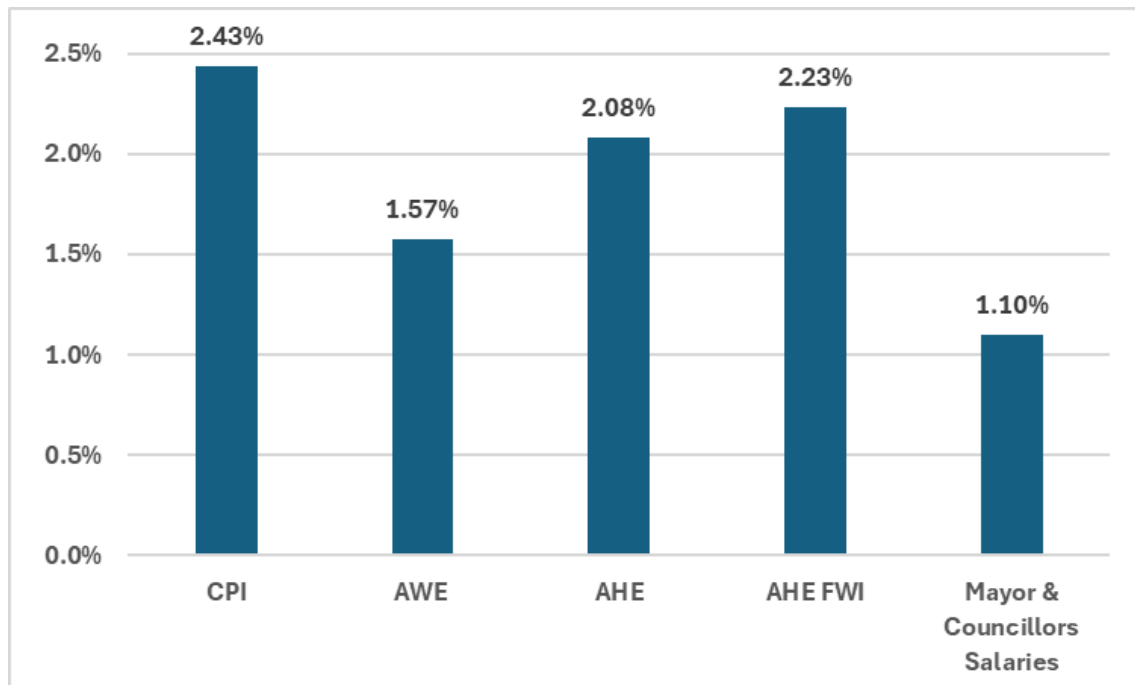
The Committee recognizes that public sector salaries, including those of elected municipal officials, must be periodically adjusted to remain closely aligned with broader national trends, ensuring competitiveness while reflecting fiscal responsibility. The salaries of Edmonton’s Mayor and Councillors have been escalated by the annual change in Average Weekly Earnings in recent decades to maintain this alignment and competitiveness.

The Committee examined a number of alternative indicators that might be considered to escalate these salaries.

- Average Weekly Earnings (AWE) (Statistics Canada Table: 14-10-0223-01) measures the average weekly earnings, including overtime, for all employees by Province. In Alberta this indicator has seen moderate growth in recent years, with recent salary adjustments reflecting the regional economic recovery post-pandemic.

- Consumer Price Index (CPI) (Statistics Canada Table 18-10-0004-01) measures the changes in prices of goods and services consumed by Canadian households. The CPI is generally considered as a measure of general inflation. Any wages that do not keep up with inflation are lower in “real terms” and those wage earners are considered worse off.
- Average Hourly Earnings (AHE) (Statistics Canada Table: 14-10-0222-01) measures average hourly earnings for all salaried employees. It differs from AWE, which does not take into account hours worked. Figure 3 shows the AHE has been about half a percent higher than AWE in the past decade, indicating that hours worked have declined.
- Average Hourly Earnings Fixed Weight Index (AHE FWI) (Statistics Canada Table: 14-10-0213-01). The fixed-weighted average hourly earnings index is designed to better reflect the underlying changes in earnings by holding hours paid and employment composition among industries, provinces and territories constant through time.

Figure 3: Average Annual Rate of Change for Alternative indicators (2013-2024 YTD)



The final bar in Figure 3 shows the annual change in Mayor and Councillor salaries over the same period. These salaries have been lower than any of the indicators, as they were frozen during 2021 and 2022 while the City was dealing with the economic impacts and recovery from the Covid pandemic, along with the rest of the world,

Normally, CPI would normally be expected to be slightly lower than the other earnings related indicators, as earnings are expected to keep up with inflation as well as reflect productivity growth. For the period 2013-2024, average CPI has been skewed by high inflation in 2022 and 2023, resulting in inflation exceeding earnings

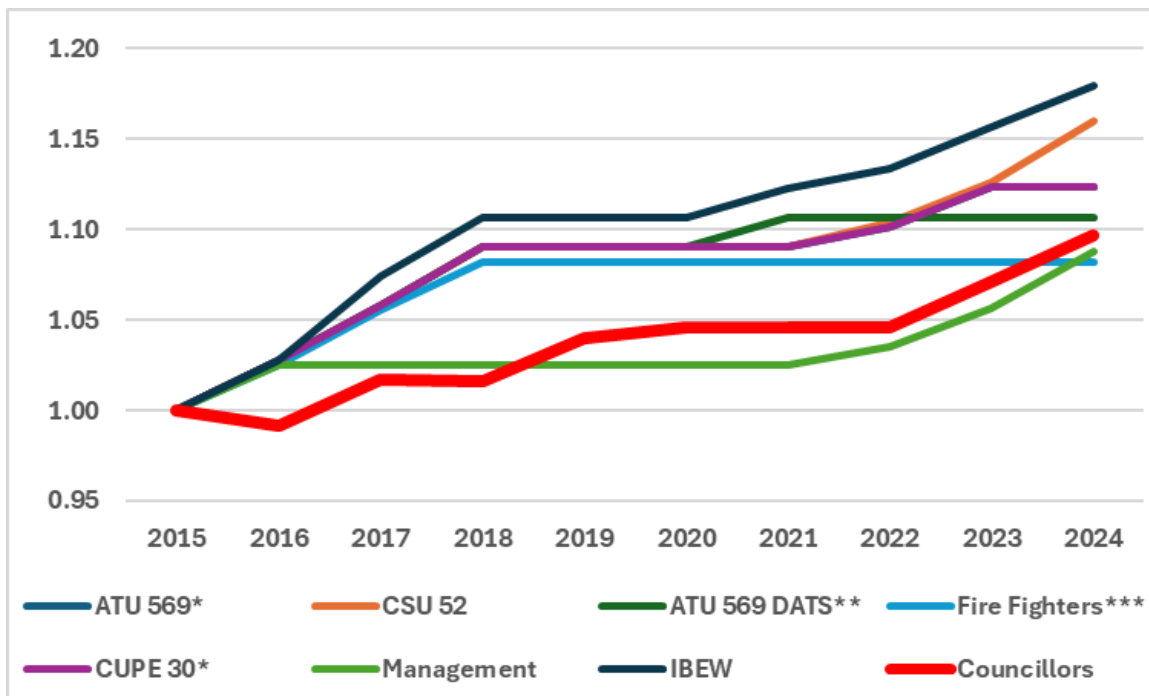
over this period. The Committee did not consider CPI to be the most appropriate escalator. Any of the other earnings related escalators may be appropriate, but the Committee recommends remaining with the AWE. Even though the AWE is slightly lower than the AHE indicators in the most recent decade, it remains an appropriate indicator of earnings generally in Alberta and we do not believe there is any need to replace it to escalate Mayor and Councillor salaries.

Other Escalators

The Committee noted the salaries of Members of the Alberta Legislative Assembly are ostensibly escalated annually by Alberta CPI, but since receiving a 71% increase in 2012 Alberta MLAs have received two 5% salary reductions and otherwise been frozen. Salaries of Canada’s Members of Parliament are escalated annually by the average percentage increase in base-rate wages in Canada resulting from major settlements negotiated in the private sector, as published by Employment and Social Development Canada. This index increased on average by 2.1% annually in the past 10 years, similar to other escalators discussed above.

The Committee also compared the escalation rate of Councillors’ salaries to that of other City of Edmonton employees. Councillor salary escalation is shown by the red and widest line in Figure 4.

Figure 4: Councillor vs City Employee Wage Increments, 2015=1 (2015-2024)



The escalation rates for a number of groups of City employees are incomplete, as:

- ATU 569 and CUPE 30 do not have settlements for 2024 yet,
- ATU 569 DATS does not have settlements for 2022, 2023 and 2024 yet, and

- Fire Fighters do not have settlements for 2019 to 2024 yet.

The group of City employees whose salary escalation is closest to that of Councillors is Management.

Benefits

The Committee found the benefits available to the Mayor and Councillors were generally appropriate and comparable in nature and extent to the employee benefits available to management employees of the City of Edmonton. While there are inconsistencies and exceptions may be found, the Committee viewed these benefits as at least as generous as those provided to elected officials in other jurisdictions.

Workers' Compensation Insurance

A benefit which the Mayor and Councillors do not currently have and which the Committee recommends they receive is Workers' Compensation Insurance. The rationale for providing this benefit is as follows. In Canada, workers' compensation is a no-fault disability system that protects both employers and workers against the economic impact of work-related injuries and occupational diseases. Based on the Meredith Principles, the system covers injured workers for lost employment income and provides health care, rehabilitation and other services required due to a work-related injury, while employers are shielded from litigation. This system brings economic stability to the workplace through collective liability that minimizes the risks and expenses of injury. In short, workers' compensation insurance provides workers (the members of Council) with the benefits and services needed to help them get back to work safely should a workplace injury occur and ensures that employers (the City of Edmonton) are protected against any litigation that might arise as a result of those injuries.

The Committee notes that several major Alberta cities have this coverage in place for their elected officials – including Calgary, Red Deer, Lethbridge and Medicine Hat.