

# Council Compensation Review

## Process Direction

### Recommendation:

1. That Administration prepare a bylaw establishing an Independent Council Compensation Committee, based on the terms of reference as outlined in Attachment 1 of the October 26, 2011, Corporate Services report 2011COC144.
2. That Administration prepare a bylaw establishing an Independent Council Compensation Member Recruitment Committee, based on the terms of reference as outlined in Attachment 2 of the October 26, 2011, Corporate Services report 2011COC144.

### Report Summary

**This report seeks direction for the establishment of an Independent Council Compensation Committee.**

### Previous Council/Committee Action

At the June 20, 2006, City Council meeting, the following motion was passed:

That the City continue to establish an Independent Council Compensation Committee every six years, or two Council terms, to review and make recommendations on the remuneration provided to Members of Council.

### Report

#### Background

In 1975, 1978, 1982 and 1986, Council used reports provided by *ad hoc* citizen committees to guide its remuneration decisions. From 1986 to 1999, the

House Committee (now Council Services Committee) assumed that advisory function.

In 1999, Council established an Independent Council Compensation Committee. One of the recommendations adopted by Council in January 2000 was “that the City establish a Council Compensation Commission, or similar independent body, every six years (or two Council terms) to do a comprehensive review of compensation levels, issues and policies relating to elected officials. The Commission could include representatives from labour, the business community, post-secondary institutions, the judiciary and citizens at large. The Independent Compensation Commission would be appointed toward the end of the second Council term with their recommendations not coming into effect until after the next election.”

Subsequently, the 2006 Independent Council Compensation Committee was established to review and make recommendations on the remuneration provided to Members of Council, including base salary, other forms of compensation, benefits, pensions, other allowances and market adjustment policies.

Members of the 2006 Compensation Committee consisted of representatives from labour, the business community, post-secondary institutions, the judiciary and citizens at large. Four of the representatives were nominated by specific organizations and the citizen at large was chosen by way of the regular Council committee recruitment process.

Following submission of the 2006 Independent Council Compensation Committee's report, Council established its current benefits package and a formula to determine cash compensation on an annual basis. That formula provides for a salary adjustment effective the first pay of each year by the same percentage increase or decrease as the Alberta Average Weekly Earnings from September to September, as reported by Statistics Canada survey of employment payroll and hours for the immediately preceding year.

### 2012 Independent Council Compensation Committee

Pursuant to the 2006 Council motion, Administration will prepare a bylaw for Council's consideration to establish an Independent Council Compensation Committee. Terms of reference, as proposed in Attachment 1, would include membership structure, membership recruitment and appointment, committee functions and guiding principles, as well as dates of work commencement and final report submission.

Developing membership recruitment criteria and recruiting members to the Committee could be achieved:

- by creating a temporary Committee of Council to develop and manage that process, as was done by the Committee established to recruit the City Manager. In that case, the Committee recommended a consultant to undertake the search, or;
- by directing the Office of the City Clerk to undertake the project through the regular civic agencies recruitment process.

Given that the last general campaign to recruit a citizen for the Independent Council Compensation Committee in 2006 garnered only one application, Administration recommends that a temporary Committee of Council be established to consider alternative processes to find members. Proposed terms of reference for a Member Recruitment Committee are outlined in Attachment 2.

Administration also recommends that the membership structure be drawn from a broader field of expertise, rather than specific professionals as in 2000 and 2006. This field would provide for more flexibility and could include individuals with experience in one or more of the following areas: labour relations, financial services, economics, human resources, accounting or community service.

### Other Options

If Council wishes to consider alternatives other than creating an independent review committee, then Administration suggests Council consider establishing a temporary Committee of Council to explore all options for determining compensation of Members of Council and to make a recommendation to Council on the process to follow.

**Until Council approves a different process, the current process will continue.**

Attachment 3 provides brief examples of approaches used to determine compensation for other elected officials.

### **Corporate Outcomes**

Council's compensation review contributes to the following conditions of success for The Way Ahead – Council's strategic plan:

- organizational capacity (e.g., fiscal and human)
- effective communication

### **Budget/Financial Implications**

Funds of up to \$50,000 may be required to support Independent Council Compensation Committee expenses, including a consultant to assist the Committee in its research and deliberations. Existing budgets will be reviewed to accommodate the expense if required.

### **Legal Implications**

The *Municipal Government Act* exempts one-third of Councillors' remuneration from taxation but does not contain any express provisions directing how Council compensation will be determined. Council has discretion to determine its own process.

### **Justification of Recommendation**

The recommendation is in keeping with direction established in a motion passed by Council in 2006.

### **Attachments**

1. Independent Council Compensation Committee – Terms of Reference
2. Independent Council Compensation Member Recruitment Committee – Terms of Reference
3. Approaches Used to Determine Compensation for Other Elected Officials