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Cobourg Taxpayers Association

Making Local Government Accountable

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Council Compensation *Time For Fair Pay*

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Submission to
Town of Cobourg
Regular Council Meeting

May 14, 2018

Slide 1

Good afternoon Mayor Brocanier, Deputy Mayor Henderson and Councillors.

I'm Paul Pagnuelo, a Director of the Cobourg Taxpayers Association.

This afternoon we would like to share our thoughts on Council remuneration and how they differ substantially from those of the Ad Hoc Committee.

Slide 2

The question is why should Council remuneration be reviewed?

The Cobourg Taxpayers Association believes that Council as a whole is underpaid.

You will see as we progress through the slides that not only is the salary paid to Councillors below that of minimum wage, the Ad Hoc Committee has provided for no adjustment to the CRA tax change that eliminates the 1/3 tax free portion.

It's also well past the time to level the playing field in terms of the wide disparity between the Mayor's base salary and that of the Deputy Mayor and Councillors.

Council remuneration should be at an adequate level to attract a more diverse mix of working, self-employed and retired residents. It also should encourage a new broader pool of candidates and the retention of qualified individuals who represent top talent and the best and brightest in our community to serve in public office at the municipal level.

Slide 3

A March 2018 report by the Association of Municipal Managers, Clerks and Treasurers of Ontario reveals that in municipalities the size of Cobourg, 98% of respondents have a part time Head of Council (i.e. Mayor or Reeve) and a full 100% have part-time members of Council. Municipalities with populations in the 25,000 to 49,999 and 50,000 to 99,999 population ranges also reported that their members of Council are considered part-time.

A survey of current Council members was found by the Ad Hoc Committee to be unreliable for several reasons.

Slide 4

In its analysis, the Ad Hoc Committee used a median salary of 19 comparatively sized municipalities but excluded the neighboring Town of Port Hope.

In its recommendations, it made no adjustment to reflect the CRA's removal of the 1/3 tax free provision. This will have a negative impact based on marginal tax rates.

The Committee also recommended:

- Discontinuing reimbursement for a delegate's partner
- Discontinuing Town benefits to new PSB members
- Increasing the salary of the Mayor by 9.3% or \$3,220, the Deputy Mayor by 3.8% or \$828 and Councillors by 3.4% or \$600.

Slide 5

It's important to note that our Council is running a complex, multi-million dollar corporation with \$48 million in total revenues in 2016 and 292 full-time, part-time and seasonal employees.

The spread in base salary between council positions is unjustifiable, considering workload, skills and the fact that each member has one vote.

The Deputy Mayor's salary is 63% of the Mayor's and a Councillor's salary is 50% of the Mayor's.

Quality decision making results in value for money.

It's time to end the old paradigm and set a new one of fairness and equity.

And that means taking a fresh and unique approach to Council remuneration.

Slide 6

This slide shows how much we undervalue our Council in comparison to senior town and protective services staff.

Senior staffers average \$144,387, Protective Services staff who are members of the Sunshine Club average \$114,214 yet Council members who have policy and oversight responsibilities average only \$20,374.

Slide 7

Assuming the Mayor, Deputy Mayor and Councillors all work a minimum of 25 hours on Cobourg Council business and excluding add-ons for which they are remunerated separately, such as the Police Services Board, what is particularly striking about this slide is the extremely low pay the Deputy Mayor and Councillors are getting. In fact, Councillors currently and under the Ad Hoc Committee proposal are below minimum wage.

All Council positions should be worth more than the average hourly wage in Ontario given the level of responsibility and skills needed for the role.

Slide 8

In looking at comparables, we examined the AMTCO population bands, the 19 municipalities used by the Ad Hoc Committee and our closest similar municipality in Northumberland County – the Municipality of Port Hope. Although Port Hope has a population base of 16,573, we share much in common. What we found striking was that the Port Hope Mayor is being paid a salary of \$48,400, significantly higher than the \$34,720 the Town of Cobourg pays its Mayor.

We concluded that a similar amount was not an unreasonable salary for the Mayor of Cobourg to be paid, given that our population base is larger by almost 2,900 people.

The one consistent thing we found when examining the AMTCO and Ad Hoc Committee research was the extraordinary variance in salaries of Deputy Mayors and Councillors compared to that of the Mayor.

We concluded that a reasonable baseline was to price the Deputy Mayor's salary at 90% of the Mayor's salary and Councillors at 80% given the level of responsibility and skills needed for each role.

Consequently, the CTA recommends that moving forward the Cobourg Mayor be paid a base salary of \$48,100, the Deputy Mayor be paid \$43,290 and Councillors be paid \$38,480.

Slide 9

We also recommend that all members of council be provided with office space at Victoria Hall and the tools they need to do the job, such as a cell phone and laptop and that this be clearly stated in a By-law.

Councillors should be accessible to citizens at Town Hall

Alternatively, if the Deputy Mayor or a Councillor prefers to use a home office, they should be reimbursed for 50% of basic internet expenses and the Town, as employer, should complete CRA Form 2200 so they can deduct employment expenses from his or her income.

In addition, serious consideration should be given to hiring a full-time council constituency assistant to be shared by the Deputy Mayor and Councillors. The Assistant would be responsible for managing constituency inquiries, information requests, scheduling and other duties.

The CTA also recommends that when a member of Council is attending a conference and chooses to have their spouse join them, that all associated costs be for their own account. This is standard policy for most corporations.

Slide 10

This table provides a snapshot of the various forms of remuneration that the Mayor is eligible to receive under certain circumstances. The numbers in white are determined by Council, while those in yellow are determined by other boards and agencies.

We wish to note that in the case of the Police Services Board, the amounts shown for a board member or Chair under our recommendation are based

the federal and provincial level our elected officials are well-compensated, so at the municipal level is it not reasonable to expect that members of Council be paid fairly for the work they do?

The issue of succession planning is one that cannot be ignored. As Bob Dylan sang, the times they are changing. There is a growing demand that local government be better informed in light of changing provincial regulations and the broad scope of issues that communities are now faced with on a daily basis.

The CTA can fully appreciate the difficult position this and other Councils are in when considering an increase in their pay. Being paid with public money is an awkward conversation to have with taxpayers but it's a "must have" discussion that in Cobourg's case is long overdue.

Slide 15

The choice you as a Council have is limited to three options.

You can delay a decision until some future date or punt it off to a future Council, effectively paralyzing any meaningful change by undertaking even more analysis.

You can choose to maintain the status quo through a minor tweak here or there.

Or you can be bold and show true leadership by doing what is fair, right and just in the eyes of ordinary people by agreeing to pay members of the next council what the value of their jobs is really worth.

Slide 16

Making a decision to pay Councillors what they deserve may not be popular in some quarters. But it is the right thing to do.

The decision before you this afternoon is a legacy decision.

From a taxpayers perspective, it really comes down to asking ourselves how we would want to be treated if we were sitting in your shoes.

The answer is fairly.

Close

I'll be pleased to address any concerns you may have with our recommendations.



COUNCIL REMUNERATION
Time For *Fair* Pay

WHY?

- Underpaid
 - Below minimum wage
 - CRA tax change
- Level the playing field
 - *Fairness*
- Attract
 - Better mix of working and retired people
 - More younger people
- Encourage and retain
 - Qualified candidates
 - Top talent
 - Best and brightest

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FULL-TIME OR PART-TIME

- AMTCO survey – Municipalities 10,000 – 24,999 population:
 - 98% have a part-time Head of Council
 - 100% have part-time Members of Council
- Ad Hoc Committee found survey statistics of current Council unreliable
 - Small sample sizes
 - Vulnerable to confounding, non-standardized responses

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AD HOC COMMITTEE

- Compensation closely related to size of municipality
- Used median salary of 19 comparatively sized municipalities
- Excluded Municipality of Port Hope
- No adjustment to reflect CRA removal of 1/3 tax free
- Reimbursement for delegate's partner be discontinued
- Town benefits to new PSB members be discontinued
- Recommended increase:
 - Mayor \$3,220 (9.3%)
 - Deputy Mayor \$828 (3.8%)
 - Councillors \$600 (3.4%)

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CTA OBSERVATIONS

- Running a complex, multi-million dollar corporation
 - \$48 million in total revenues (2016 Audited Financial Statements)
 - 292 employees (full-time, part-time and seasonal)
- Spread between council positions is unjustifiable
 - Deputy Mayor's salary is 63% of Mayor
 - Councillor's salary is 50% of Mayor
- Quality decision making = value for money
- End the old paradigm. Set a new paradigm of fairness and equity
- A fresh and unique approach

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TOP EARNERS VS. COUNCIL

Position	#	\$		
		Range	Total	Avg.
Senior Town Staff	9	127,256 – 158,296	1,299,483	144,387
Protection Services Staff (\$100K +)	34	100,168 – 188,851	3,883,279	114,214
Mayor + DM + Councillors	7	17,528 – 34,720	142,621	20,374

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HOURLY RATE – BASED ON 25 HOURS WEEKLY

Position	Current	Ad Hoc Committee
Mayor	26.70	29.18
Deputy Mayor	16.81	17.45
Councillor	13.24	13.94

Minimum Wage \$14.00

Average Hourly Wage in Ontario \$27.56

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CTA RECOMMENDATIONS

Position	Salary	\$/Hr. (Based on 25 Hours)
Mayor	48,100	37.00
Deputy Mayor (90%)	43,290	33.30
Councillor (80%)	38,480	29.60

- Mayor's salary based on Port Hope's Mayor
- Mayor's salary used as baseline

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CTA RECOMMENDATIONS (CONT'D.)

- Provide all members of council with:
 - Office space at Victoria Hall
 - Tools to do the job (e.g. cell phone, laptop)
- Home office alternative:
 - 50% of internet expenses
 - Provide CRA form T2200
- Hire full-time council constituency assistant shared by Deputy Mayor and Councillors
 - Constituency inquiries
 - Information requests
 - Scheduling
- Reimbursement for delegate's partner be discontinued

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MAYOR - COMPARISON

Position	Current	Ad Hoc Recommendation	CTA Proposal
Mayor	34,720	37,940	48,100
Police Services Board Member	4,945	5,167	10,966
Police Services Board Chair	6,183	6,459	13,709
Sub-Total	39,665 - 40,903	43,107 - 44,399	53,267 - 61,809
Holdco Chair	6,200	6,200	6,200
HKPR Health Unit	228	228	228
County Councillor	9,678	9,678	9,678
County Warden	36,727	36,727	36,727
Total	55,543 - 84,058	58,985 - 87,654	69,145 - 104,964

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5/15/2018

DEPUTY MAYOR - COMPARISON

Position	Current	Ad Hoc Recommendation	CTA Proposal
Deputy Mayor	21,851	22,679	43,290

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COUNCILLOR - COMPARISON

Position	Current	Ad Hoc Recommendation	CTA Proposal
Councillor	17,528	18,128	38,480
Police Services Board Member (1)	4,945	5,167	10,966
Police Services Board Chair (1)	6,183	6,459	13,709
Sub-Total	17,528 – 23,711	18,128 – 24,587	38,480 – 52,189
GRCA Member	440	440	440
GRCA Chair	2,470	2,470	2,470
Total	17,210 – 26,181	18,128 – 27,057	38,480 – 54,659

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CONCLUSION

- Low Council salaries are a barrier to participation
- An unreasonable amount of volunteerism is expected of Council members
- Salaries should reflect the level of responsibility, leadership, and skills required for the role
- The Town of Cobourg can easily afford to pay Council members *fairly*
- Successive politicians have been afraid of a public backlash, leaving salaries virtually exploitative
- The CTA urges Council *and the public* to recognize the need to pay Council members *fairly* given the importance of the job our elected officials do for our community
- A significant salary increase will provide good value for taxpayers.

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GOVERNANCE

- Good governance is not free
 - Staff are not asked to volunteer their time
 - Elected officials at the federal and provincial level are well-compensated
- Succession planning
 - Growing demands for an informed local government
 - Regulations
 - Broad scope of issues faced by a community
- Being paid with public money is an awkward conversation to have with taxpayers
 - It's a must have discussion

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CHOICE

- Delay a decision (paralysis by more analysis)
- Status Quo (minor tweaks)
- *Do what is fair, right and just in the eyes of ordinary people (pay council what it's worth)*

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This is a legacy decision

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Remarks to the ad-ho committee on remuneration

Thank you for giving me time to address the committee, the following remarks have been long held and mostly stem from time spent as a Town and County Councillor for nine years and observations of subsequent Councils and their Councillors.

Firstly I must congratulate the Deputy Mayor for his courage in placing this 'bete noir' on the public agenda. As we see the question of Council pay is all over the map, even in Northumberland but we must start from a solid base or everything else is personal opinion and politicians' greed.

The solid base must be the workload of a Councillor. As you have discovered that in itself is not cut and dried. A lazy Councillor - one who reads the agenda at the meetings as they go along and those who sit on very few or non-working committees will tell you, "Of course the job is part time." On the other end of the scale - the vigilant and assiduous Councillor, one who sits on active committees and lives in Town Hall will tell you the opposite. However I can tell you when I was a Councillor thirty years ago the job took me out of the house three nights a week and countless hours of preparation and actual meetings during the day, which usually, because I had a full time job at the time, were frequent. Luckily I had an employer who, begrudgingly, gave me full days off.

Thirty years later we still cannot decide how many hours a Councillor should spend on the job. And, the Staff has managed to make most meetings during the day. It may cut down on Staff overtime and expedite meetings because of the time of day they occur, but the number of meetings has increased. As an aside I would take Councillors' estimates with a grain of salt after all, all of them at election time will say it is a part time job, only the courageous or those not seeking reelection have had the temerity to question that statement.

In addition we now have the report from existing councillors about their workload - I would suggest that more investigation take place for instance one person said ten hours a week another said over thirty. I have averaged the answers (there was one councillor that didn't respond so the results might be a bit off), also it might be interesting if you find out why one councillor has more work than the others; and discovered that the average per Councillor per week was :

- Council work = 18.75 hrs
- Committee work = 10 hrs
- Meeting Staff = 5 hrs
- Public Stuff = 1.25 hrs

Total average hours per week 35 hrs

So what do I think?

- It is definitely a full time job for some - especially for those who sit on external Boards and Committees GRCA, Animal Control, Safety Committees etc. It is a given that today, in Cobourg, the Mayor and Deputy Mayor devote a full week, and more, to the job.
- It should be a full time job for all and the Committee duties should be shared equally.
- Council preparation should be paid, not just treated as evening reading by the fireside.

And if the job is determined to be full time how much should it be paid?

- The scientific approach should be that the job description be entered into the Town's salary grid for comparison, is it a Supervisor, Manager or a Director?
- If the end result is too politically embarrassing, because it may appear in the upper levels of the grid, then I would suggest you take the safe route and make it the median of the available comparators of full time Councillors.
- **Despite the above statement, the rate of remuneration should be high enough that an average Citizen of the Town who wants to be a Councillor should be able to leave an average job and not be financially penalised for doing so. I would suggest a salary of at least \$45,000 (the median income of a Cobourg wage earner is \$53,675, according to the 2016 Statscan) plus the usual benefits totalling just over \$50K**
- Finally the question of diversity has to be addressed:
 - "Because it is 2015" It is not trite to repeat the PM's words because it is true. Council, in a perfect world would reflect the makeup of its community, removing the financial disincentive to being one would go a long way to increasing diversity.
 - Without being insulting it is easy to say that Council has become a place for a retired person, because they have the time to do it. Increasing the pay would go a long way to replacing that thinking.

After your deliberations about workload you may find the above to be true - some Councillors do do a full time job and other's don't, what will you do then?

I would suggest that you add the total number of hours that a Council performs and divide by 35 hours to determine the number of full time Councillors needed. If the theoretical number comes out less than five, it is acknowledged that the Mayor is full time and Deputy Mayor who is also budget chief should be full time, after examining the complete workload of all committees and Boards then we should have less than five Councillors. But if the workload is more than the capacity of three then we should stay with five - for decision-making purposes.

But there is another way, if the position is not determined to be a full time one then we should increase the number of Councillors and reduce the workload for all. In this day of efficiency and the gutting of the value of politicians, the proposal to increase not decrease the number of Councillors is novel. Thirty years ago we had a County Council of twenty six members and meetings did not drag on for days, business was concluded in one day per month because most of the work was done in committees which were large enough to be deliberative.