



**Municipality of North Grenville
Council Remuneration Review Final Report
October 29, 2019**

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1. Introduction

Gallagher McDowall Associates (Gallagher) was engaged by the Municipality of North Grenville (the “Municipality”) to undertake a review of remuneration for elected officials of Council.

Gallagher is a compensation and human resources consulting firm that offers expertise, data and tools for all aspects of total rewards design and management. The firm specializes in compensation design, job evaluation, pay equity compliance, and market reviews for Canadian private, public sector and not-for-profit clients.

The consulting team was comprised of Jane Mizanski and Justin Berry. The assignment began in August, 2019 and concludes with this report.

This report outlines the scope of the assignment, the process undertaken, and the results of the review.

2. Background to the Assignment

Prior to 2019 one-third of an elected official’s compensation was exempt from income taxation. Effective January 1, 2019 the federal income tax legislation was amended, and the one-third tax free portion was no longer applicable. With this change, the take-home earnings for the members of Council are effectively reduced. Many municipalities across Ontario have increased the gross salary of Council positions such that the net compensation would be comparable to the level of income with the one-third tax free portion.

Gallagher completed a compensation review for non-union/staff positions in early 2019 that resulted in an approved target pay policy at the 60th percentile of a defined comparator market.

The Consultant was subsequently requested to review the remuneration practices across comparator municipal councils to ensure the Municipality’s remuneration for Mayor and Councillor are competitive. Council deferred making a decision regarding the loss of the one-third tax exemption, pending the findings in this review. Compensation for the elected officials should ensure it:

- reflects their roles and responsibilities
- recognizes the time commitments,
- is fair and reasonable to attract a diverse pool of candidates, and
- is within a remuneration framework that is financially sustainable and reasonable given current practices for municipal council remuneration across the Province

3. The Approach and Observations

The same comparator group as identified for the non-union positions was used as the basis for analysis. Twelve (12) comparators were solicited, however only ten (10) participated in the survey. The participating comparators and their respective census data¹ are illustrated in the table below. The Consultant prepared a custom survey questionnaire that solicited responses regarding base compensation, meeting and other reimbursable expenses, and demographic data. The information was consolidated and summarized in **Appendix A**.

Municipality	Council Size	Population	Households	Population Per Official
North Grenville	5	16,451	6,658	3,290
Smiths Falls	7	8,780	4,387	1,254
Arnprior	7	8,795	4,124	1,256
North Glengarry	7	10,109	4,658	1,444
Carleton Place	7	10,644	4,403	1,521
North Dundas	5	11,278	4,642	2,256
Mississippi Mills	7	13,163	5,536	1,880
Russell	5	16,520	6,008	3,304
Brockville	9	21,346	10,826	2,372
Clarence-Rockland	9	24,512	9,537	2,724
Leeds and Grenville	10	100,546	48,226	10,055
<i>Median</i>	<i>7</i>	<i>12,221</i>	<i>5,097</i>	<i>2,068</i>

Overall the Municipality of North Grenville's Council is below the average and median size of comparator councils but is above the median population served. As a result each elected official represents more individuals than all but two of the comparators, one of which is a County level body. Additionally, the operating budget for the municipality is essentially double that of the median budget across ten comparators.

Council base pay remuneration for the Mayor is approximately 18% below the median of the comparator organizations and over 26% below the target pay policy of 60%.

The base pay for Councillors is more competitive, aligned at 2.8% above the median of the market, and is 4.4% below the 60th percentile of comparator organizations. Four of the Council comparators include a Deputy Mayor role which the Municipality does have but does not compensate different than a councillor. Excluding those comparators to ensure appropriate

¹ Source: Statistics Canada 2016 Census

comparisons, the Mayor's base pay is even further from the median (26% below) and 60th percentile (31% below) while the Councillor is 2.5% and 14.6% below respectively. Only one comparator is lower than the Municipality's pay for the Mayor position.

The gap between the comparator's salaries and the Municipality is in part contributable to how the comparators addressed the income loss due to legislative changes. Eighty percent of the comparators grossed up the salary to compensate for lost income, while one provided a Health Spending Account of \$2,000 per year. Only one of 10 comparators opted to maintain the base rate with increased taxation but updated their Councillor Expense Policy.

The Municipality of North Grenville does not currently provide health, dental or life insurance; however, elected officials are eligible to enroll in OMERS. Only 2 of 10 (20%) comparators align to the Municipality's practice in this regard, while all other comparators offer some coverage of life insurance, Accidental Death & Dismemberment insurance and/or health and dental coverage. Only 20% allow enrollment in the pension plan.

Generally other provisions and practices available to the Municipality's elected officials are in keeping with the comparators, including allowances for meal and accommodation expenses, conference fees, and mileage.

4. For Consideration

The Municipality of North Grenville elected officials are below the target pay policy adopted for staff positions, at the 60th percentile of the same comparator group. Given the smaller size of Council members, the larger population served and the operating budget requiring oversight, each member carries a larger portfolio than their peers in the comparator group. In the absence of addressing the one-third tax exemption, it is reasonable, fair and equitable to consider adjusting the Council base pay remuneration for 2020.

Position	Current Base (fully taxable)	Gross up required for 1/3 Non-Taxable Loss ²	Market P60	Recommended 2020 Base
			N=10 includes Deputy Mayor	
Mayor	\$32,598	\$36,163	\$41,200	\$41,200
Deputy Mayor	\$19,558	\$21,872	\$23,234	\$23,234
Councillor	\$19,558	\$21,872	\$20,426	\$20,426

² Salary was estimated by Municipality of North Grenville Finance staff.

Furthermore, the Consultant recommends as a best practice for the sector, that Council remuneration be reviewed and adjusted annually aligned with the adjustments provided to staff positions.

The Consultant also recommends that Council conduct a market review of the identified comparators once per Council term of Office to ensure continued alignment to the median of the defined comparator market.

5. Conclusions

This report outlines the process and findings of our Elected Officials Remuneration external market review for remunerating elected officials in the Municipality of North Grenville. The report identifies several recommendations on base pay and pay practices for these roles for Council's consideration.

We appreciate the opportunity to work with the Municipality. We look forward to providing any future assistance you may require in maintaining your compensation programs.

Yours very truly,



Jane Mizanski
Consultant