



STAFF REPORT

Title: Mayor and Council Compensation

Meeting Date: October 20, 2020

Executive Summary:

Administration has prepared a review of the Mayor and Council compensation. Historically, in the final year of a Council term, the current Council reviews Council compensation to determine whether an amendment to the Council honoraria, per diem, and expense reimbursement should be implemented for the incoming Council.

The next municipal election will be held on October 18, 2021. Nominations for the election will be open between January 1, 2021 and September 20, 2021.

Administration recommends that Council review the compensation policies and make decisions prior to nominations opening on January 1. This report is provided for Council's consideration.

Background:

The City Council's compensation is outlined in Policy No. 123-AD-10 (Council Honorarium and Per Diem Policy) and Policy No. 002-FN-97 (Elected Official Expense Reimbursement). Policy No. 002-ND-97 was passed in 1997. The Council Honorarium and Per Diem Policy No. 123-AD-10, was passed in 2010, as developed by the Elected Official Compensation Review Committee (EOCRC). The previous body of Council considered the policy in 2016, prior to the 2017 municipal election, deciding at that time to make no amendments to the policy. Neither policy has been amended since 2013.

In summary, the Council's compensation structure includes:

- **Base Honorarium**
 - In 2013 the Honorarium Policy was passed with \$23,500 annually (Councilors) and \$50,000 annually (Mayor) indexed annually using Alberta's Consumer Price Index (CPI).
 - Actual annual rates are included below in this report. The CPI increase was applied in some years and not others, as determined by Council.
- **Per Diem Rates**
 - Currently, \$125/half day (less than 4 hours) and \$250/full day (more than 4 hours).
 - Current rate was set in June 2013.



- Per diems applicable for conferences, courses, workshops, seminars, council appointed board/committee/commission meetings, special council meetings, and joint council meetings (for intergovernmental affairs), all social events (ceremonies, banquets, fundraisers attended in an official capacity for the City of Cold Lake), and meetings greater than 40 kilometers outside the City of Cold Lake.
- **Benefits Package** (Council may choose whether to join)
 - Includes life insurance, Accidental Death and Dismemberment (at 2x annual honorarium with premiums paid 100% by City) plus Health and Dental (City pays \$80/month towards premiums)
- **Expense Reimbursement**
 - Allowable expenses include overnight lodging, travel (plane, train, bus, car, rental car, taxi), meals, parking, hosting of government officials from other jurisdictions, registration costs for conferences, training and workshops).
 - Receipts are reimbursed, or in the absence of receipts, pre-approved allowances are paid, in accordance with the following:
 - o \$25 - lodging (overnight accommodations)
 - o \$62.10 max per day - meals (breakfast \$12, lunch \$17, dinner \$25, gratuities \$8.10)
 - o \$0.51 – mileage (rate adjusted with Province of Alberta employees)
- **IT Technology**
 - Additionally, Council has been provided with a cell phone and laptop, as required.

Administration has researched each of the components of the compensation package, and seeks Council's feedback on whether they would like to see a change in any of the following:

Base Honoraria

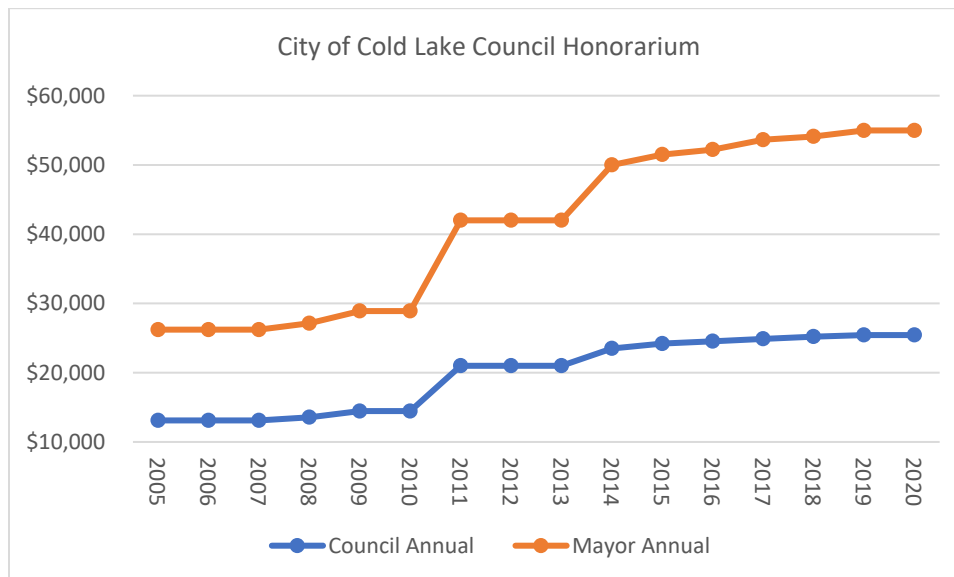
The table below, shows the historical City of Cold Lake Council honoraria. The municipal election years are highlighted:

YEAR	Councillor Annual	Mayor Annual
2005	\$13,110.00	\$26,220.00
2006	\$13,110.00	\$26,220.00
2007	\$13,110.00	\$26,220.00
2008	\$13,571.00	\$27,142.00



2009	\$14,452.00	\$28,905.00
2010	\$14,452.00	\$28,905.00
2011	\$21,000.00	\$42,000.00
2012	\$21,000.00	\$42,000.00
2013	\$21,000.00	\$42,000.00
2014	\$23,500.00	\$50,000.00
2015	\$24,205.00	\$51,500.00
2016	\$24,544.00	\$52,221.00
2017	\$24,887.00	\$53,640.00
2018	\$25,210.00	\$54,117.00
2019	\$25,435.00	\$54,983.00
2020	\$25,435.00	\$54,983.00

As illustrated below, the last significant increase in Mayor honoraria was in 2014, with the last significant increase in Councilor honoraria in 2010. The table results are depicted in the chart below:



During budget deliberations in 2018, Council considered Mayor and Councilor honorariums, and questioned whether it may be beneficial to change the Mayor to a full-time position following the next municipal election on October 18, 2021. As a result of these discussions, on March 12, 2019 Council established the Cold Lake Elected Official Compensation Review Committee. The composition of the committee, was set at 3 to 5 City of Cold Lake community members-at-large. Administration advertised for public members for the new committee. Very little interest was received, and in the spring of 2019, a decision was made not to proceed with the committee at that time.



In 2019, AUMA/AMSC completed a compensation survey which included information relating to Mayor and Council. The City responded to the survey and in return received a compensation and wage package for all the municipalities that responded as well as a customized report for Cold Lake based on comparators. The results of all urban municipalities and the results of the City of Cold Lake comparable municipalities in relation to the Mayor and Council are attached. The City of Cold Lake customized report includes comparisons from eight municipalities:

- City of Beaumont
- City of Brooks
- City of Leduc
- City of Wetaskiwin
- Town of Bonnyville
- Town of Okotoks
- Town of Stony Plain
- Town of Strathmore

Of particular note, the AUMA/AMSC compensation survey results of the 8 comparator communities revealed:

- 50% have a full time mayor
- The range of Council member compensation was from \$43,342 to \$27,160 (average of \$34,847)
- The range of Mayor compensation was from \$100,000 to \$59,027 (average of \$78,697).
- In the 2018 tax year, 88% of the comparator communities applied the 1/3 tax free expense exemption (as allowed under the Federal Income Tax Act for elected officials).

Of particular note, the AUMA/AMSC compensation survey results for all urban municipalities revealed:

- 10% have a full time mayor.
- The range of Councilor annual compensation was from \$46,200 to \$2,000 (average of \$19,635).
- The range of Mayor annual compensation was \$165,790 to \$2,000 (average of \$44,722).

The City of Cold Lake's reported salary and benefits disclosure from the 2019 Financial Statements for Mayor and Council can be summarized as follows (subsistence is not included in the following):

- Mayor 2018 compensation was \$60,176; the 2019 compensation was **\$67,661**



- Councilor 2018 compensation ranged from \$42,388 to \$28,959; with an average of \$33,408. Councilor 2019 compensation ranged from \$46,811 to \$28,550; with an average of **\$35,467**.

Administration has compiled a summary of municipal elected official's remuneration and benefits from the reported 2019 Financial Statements of comparable Alberta municipalities. The data was compiled from the Salaries and Benefits Disclosure for elected officials from each municipality reported in the 2019 Financial Statements. All compensation amounts listed below are inclusive of salary (regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration) as well as allowances and benefits. A copy of each of the financial statements is attached for reference purposes.

Municipality	Population (as per the last Federal Census)	2019 Mayor/Reeve Compensation	2019 Average Compensation per Councilor
Camrose	18,742	\$64,793	\$24,280
Lacombe (City)	10,343	\$72,086	\$29,787
Cold Lake	14,961	\$67,661	\$35,467
Brooks	24,662	\$79,274	\$35,641
Town of Bonnyville	5,417	\$92,585	\$39,677
Beaumont	17,396	\$129,099	\$42,998
Lloydminster	34,583	\$117,892	\$43,306
Fort Saskatchewan	24,149	\$105,645	\$47,099
Whitecourt	10,204	\$112,733	\$47,652
Leduc	29,993	\$102,075	\$50,818
St. Albert	65,589	\$146,594	\$61,465
Spruce Grove	34,066	\$140,239	\$64,910
Grande Prairie (City)	63,166	\$123,575	\$71,319
Lac La Biche County	8,330	\$118,263	\$75,157
Lacombe County	13,057	\$93,952	\$78,719
MD of Bonnyville	13,575	\$123,637	\$81,401
Parkland County	32,097	\$134,828	\$85,599
MD Opportunity	3,181	\$114,315	\$98,245
Strathcona County	98,044	\$185,000	\$102,000
County of Grande Prairie	22,303	\$136,948	\$118,680

Of the municipalities surveyed in the chart above:



- The City of Cold Lake has the third lowest average annual compensation per Councilor.
- The City of Cold Lake has the second lowest Mayor/Reeve annual compensation.
- The average compensation for the Mayor amongst all canvassed municipalities was **\$113,060**, with the average compensation for Mayor amongst the Cities being **\$104,173** (compared with the City of Cold Lake **\$67,661**).
- The average compensation for Councilors amongst all canvassed municipalities was **\$561,711**, with the average compensation for Councilors amongst the Cities being **\$54,296** (compared with the City of Cold Lake **\$35,467**).

Administration has prepared graphs comparing the compensation, attached for reference.

Administration's research has indicated that most municipalities utilize a historic honoraria amount and then increase or decrease the honoraria as deemed appropriate by the Council of the day. The City of Lloydminster has utilized a different approach:

- In 2019, the City of Lloydminster established a committee to review their elected official compensation. The committee was comprised of 3 public members, the City Clerk and City Manager. The committee's recommendations will be implemented following their 2020 election (Lloydminster follows the Saskatchewan municipal census). The Mayor's compensation (full time mayor) is based on 60.4% of the averaged salary of an Alberta and Saskatchewan Minister (equals \$101,591.37). The Council remuneration is based on a base honoraria calculated at 38.2% of their Mayor's remuneration (equals \$38,822.34) plus a per diem of \$200 per meeting.

Administration has provided the example of the City of Lloydminster's elected official compensation as another potential example of how to set Council compensation. Tying the Mayor and Council's honoraria to a percentage of the average Minister's salary would allow the salary to naturally increase or decrease in accordance with the provincial minister salary without the municipality having to make a resolution to adjust the honoraria.

Per Diem

Most municipalities (City of Cold Lake included) with part time Mayor and Council pay a base honoraria with an additional per diem for meetings attended. Other municipalities, use a higher base honoraria and no per diem.

The AUMA/AMSC compensation survey, canvassing all Alberta urban municipalities found:



- Full day per diems ranged from \$90-\$325, with an average of \$205 paid.
- Half day per diems ranged from \$25-225, with an average of \$110 paid.

Within our region, other municipalities are paying the following per diems:

Cold Lake	MD Bonnyville	Town Bonnyville	Lac La Biche County	Lloydminster
\$125 (0-4 hours)	\$150 (0- 4 hours)	\$125 (0-4 hours)	\$143 (0-4 hours)	\$100 (0-4 hours)
\$250 over 4 hours	\$300 (4-8 hours)	\$240 over 4 hours	\$286 (4-8 hours)	\$200 over 4 hours
	\$400 over 8 hours		\$429 over 8 hours	

While the MD of Bonnyville and Lac La Biche County provide 3 rates, the City of Cold Lake, Town of Bonnyville and Lloydminster do not provide a higher per diem rate for over 8 hours.

There is also significant variation between municipalities, for the types of events/meetings that qualify for per diem compensation, for example below is a comparison of the City of Cold Lake, City of Lloydminster, and Lac La Biche County:

City of Cold Lake	City of Lloydminster	Lac La Biche County
Qualifies for Per Diem Compensation: <ul style="list-style-type: none"> • Conferences • Courses • Workshops • Seminars • Council appointed board, committee, commission meetings • Special council meetings • Joint council meetings (or meetings related to inter-government affairs) • All social events greater than 40 km outside the City (ceremonies, banquets, fundraisers, social events attended in an official capacity as the representative of the City) 	Qualifies for Per Diem Compensation: <ul style="list-style-type: none"> • Information sharing events with Administration • Public consultation events • Inter-municipal meetings • Attendance at committee meetings as appointed by Council • Conferences • Professional development • Caucus meetings Does not Qualify for Per Diem Compensation: <ul style="list-style-type: none"> • Regular Council Meetings, Special Council Meetings, Governance and Priorities Committee meetings, agenda review meetings • In-house education or workshop events put on by the City • Golf tournaments • Ceremonial (including but not limited to anniversaries for local businesses or non-profits) 	Qualifies for Per Diem Compensation: <ul style="list-style-type: none"> • All Council Meetings (includes Regular, Committee of the Whole, Special, Organizational and Council-Management Meetings) • Internal and external committee meetings of the County • Conferences • Zone-district meetings of AUMA and RMA • Meetings with other municipalities, joint council meetings • Meetings with other government agencies and businesses • Public planning meetings (includes town hall and open houses) • Training incl. orientation meetings • Community social events and celebrations *within or outside the County (if attending in an official capacity) • AUMA and RMA Ad Hoc Committees (if no remuneration from AUMA or RMA) • All other meetings, conferences and seminars as approved by Council • Attendance at County offices for cheque/document signing (when



<ul style="list-style-type: none">Meetings greater than 40 km outside the City	<ul style="list-style-type: none">Community events (including not but limited to Canada Day, Remembrance Day)Politically affiliated events	<p>Mayor or Deputy Mayor are not available and special travel to County offices is required).</p> <ul style="list-style-type: none">Meetings with Mayor and CAO to review and plan agenda packages.
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Administration was unable to find a list of meetings/events from the MD of Bonnyville and Town of Bonnyville that qualify for per diem reimbursement.

The City of Airdrie is an example of a municipality that provides Mayor and Council with a higher base remuneration but does not allow per diems to be claimed. Additionally, the City of Airdrie had a specific calculation to determine if Mayor and Council remuneration changes. In 2017, the Mayor (full-time) remuneration was set at \$97,289 and the Council (part-time) was set at \$45,729. These rates are reviewed mid-term, and an analysis of a selection of Alberta municipalities of similar size, analyzed with a two-tail regression analysis such that,

- Adjustments to the Mayor's salary are made effective mid-term when the review shows a differential of greater than minus 5%; if there is a differential of greater than plus 5% the salary will be frozen until analysis shows the salary to be within 5%;
- Councilor's salaries are set at 47% ratio of mayor's salary.
- In unusual or exceptional circumstances a per diem \$75 (less than 4 hours) and \$150 (more than 4 hours) may apply.

Administration has provided the example of the City of Airdrie's elected official compensation as another potential example of how to set Council compensation.

Expense Reimbursement

Mileage rates

The City of Cold Lake's mileage reimbursement rates are the same for Council and City employees. The City's policy indicates that the City's mileage rate may be adjusted in accordance with rates paid to Province of Alberta employees. Provincial employees receive 50.5 cents per kilometer (the City pays 51 cents per kilometer). Provincial Government's *Travel, Meal and Hospitality Expenses Policy* (dated November 18, 2015) establishes the provincial government rates. Personnel from the provincial government have advised that these are the rates currently paid, and the policy has not been updated since 2015. Similarly, the City has not adjusted its rate since May 2013.

CRA automobile allowance rates for 2020 are 59 cents per kilometer. The CRA also provides a vehicle rate used to calculate travel expenses for tax purposes. The mileage per kilometer rate (using simplified method) is \$48 cents per kilometer for Alberta.



The AUMA/AMSC Compensation review, City of Cold Lake custom report, considering comparable communities (including the City of Cold Lake) found:

- Mileage reimbursement ranges from 51 cents to 58 cents per kilometer, with an average reimbursement of **56 cents** per kilometer.

The regional municipalities, reimburse mileage at the following rates:

Cold Lake	MD Bonnyville *	Town Bonnyville	Lac La Biche County	Lloydminster
51 cents	2019 - 55 cents 2020 - 56 cents	59 cents	52 cents	54 cents

*Reviewed annually; adjusted based on CRA automobile rates on the Expense Claim Form

Meal allowances

CRA provides meal and vehicle rates used to calculate travel expenses for tax purposes. The meal expense (simplified method) permitted for 2019 is \$17 per meal, to a maximum of \$51/day, without receipts.

Under the provincial government's *Travel, Meal and Hospitality Expenses Policy* (dated November 18, 2015), provincial government employees are reimbursed for meals at the following rates:

- Breakfast at \$9.20; Lunch at \$11.60 and Supper at \$20.75 (total daily \$41.55)

Municipalities within the region reimburse meals at the following rates:

Cold Lake	MD Bonnyville	Town Bonnyville	Lac La Biche County*	Lloydminster
\$12 breakfast \$17 lunch \$25 supper <u>\$8.10 (gratuities)</u> \$62.10 TOTAL	\$20 breakfast \$25 lunch <u>\$30 supper</u> \$75 TOTAL	\$15 breakfast \$20 lunch <u>\$25 supper</u> \$60 TOTAL	\$15 breakfast \$20 lunch <u>\$30 supper</u> \$65 TOTAL	\$10 breakfast \$15 lunch <u>\$26 supper</u> \$51 TOTAL

*Total reimbursed with receipts is a maximum of 2x the claimable amounts

The City of Cold Lake includes a gratuities allowance in the meal allowance, while other municipalities reimburse gratuities up to 12% in addition to the meal allowance rates, or they have an incidental allowance to cover gratuities and miscellaneous expenses, which is in addition to the meal allowance.



Incidentals

The provincial government compensates its employees a “personal allowance” of \$7.35 (in Canada) and \$14.65 (outside Canada) for each 24 hour period spent travelling on government business as per the *Travel, Meal and Hospitality Expenses Policy* (dated November 18, 2015).

Similarly, an incidental allowance is intended to cover gratuities and a number of miscellaneous expenses (for example the MD of Bonnyville policy lists personal telephone calls, magazines, snacks, laundry, etc as items) while a person is required to travel on business. The below incidental allowances are paid, no receipts are required.

Cold Lake	MD Bonnyville	Town Bonnyville	Lac La Biche County*	Lloydminster
None	\$50 per day	None	\$20 per day	\$17 per day

In the City of Cold Lake and Town of Bonnyville no incidental allowance is paid, however actual costs may be considered and reimbursed on a case-by-case basis.

Private Accommodation Reimbursement

The provincial government reimburses actual costs of accommodation, or else provides \$20.15 per night as per the *Travel, Meal and Hospitality Expenses Policy* (dated November 18, 2015).

The regional municipalities, provide a private resident accommodation in lieu of hotel per night rate. Receipts are not required as the rate is intended to provide for suitable recognition for the host.

Cold Lake	MD Bonnyville	Town Bonnyville	Lac La Biche County*	Lloydminster
\$25 per night	\$50 per night	\$20	\$50 per night	\$50 per night

IT Technology

The City of Cold Lake provides Council with a phone and laptop for City business. Other municipalities grant a “communication allowance” instead of (or in addition to) specific items. For example, Mayor and Council at the following municipalities are provided:

- Lac La Biche County – a tablet or laptop computer (internet and data charges paid by the County). Plus, the option to choose a communication allowance of:
 - County paid cell phone plus \$50 per month to cover household telephone and internet expenses, or



- \$150 per month to cover household telephone expenses, cell phone charges, and internet expenses.
- Town of Bonnyville – an Electronic Tablet device, including a type cover, keyboard, docking station, protective sleeve and screen protector. Plus, either they will be provided with a cellphone with data capabilities or be given a \$75 per month communication allowance.
- Lloydminster – a tablet or laptop computer, plus a City issued cell phone or compensation of \$50 per month for use of one's own cellphone.

Summary & Recommendation

Administration recommends that the City's Council Honorarium and Per Diem Policy (Policy No. 123-AD-10) be combined with the City's Elected Official Expense Reimbursement Policy (Policy No. 002-FN-97). The mileage rates and meal allowance rates to reference the City's HR Policy No. 23.0 (to ensure that Council's mileage and meal allowance rates are adjusted in accordance with the rates for Administration).

Administration seeks Council's feedback on the following:

- Should the honoraria for Councilors (\$25,435) and/or Mayor (\$54,983) change?
 - Cold Lake continue to be one of the lowest in terms of compensation to its elected officials in comparison to a wide variety of communities inclusive of municipalities within the region.
- Should the per diem rates (\$125/half day, and \$250/full day) change, and/or the types of events/meetings which qualify for per diem change?
- Should expense reimbursement rates (mileage, meals, incidental rates, private accommodation reimbursement) change?
- Should the IT Technology change?

Alternatives:

1. Council give direction to Administration in regards to Mayor and Council honorarium and per diem.
2. Council accept the report as information only.

Recommended Action:

For discussion.

Budget Implications (Yes or No):

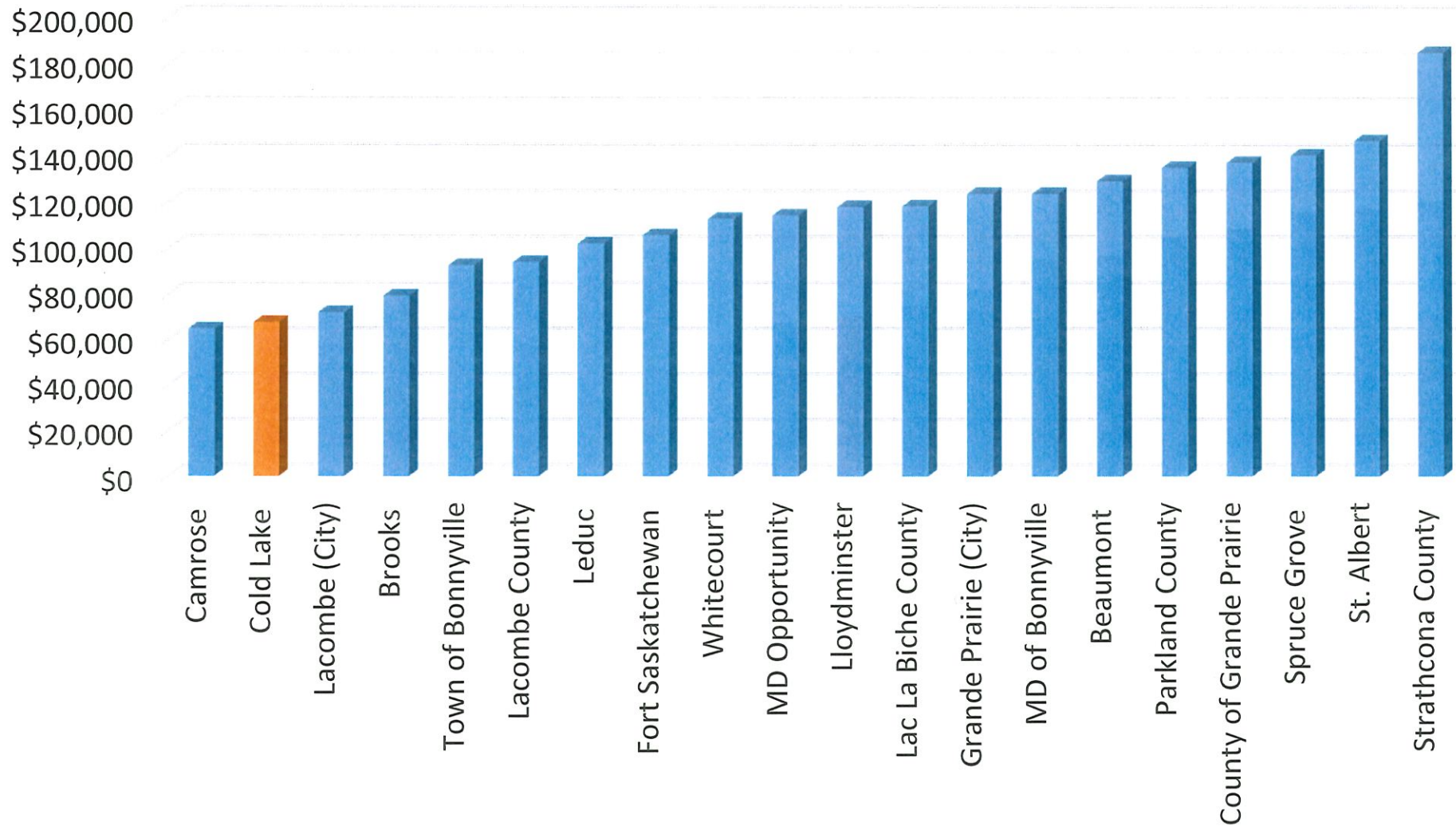
Yes

Submitted by:

Kevin Nagoya, Chief Administrative Officer

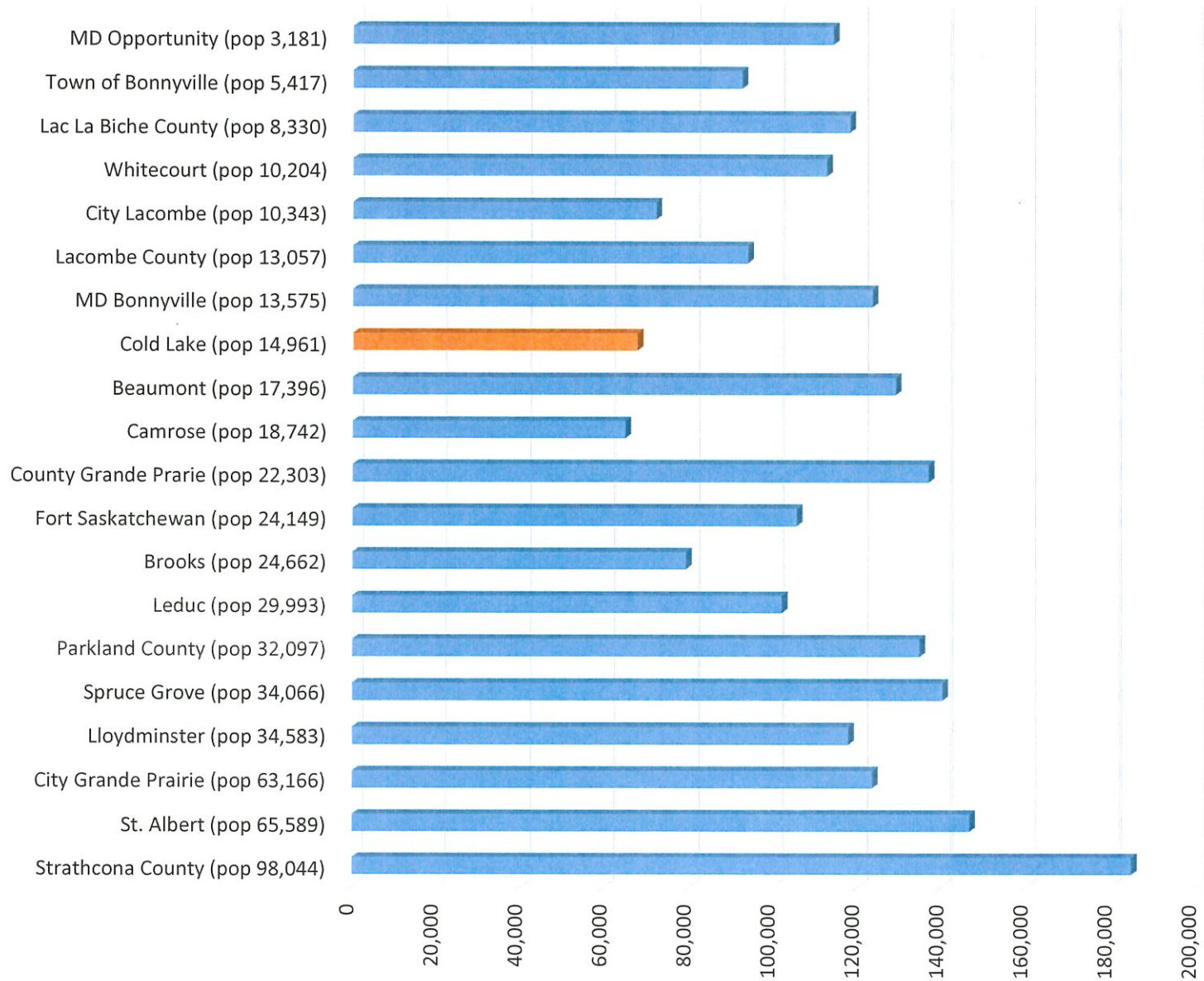
2019 Mayor Compensation

(from the 2019 Financial Statement Disclosure)



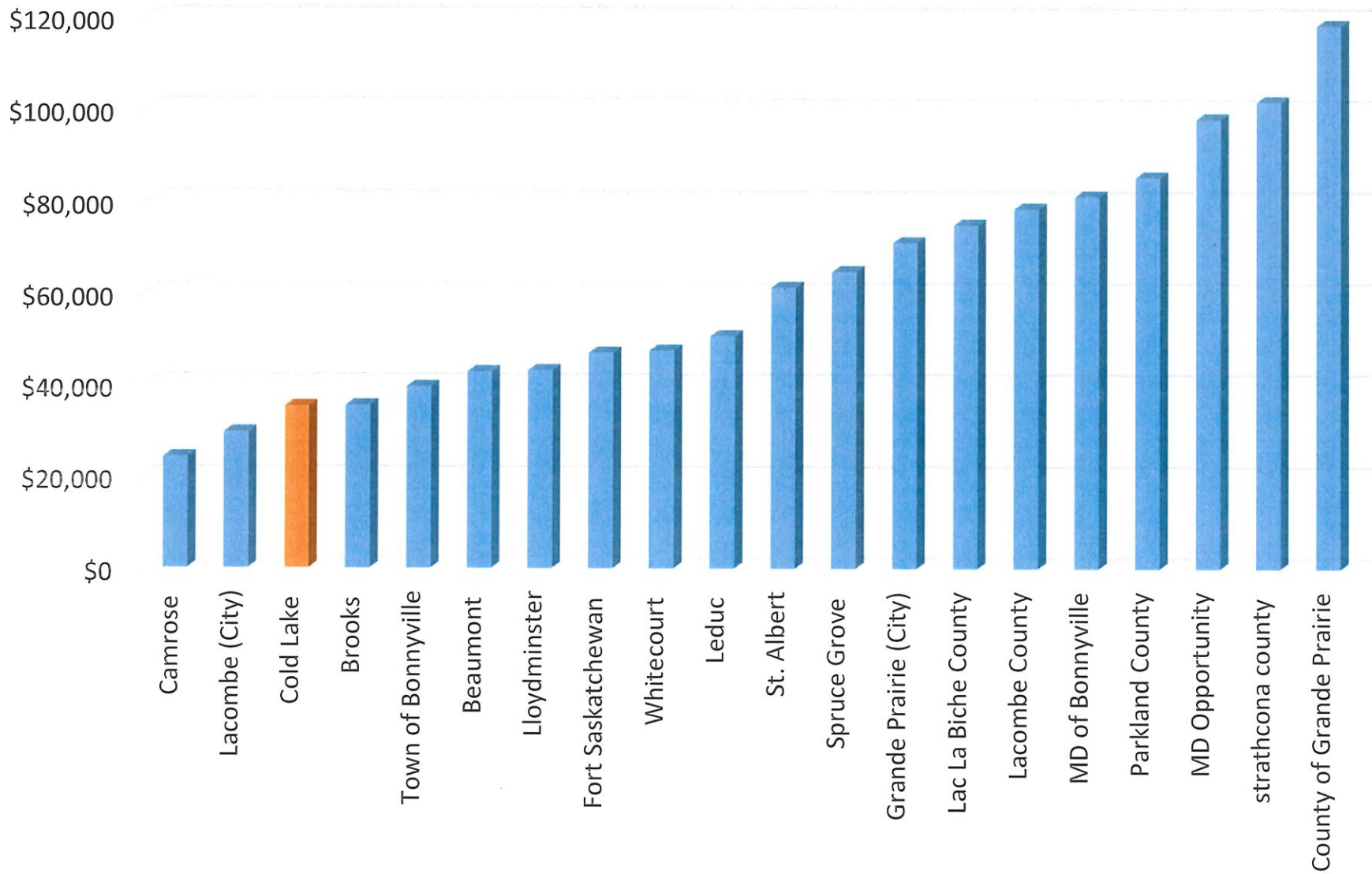
Mayor/Reeve Compensation (by Population)

(from the 2019 Financial Statement Disclosure)



2019 Average Councilor Compensation

(from the 2019 Financial Statement Disclosure)



Council Compensation (Arranged by Population)

(from the 2019 Financial Statement Disclosure)

