

Municipality of Lakeshore – Report to Council

Chief Administrative Officer

Workforce Development



To: Mayor and Members of Council
From: Lisa Granger, Chief Workforce Development Officer
Date: July 9, 2024
Subject: Council Compensation Review Results.docx

Recommendation

Direct the Chief Workforce Development Officer to execute Option #_____ from Appendix A, Chart B: Chart of Compensation Options for Council as presented on October 22, 2024, to be effective _____.

Direct the Chief Workforce Development Officer to execute Option(s) #_____ from Appendix A, Chart C: Chart of Benefit and Pension Options for Council as presented on October 22, 2024, to be effective _____.

Direct the Interim Chief Financial Officer to run a variance of any excess costs as a result any of the options during the 2024 year end.

Strategic Objectives

Salary Policy at the Municipality of Lakeshore indicates that a market review and pay equity review will be completed every 4 years.

Background

The last compensation review completed for Council was in 2016. At that time, Council resolution #421-9-2016 indicated:

- 1) Council adopt the Consumer Price Index (CPI) as the annual economic adjustment for Council wage rates effective January 1, 2017; and,
- 2) Salary review for Council compensation be completed every 4 years.
- 3) The Business Travel, Conference and Seminar Policy (AD200) be amended to increase the per diem rate for Council to \$180 effective January 1, 2017.

In accordance with this resolution, the schedule was to complete the next Council compensation review in 2020. However, COVID affected operations starting in the first

quarter of 2020 which delayed this review. The 2022 elections delayed this review until the 2022 – 2026 term of Council.

During 2023 budget deliberations, in an open session meeting of Council on January 30, 2023, Council Resolution #22-01-2023 removed the Council Compensation Review from the budget. However, in an open session of Council on July 18, 2023, it was requested to complete the Council compensation review.

Resolution #217-07-2023

Approve an increase to Council Member compensation in alignment with any non-union economic adjustment until such time as Council conducts a review of Council Member compensation, anticipated by end of 2023.

During the 2016 review, the comparison for Council compensation was completed based on the 60th percentile of the market.

A pay equity and market review for the non union group is completed every 2 years in accordance with Council direction for the non union group in 2017 and confirmed in 2023 to be evaluated at the 55th percentile.

Salary reviews for the union groups are completed during the respective collective bargaining. Typically, unionized classifications are either at or above the 60th percentile.

In 2007, Council directed Administration to implement an option for Council members be authorized to obtain benefits through the Town and have the premium deducted from their salary. As a result, Members of Council have the opportunity to enroll in benefits at the beginning of each term of Council. The Members who choose to enroll pay full costs of the benefits through payroll deduction. Typically, the enrollment is a one time option at the beginning of each term of Council.

In May of 2020 during a regular Council meeting, through Council Resolution #145-05-2020, Council directed Administration to pay additional wages equivalent to the Municipality's contribution to OMERS in lieu of contributions to OMERS for any Members of Council who were ineligible to participate in OMERS pension program. This represents roughly 9% in additional wages to the affected Council Member.

Comments

The 2024 Council compensation review was completed in June 2024. The consultant used to complete the review is Ms. Marianne Love of ML Consulting. Ms. Love is the same consultant used in many of the compensation reviews for the municipal sector across Ontario. Ms. Love has more than 25 years of expertise writing reports and analysis on compensation reviews including reviews for Council in the municipal sector.

There are 3 sections to a compensation review which include a pay equity review, market review of wages and benefits review. There are no pay equity adjustments required for the Council salary review as both male and female in the Councillor position receive the same rate of compensation regardless of gender.

Many of the same municipal comparators used in the 2023 non union salary review was used in the 2024 Council compensation review. In addition to the regional municipalities (excluding the City of Windsor and Chatham-Kent), the comparators used in this market review included: the City of Stratford, the Town of Innisfil, the Town of Bradford West Gwillimbury, the Town of New Tecumseth, the City of St. Thomas, the City of Woodstock, the Town of Lincoln and the Town of Orangeville.

Wages:

As the Chart A: 2024 Market Comparison below indicates, all 3 classifications of Council positions have fallen below the Market Median (market average), the 55th percentile, the 60th percentile and the 65th percentile likely due to different annual economic increase adjustments throughout the different municipalities since the last Council compensation review. In addition, the other municipalities have completed Council compensation reviews more often than Lakeshore which may have contributed to market gap between the comparators and Lakeshore Council compensation. The information in Chart A below was provided by ML Consulting.

Chart A: 2024 Market Comparison:

Position	Mayor		Deputy Mayor		Councillor	
	rate	% increase	rate	% increase	rate	% increase
2024 Base Rate	\$51,874		\$33,718		\$25,418	
Market Median	\$53,177	2.5%	\$35,725	6%	\$28,418	9.6%
55 th percentile	\$56,238	8.4%	\$35,835	6.3%	\$29,123	12.3%
60 th percentile	\$58,804	13.4%	\$36,146	7.2%	\$36,302	7.7%
65 th percentile	\$60,880	17.4%	\$36,302	7.7%	\$29,772	14.8%

Currently, the practice is to align Council remuneration to the 60th percentile of the market. In order for the Council positions to meet the 60th percentile, there would be a 13.4% increase for the Mayor position, a 7.2% increase for the Deputy Mayor position and an increase of 13.9% for the Councillor position.

Effective January 1, 2024, Council positions received a 5.59% increase. The above comparison includes the new 2024 rates for Lakeshore. It should be noted that even with the 5.59% increase the Council Compensation falls short of the 55th percentile.

It should be noted that the practice of a CPI adjustment (24 months rolling average) which aligns with the policy for the non-union wage grid in accordance with Council Resolution 217-07-2023 is recommended to ensure that council compensation does not continue to fall out of the range of the market.

There are a number of options for Council to consider for next steps. The options are outlined in Appendix A: Options for Council Compensation Benefits and Pension, Chart B: Chart of Compensation Options for Council.

Benefits:

Currently, Members of Council who elect to participate in the benefits program with the Municipality of Lakeshore are responsible for the full cost of the benefit which is at a discounted rate since it is part of the group rate for the Municipality. These benefits only include health care and dental. There is no coverage for Members of Council for life insurance, short term disability or long term disability through Employee benefits program with the Municipality of Lakeshore. There is an additional life insurance coverage option through the Volunteer Fire Insurance Program that would be very limited coverage specific to death due to attending fire events.

The results of the regional comparison of benefits for Council widely ranges from no benefits to benefits that are paid by the Member of Council to full benefits paid by the Municipality. Based on the comparison, there are a number of considerations for Council consideration outlined on Appendix A: Options for Council Compensation Benefits and Pension, Chart C: Chart of Benefit and Pension Options for Council as items # A through J. Note that the blue highlighted areas on the chart indicate current practice and not recommendations from Administration.

Pension:

Currently, it is mandatory for the Members of Council to participate in OMERS pension plan. Only Members of Council who are ineligible to participate in the OMERS pension program are exempted from participating. Those eligible to participate in OMERS pension program contribute 9% of their wage and the Municipality contributes 9% of the Member of Council's wage on behalf of the Member. Based on Council Resolution #145-05-2020, Members of Council who are ineligible to participate in the OMERS pension program currently receive the equivalent of 9% in additional earnings in lieu of contributions.

There are 2 options for Council to consider for pension. The option to continue current practice or the option to remove the additional wages for ineligible members. These options are detailed as options I and J in Appendix A: Chart B: Chart of Compensation Options for Council, Chart C: Chart of Benefit and Pension Options for Council. Note that the blue highlighted areas on the chart indicate current practice and not recommendations from Administration.

Summary:

In summary, the current status quo for Council is the 60th percentile under Option #4 for Compensation and Options A (self funded benefits), H (no life insurance) and I (OMERS or compensation in lieu of OMERS for those who are not eligible for OMERS) for Benefits and Pension.

For a strategy to align wages and benefits with that of the non-union group of employees, Council should consider the 55th percentile under Option #3 for compensation as well as Options B (Municipally funded benefits) and E (Municipally funded life insurance).

Council should also note that cost of living increases will be needed annually to remain competitive in the market and these will follow approved policies for compensation on an annual basis.

Financial Impacts

- The financial impacts to the 2024 budget are outlined in the above-noted charts:
Appendix A: Options for Council Compensation Benefits and Pension;
 - Chart B: Chart of Compensation Options for Council; and
 - Chart C: Chart of Benefits and Pension Options for Council.

Costs may be mitigated based on the effective date of the change. Administration would require a direction of Council to run the variance to fund the excess costs for 2024.

Report Approval Details

Document Title:	Council Compensation Review Results.docx
Attachments:	- Appendix A Options for Council Compensation Benefits and Pension.docx
Final Approval Date:	Aug 30, 2024

This report and all of its attachments were approved and signed as outlined below:

Prepared by Lisa Granger

Submitted by Justin Rousseau

Approved by the Corporate Leadership Team