



STRATEGY AND
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Attachment 1

March 12, 2014

City of Toronto

Compensation Benchmark Report
Elected Officials

Introduction

This report summarizes the results of a customized compensation survey sponsored by the City of Toronto in February of 2014. Previous studies were conducted in 2010 and 2006.

For consistency, the same sixteen (16) comparator organizations used in 2010 were invited to participate in the 2014 survey. Data was received from all of the invited municipalities, making up the following comparator group:

City of Calgary	City of Montreal	City of Winnipeg	Region of Halton
City of Edmonton	City of Oshawa	City of Markham	Region of Peel
City of Hamilton	City of Ottawa	Town of Oakville	Regional Municipality of Durham
City of Mississauga	City of Vancouver	Halifax Regional Municipality	Regional Municipality of York

The comparator group is a mix of single tier and regional governments in the local and national level. The City of Toronto and some of the comparators (Winnipeg, Calgary etc.) represent a combination of both lower and upper tier municipalities. The main difference from these comparators is in terms of scale and scope. There may be nuances in the benefits and pensions (some slightly different) however the focus was on the cash components of compensation. Where councillor salaries differed, we used maximums for the position in their elected office and then added on depending on their additional responsibilities. Compensation from all sources were considered in the analysis of elected official remuneration, including the following elements:

- **Base Salary** (local and regional): The salary paid by a municipality.
- **Tax-Free Portions of Salary:** Where a portion of the salary paid is non-taxable, the dollar value of the salary was grossed up to reflect the fully taxable value of the amount paid. The highest provincial marginal tax rate was used in these calculations – 49.53% in Ontario and 39.00% in Alberta.
- **Compensation for Additional Responsibilities:** Any amounts paid for activities such as chairing committees, or being a board member of a city-owned agency, board or utility.
- **Other Cash Compensation:** Other elements of compensation not requiring reimbursement invoices such as car allowances.

Background

- At its meeting on July 25, 26 and 27, 2006 City Council discussed the report titled "Compensation Review: Elected Officials" and approved that:
 - the salary level of Councillors and the Mayor be set at the greater of their current compensation or at the 75th percentile of the comparator market group as at January 1st of each new term.
 - A study be done prior to the beginning of each term to determine the compensation of City Councillors and the Mayor in an appropriate comparator group defined by a specialist consultant.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl057.pdf>

- At its meeting on December 16, 2010, City Council received the report titled "Compensation for Elected Officials – 2010 Markey Survey Results".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX1.6>

- A 2014 market survey of elected officials' compensation is required pursuant to Council's direction from 2006 that *"a study be done prior to the beginning of each term to determine the compensation of City Councillors and the Mayor in an appropriate comparator group defined by a special Successful Proponent."*

Methodology

- In 2014, OCG invited the same comparator group used in 2010. A survey questionnaire (Appendix A) was sent to the comparator group. All municipalities and regions responded to the survey.
- All municipalities were asked to provide salary information for the positions of Councillor and Mayor, including: base salary, tax free compensation portions, any payments from agencies / boards / commissions, and other forms of cash compensation.
- Questions regarding annual operating budgets, current population and number of Councillors forming the municipal council, as well as demographic information were also asked to provide context.
- The current established City of Toronto policy is to pay the greater of actual base salary or the 75th percentile (P75) total cash of the comparator market.

Councillor Salary Review

	Municipality	Operating Budget (millions)	Population	Size of Council	Residents Per Councillor	Salary (Local)	% Tax Free	Grossed up Local	Salary (Regional)	Total Salary	Other Cash	Other Sources	Total Cash
Ontario	City of Hamilton	\$1,433	519,949	15	34,663	\$71,286	1/3	\$94,605		\$94,605		Note 1	\$94,605
	City of Ottawa	\$2,915	943,258	24	39,302	\$93,986	0	\$93,986		\$93,986			\$93,986
	Town of Oakville (Region of Halton)	\$757.2	505,678	21	24,080	\$46,926	0	\$46,926	\$46,308	\$93,234			\$93,234
	City of Oshawa (Region of Durham)	\$1,031	639,655	29	22,057	\$37,521	30%	\$48,568	\$51,792	\$100,360	\$10,173	Note 2	\$110,533
	City of Mississauga (Region of Peel)	\$1,900	1,296,814	24	54,034	\$81,614	0	\$81,614	\$51,464	\$133,078			\$133,078
	City of Markham (Region of York)	\$1,800	1,100,000	21	52,381	\$71,587	0	\$71,587	\$51,321	\$122,908			\$122,908
Other Provinces	Halifax Regional Municipality	\$823	390,096	16	24,381	\$78,777	0	\$78,777		\$78,777			\$78,777
	City of Montreal*	\$4,895	1,698,062	65	26,124	\$68,646	0	\$68,646	\$20,772	\$121,200		Note 3	\$121,200*
	City of Edmonton	\$2,082	817,498	12	68,125	\$96,323	1/3	\$116,851		\$116,851			\$116,851
	City of Calgary	\$3,152	1,149,500	15	76,633	\$111,066	0	\$111,066		\$111,066			\$111,066
	City of Vancouver	\$1,177	640,900	10	64,090	\$67,994	0	\$67,994	\$41,950	\$109,944		Note 4	\$109,944
Percentiles													
	P90	\$3,152	1,296,814	29	68,125	\$96,323		\$111,066		\$122,908			\$122,908
	P75	\$2,499	1,124,750	24	59,062	\$87,800		\$94,296		\$119,025			\$119,025
	P50	\$1,800	817,498	21	39,302	\$71,587		\$78,777		\$100,360			\$110,533
	P25	\$1,104	579,802	15	25,253	\$68,320		\$68,320		\$93,610			\$94,296
	Average	\$1,997	881,946	23	44,170	\$75,066		\$80,056		\$103,096			\$107,835
	City of Toronto	\$10,858	2,615,060	45	58,112					105,397			105,397
	Market Position	> P90	> P90	> P90	P74					P55			P37

* The City of Montreal By-laws set out maximum compensation allowed of \$121,200.

Note 1: Remuneration is paid to 1 Council rep for: Halton Regional Conservation Authority, Association of Municipalities of Ontario, Niagara Escarpment Commission, amounts were not provided.

Note 2: Maximum additional cash reflects : \$6k for chair of a regional committee and additional cash of \$4,173 for Deputy Mayor or Chair, Standing/Special Committee

Note 3: Expense allowance of \$15,787 and additional remuneration for positions held, up to maximum allowed.

Note 4: Varies depending on appointment - Metro Vancouver Vice Chair \$35,468 per year, Committee and Board members also paid per meeting \$355 for up to 4 hours and \$710 maximum per full day meeting. In 2013 Vancouver City Councillors received amounts ranging from \$692 to \$41,950 from the regional government. In addition, There is annual local expense Budget of up to 10% of remuneration (\$6,799). Councillor can opt to receive a transportation allowance of \$4,213 reducing the budget for local expenses to \$2,720.

Councillor Salary Review

	Operating Budget (millions)	Population	Size of Council	Residents Per Councillor	Salary (Local)	% Tax Free	Grossed up Local	Salary (Regional)	Total Salary	Other Cash	Other Sources	Total Cash
City of Toronto	\$10,858	2,615,060	45	58,112					105,397			105,397
Market Position	> P90	> P90	> P90	P74					P55			P37

- The City of Toronto is the largest in terms of operating budget, population and size of council. The large council puts the city at the 74th percentile in terms of residents per councillor.
- Relative to total salary including both local and regional salaries, City of Toronto Councillor salaries are 11% below the 75th percentile and 5% above the 50th percentile (median) of the comparator group, placing the City of Toronto at just over the median, or 55th percentile of the group.
- The overall total cash compensation falls to 5% below the median and 11% below the 75th percentile when all sources of income including additional remuneration for additional responsibilities are taken into account, dropping the City of Toronto Councillor salary to the 37th percentile of the group's total cash.
- In 2010, the salary for City of Toronto Councillors was at the 83rd percentile of the same comparator group's total salary and at the 77.5th percentile of the group's total cash. In comparison, Councillor salaries are farther below the 75th percentile than they were in 2010.
 - Some of this may be explained by differences in survey reporting and methodology. In 2014, the cities of Montreal and Vancouver reported Councillor income received from regional sources, while no regional income was declared in the 2010 report.

Mayor Salary Review

	Municipality	Operating Budget (millions)	Population	Size of Council	Residents Per Councillor	Salary (Local)	% Tax Free	Grossed up Local	Salary (Regional)	Total Salary	Other Cash	Other Sources	Total Cash
Ontario	City of Hamilton	\$1,433	519,949	15	34,663	\$124,912	1/3	\$165,773		\$165,773		Note 1	\$165,773
	City of Ottawa	\$2,915	943,258	24	39,302	\$168,102	0	\$168,102		\$168,102			\$168,102
	Town of Oakville (Region of Halton)	\$158	185,000	13	14,231	\$114,395	0	\$114,395	\$46,308	\$160,703			\$160,703
	City of Oshawa (Region of Durham)	\$115	157,000	11	14,273	\$91,128	30%	\$117,957	\$51,792	\$169,749			\$169,749
	City of Mississauga (Region of Peel)	\$370	743,000	12	61,917	\$136,141	0	\$136,141	\$51,464	\$187,605	\$3,667	Note 2	\$191,272
	City of Markham (Region of York)	\$187	330,000	13	25,385	\$126,709	0	\$126,709	\$51,321	\$178,030			\$178,030
Other Provinces	Halifax Regional Municipality	\$823	390,096	16	24,381	\$162,907	0	\$162,907		\$162,907			\$162,907
	City of Montreal*	\$4,895	1,698,062	65	26,124	\$154,628	0	\$154,628	\$20,772	\$160,977			\$160,977*
	City of Edmonton	\$2,082	817,498	12	68,125	\$169,681	1/3	\$205,842		\$205,842			\$205,842
	City of Calgary	\$3,152	1,149,500	15	76,633	\$208,459	0	\$208,459		\$208,459			\$208,459
	City of Vancouver	\$1,177	640,900	10	64,090	\$154,347	0	\$154,347		\$154,347			\$154,347
Regional Chair	Region of Halton	\$757	505,678	21	24,080				\$168,267	\$168,267			\$168,267
	Region of Durham	\$1,031	639,655	29	22,057				\$195,634	\$195,634	\$11,000	Note 3	\$206,634
	Region of Peel	\$1,900	1,296,814	24	54,034				\$170,370	\$170,370			\$170,370
	Region of York	\$1,800	1,100,000	21	52,381				\$202,926	\$202,926			\$202,926
Percentiles													
	P90	\$3,057	1,237,888	27	\$66,511	\$169,681		\$206,104		\$204,968			\$206,397
	P75	\$1,991	1,021,629	23	\$57,975	\$165,504		\$167,520		\$193,627			\$200,013
	P50	\$1,177	640,900	15	\$34,663	\$154,347		\$158,627		\$170,060			\$170,060
	P25	\$563	447,887	13	\$24,230	\$125,810		\$129,067		\$166,355			\$166,355
	Average	\$1,520	741,094	20	\$40,112	\$146,492		\$156,063		\$178,480			\$179,527
	City of Toronto	10,858	2,615,060	45	\$58,112					\$177,499			\$177,499
	Market Position	> P90	> P90	> P90	P75					P61			P61

* The City of Montreal By-laws set out maximum compensation allowed of \$154,628 (base) and \$160,977 (total from all sources).

Note 1: Additional income from Hamilton Utilities Corporation (no amount provided)

Note 2: Honourarium

Note 3: Police Services Board Member (\$5k), Chair of same board (\$6k).

Mayor Salary Review

	Operating Budget (millions)	Population	Size of Council	Residents Per Councillor	Salary (Local)	% Tax Free	Grossed up Local	Salary (Regional)	Total Salary	Other Cash	Other Sources	Total Cash
City of Toronto	10,858	2,615,060	45	\$58,112					\$177,499			\$177,499
Market Position	> P90	> P90	> P90	P75					P61			P61

- The City of Toronto is the largest in terms of operating budget, population and size of council.
- Relative to total salary which includes regional salaries in addition to lower tier mayoral salaries, the City of Toronto's mayoral salary is 8% below the 75th percentile and 4% above the 50th percentile (median) of the comparator group, placing the City of Toronto at the 61th percentile of the group.
- The overall total cash compensation falls to 11% below the 75th percentile and 4% above the median when all sources of income including additional remuneration for additional responsibilities are taken into account, still placing the City of Toronto at the 61st percentile of the group.
- In 2010, the salary for the Mayor of Toronto was at the 52.5nd percentile of the same comparator group's total salary and at the 46th percentile of the group's total cash. In comparison, the Mayor salary is now at the 61st percentile.

Conclusions

- The City of Toronto's approved policy for elected officials' compensation is to pay at the 75th percentile of its comparator market.
- The current Mayor salary is at the 61st percentile, when total cash is considered.
- The current Councillor salary is at the 37th percentile, when total cash is considered.
- The City's current policy of an annual CPI adjustment has not kept pace with the comparator market adjustments. This is in line with what the Hay Group identified in 2010. It is critical that an appropriate mechanism be in place that provides for annual adjustments to ensure competitive market positioning is maintained.
- Usually in conducting this type of survey work, the data and analysis reflects the information at the time of collection. Any adjustments to the compensation of elected officials in any of the 16 municipalities subsequent to the data collection time point would impact on the percentile levels.

Appendix A: Survey Questionnaire

Elected Official Compensation Survey

Sponsored by the City of Toronto

Introduction and Instructions

Thank you for participating in this important compensation survey. The purpose of this survey is to benchmark Mayor and Councillor compensation received from all sources. Please answer the questions below and return the completed survey by **Tuesday, February 25th** to Jessica Steed at jsteed@ocgroup.ca.

OCG Strategy and Organization Consulting will be available to answer questions about the survey. Please call Jessica at 416-363-6700 x230.

THANK YOU IN ADVANCE FOR YOUR TIME AND PARTICIPATION

Contact Information:

Completed by: _____

Title: _____

Email: _____

Telephone: _____

Would you like a copy of the survey results? _____

Municipal Information:

City / Region: _____

Population: _____

Operating Budget: _____

Capital Budget: _____

Size of Council (# of Councillors): _____

Compensation Information

		Mayor	Councillors
1a	Annual Base	From Local Council	
1b	Salary	From Regional Council (if applicable)	
2	Annual Additional Compensation or Stipend for Additional Responsibilities (e.g. chairing committees, fees paid as a Board Member of a City-owned Agency, Board, or Utility, etc.) Please specify all sources.		
3	Annual other cash compensation that does not require reimbursement invoices (e.g. car allowances, per diems, etc.)		
4	Is a proportion of salary paid tax-free?		
4a	If so, please indicate the tax free percentage		
5	Is there a single salary rate for Councillors?		
5a	If no, please provide details		