

**The Case for an Updated Council Remuneration**  
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**Township of Leeds and the Thousand Islands**

**Background**

In 2011, during the process of recruiting three senior municipal positions, Council came to the conclusion that the Township's salaries for senior staff were significantly less than comparable municipalities, and commitments were made as part of the hiring process to undertake a salary review. As a result, Council requested that Administration undertake a salary review to determine if increases in salaries were required. That review is in its early stages with provision included in the 2012 Budget.

Council also requested that Administration review the remuneration rates of Mayor and Councillors, as anecdotal information from other Mayors and Councillors indicated that Township rates were significantly less than comparable municipalities, and as well, Provincial legislation requires that Council review the remuneration bylaw at least once during the four year term. The CAO carried out a review of remuneration rates of comparable municipalities and recommended to Council that, although politically difficult, the "middle-of-the-pack" option was preferable as it addressed the gap that currently exists with comparable municipalities. Future annual cost-of-living increases would ensure this situation did not recur. This process could have been carried out by an expensive consultant, but it is suspected that the results would be similar. The CAO carried out this review independent of Council's influence.

The remuneration rate has seen only occasional increases over the past decade or more. This "political heroics" is not supported by Administration, as it ignores the market reality and creates a political dilemma for the future Councils who come to understand that the amounts are unrealistic, but in many situations avoid dealing with the matter to avoid public discontent. The current debate on the percentage increase incorrectly puts the focus on the change element of this process, rather than on the real question, that being; "what should the remuneration rate be, given Council workloads, major issues requiring attention, personal liability, risk, and the remuneration rates of comparable municipalities. These factors are the valid benchmarks for assessing this increase, not the percentage. The percentage focus erroneously assumes that the original amount was the correct one. In the absence of an amount, comparable rates and the above noted factors would be the criteria for setting remuneration rates. As well, in regards to percentage increases, it is a political adversarial strategy to discuss a percentage increase without including necessary information such as what the percentage increases have been over the past decade or two. No one would be happy with a large percentage increase in their RSP portfolio, if there had been zeros for most of the previous decade or two.

Unfortunately this issue of the remuneration increase is but the "tip of the ice berg" in terms of what this Council and others across Ontario will be required to deal with over the next years as the realities of the Drummond Report work their way into all levels of government. There was a time when being on a small rural Council required a couple of meetings a month and expectations were significantly less. The current reality is highlighted by innumerable major and difficult issues to deal with, public demonstrations over legitimate Council decisions, electronic media "warfare", along with unending Provincial legislation requiring more staff time, more Council decisions and more resources to respond to and maintain. In other words, the "municipal paradigm" has taken a major shift, and as a result,

those citizens who make unreasonable demands upon their Councils may discover a reluctance to get involved by those who have the time and skill set to function effectively in such a demanding and risky environment. For example, set out below in point form is a listing of some of what this Council has dealt with, is currently dealing with, or will have to deal with over the balance of the term. Most of these issues were unknown to candidates running in the last municipal election, but now having understood the magnitude of the problem, this Council is prepared to propose solutions, regardless of political popularity.

1. Replacement of the former CAO, enabling Council to have the administrative and financial information required to even begin to effectively meet the demands of Council's job description as set out in Provincial legislation, and to give leadership to major issues confronting the Township. It is very important to be reminded that when Council terminated the previous CAO, something it had every moral, legally, procedural and legislative right to do, Council was faced with petitions, placards and shouts in the Council Chamber. The only mistake Council made in this process was not declaring the Council meeting in recess until order was restored, and placards were removed. This was not a fiscally imprudent decision of Council regarding the CAO, and yet Council was faced with severe political opposition. Those who wish Council would engage in more public dialogue would do well to remember this.
2. Implementation for the 2013 fiscal year, of an informative and diligently prepared Operating Budget process, that will allow Council and citizens to understand the current service levels, recommended adjustments to service levels, legislative and financial compliance requirements, staffing issues, and a host of issues too many to mention in a summary document of this nature, has been approved by Council. The prelude to this new process required two and one half evenings of presentations to Council recently to merely introduce the matter to Council and the few citizens who attended the Budget meetings. Approval has also been granted to move to a budget process for 2013 that would see Council approval prior to Christmas in 2012.
3. Implementation of a Capital Budget process that involved an overview in November of 2011, and allowed for the early tendering of major critical projects and equipment that is estimated to save in excess of \$100,000 in 2012 alone.
4. Agreements with the Provincial Government require a Capital Investment Plan which was approved in December, but in principle only. The Plan now needs to be studied by Council at a detailed and comprehensive level to understand if the almost three million dollars of funding is required for current replacements and reserve additions to allow future replacements. This project will require a significant consumption of Council's time and will be politically very challenging, given the preliminary figures put forth by Administration.
5. Department reviews are required and have been included in the preliminary 2012 budget. These reviews will enable Council to understand and confirm service levels and to ensure that departments have adequate number of appropriately qualified and experienced staff. This review will affect every department and will be a challenging process for both staff and Council.
6. Senior salaries are believed to be too low based on the recent hiring of three senior staff. Council has authorized a review to confirm if the conclusion Council came to during the hiring process is correct. This review may very well confirm that significant salary increases are

necessary for the Township to remain competitive, thereby enabling the attraction and retention of professional staff with the experience, education, and abilities required in this complex and dynamic environment. This has the potential to be a politically contested topic.

7. Provincial legislation requires up-to-date and effective policies and procedures in place, to ensure the decisions of Council, and Provincial and Federal Government legislation is followed. As such, Council will be overseeing a review of all policies and procedures during 2012 and the final years of this term. This type of review is not easily understood by lay persons who have not worked in a similar environment. As such, it is again another challenging issue that this Council must deal with, given that many of the Township's policies and procedures are out-of-date, or in some cases do not exist and must be implemented. This is extra-ordinary work for this Council, given the state of affairs.
8. A new strategic direction is required, given the results of the Drummond Report, and the expected impacts on municipalities, including less grants in the future. Council is currently faced in the 2012 Budget, with the request for an Economic Development Officer, which proponents insist will enable the Township to leverage funding, promote the Township and Eastern Ontario, and hopefully provide the means for younger families to remain in the Township. This is a hotly contested issue, and brings to reality the dilemma that many municipalities are facing. Regardless of how Council decides on the Economic Development Officer, citizens are looking to this Council to provide leadership in creating a better future for citizens of all ages.

**Analysis:**

Administration undertook a review of Council remuneration rates, using information from neighbouring municipalities. Four municipalities were chosen that were in the same population range as the Township, those being Smith Falls, Carleton Place, Rideau Lakes, and North Grenville. The average of those four municipalities was calculated and proposed to Council as an option. Adoption of this option brings Council's remuneration into the middle range of comparators, and would most likely remain comparable with annual cost-of-living increases. This option is supported by Administration.

If the matter of Council's remuneration was given to an independent committee, with no mention of the existing rate, that committee would review comparable rates, work-loads, risks, inconvenience to family life, and such like in making a determination. In other words, the existing rate is irrelevant. Focus on the percentage increase diverts attention to the political realm, away from the real issue, that being what is a reasonable remuneration rate.

It is not well understood that the remuneration amount paid to Council is not all "salary" but is two-thirds honorarium, with the remaining one-third offsetting expenses personally incurred on legitimate business of the Township. Many municipalities have lower honorariums but pay \$75 to \$150 for attendance at meetings, committee meetings, and other legitimate events of the municipality. In addition they submit expense claims for travel, meals, hotels, and other legitimate expenses while on municipal business. This "extra" system is very time consuming for both Council and especially staff who must review all claims, and prepare reimbursement checks. It also requires a logging system to validate claims for additional meeting attendance. This Township has chosen to avoid this cumbersome and administratively burdensome process by opting for a higher remuneration rate to offset costs incurred.

### **Financial Impact**

The proposed 2012 Budget currently stands at \$10,591,571, of which \$119,715 is Council remuneration. The increase in remuneration approved by Council in the bylaw on February 13, 2012 was \$44,388, which is less than one half of one percent. This increase would impact the \$200,000 residential property by an additional 48 cents per month on their tax bill. This is a one-time adjustment to bring remuneration into the middle-of-the-pack. With regular cost-of-living adjustments, this type of adjustment would not be required in the future.

### **Conclusion:**

The Township is at a major crossroad in terms of its future, given the challenges currently facing the municipality, and those expected. This Council is beginning to deal with some major issues that will require significant analysis, much effort, and strong political will and courage to implement.

This new Council began with the recruiting of a new administrative team, which has now embarked on a major strategy to focus staff on the accomplishment of Council's strategic objectives, and ensuring financial stability and continued service delivery over the long-term. Council has already made strategic budget decisions that are expected to save in excess of \$100,000 in 2012 alone, with the potential for greater savings, now and into the future.

As demonstrated in recent Council meetings, the new CAO has set out and explained the legislative responsibility and personal risk that Councillors undertake in their role as the "Board of Directors" of the Corporation. The CAO has set out a strategy that requires a significantly higher involvement of Councillors in meetings and tasks that are outside of normal operations. As such, it is the CAO's recommendation that Council's remuneration be set to a level that reflects this new reality, and then keep it current with annual COLA increases, to avoid having the remuneration amount become obsolete.

With the release of the Drummond Report, Council will now be faced with even greater challenges as the Provincial Government attempts to bring its fiscal house into order. The resulting political landscape will require innovative solutions and the necessity of citizens focusing on real and long-term solutions for the economic realities facing the Township. There are three remaining years on what appears to be a difficult term for a Council attempting to deal with matters, some of which have been left unresolved for years or even decades. It is hoped that citizens will focus on these major events and pass judgment of this Council at the next election based on the results of what has been accomplished in four years, rather than individual contentious issues.