



The Corporation of the City of Stratford
Finance and Labour Relations Sub-committee
Open Session
AGENDA

Date: Tuesday, October 22, 2024
Time: 4:30 P.M.
Location: Council Chamber, City Hall
Sub-committee Present: Councillor Hunter - Chair Presiding, Councillor McCabe - Vice Chair, Councillor Beatty, Councillor Burbach, Councillor Nijjar
Staff Present: Karmen Krueger - Director of Corporate Services, Tatiana Dafoe - City Clerk, Miranda Franken - Council Clerk Secretary

To watch the Sub-committee meeting live, please click the following link:

<https://video.isilive.ca/stratford/live.html>

A video recording of the meeting will also be available through a link on the City's website

<https://calendar.stratford.ca/meetings> following the meeting.

Pages

1. Call to Order

The Chair to call the meeting to Order.

Land Acknowledgment

Moment of Silent Reflection

Respectful Workplace Policy Statement

2. Disclosure of Pecuniary Interest and the General Nature Thereof

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a member of Council has not been disclosed by reason of the member's absence from the meeting, to disclose the interest at the first open meeting attended by

the member of Council and otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

3. Delegations

None scheduled.

4. Report of the Director of Corporate Services

4.1 Council Remuneration Review (FIN24-032)

3 - 26

Motion by

Staff Recommendation: THAT the Director of Corporate Services be authorized to proceed with the Council Remuneration Review as further outlined in Option 1 in this report;

AND THAT upon receipt and approval of the final remuneration report by Council, the Clerk be directed to prepare a new Council Remuneration By-law to reflect the recommended process for and final recommendations arising from the Council Remuneration Review, and to repeal By-law 20-98.

4.2 New Multi-Residential Property Subclass (FIN24-031)

27 - 31

Motion by

Staff Recommendation: THAT the Report titled, "New Multi-Residential Property Subclass" (FIN24-031), be received for information.

5. Advisory Committee/Outside Board Minutes

There are no Advisory Committee/Outside Board minutes to be provided to Sub-committee.

6. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is November 19, 2024 at 4:30 p.m. in the Council Chamber, City Hall.

7. Adjournment

Meeting Start Time:

Meeting End Time:

Motion by

Sub-committee Decision: THAT the Finance and Labour Relations Sub-committee meeting adjourn.



MANAGEMENT REPORT

Date: October 22, 2024
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, Director of Corporate Services
Report Number: FIN24-032
Attachments: 1. Council Remuneration By-law No. 20-98, as amended
 2. Report on Council Remuneration dated August 26, 2019

Title: Council Remuneration Review

Objective: To begin the Council remuneration review and to determine the method for completing the review.

Background: Section 283 of the Municipal Act, S.O. 2011, Chapter 25, as amended ("the Municipal Act, 2001"), provides authority for Council of a municipality to provide payment of remuneration to the Members of Council, and such remuneration may be determined in any manner that Council considers advisable.

Council remuneration can be challenging to compare given the vast differences in scope and size of municipalities in Ontario as well as the impacting economic, demographic and financial variables. Work performed by elected officials also varies significantly given jurisdiction (county, single-tier, upper and lower-tier) and is further impacted by the number and type of secondary committees and sub-committees.

In 2018, Council approved the establishment of an Ad Hoc Citizen's Committee on Council Remuneration given the Canada Revenue Agency (CRA) elimination of the 1/3 tax free exemption for members of municipal councils. The mandate of the Committee was to review and provide recommendations on the remuneration of both the Mayor and Councillors, considering related benefits and pension. The committee considered: current total compensation including the per-diem structure, roles and responsibilities, historical remuneration data and appropriate survey information and comparators.

In 2019, the following resolutions were adopted:

THAT Council Remuneration Option#2 be adopted as follows for all Members of Council:

- **A revised base pay, which accounts for the elimination of the 1/3 tax exemption retroactive to January 1, 2019; and**
- **\$4000 in lieu of group extended health care and dental coverage or the option to purchase group extended health care and dental coverage through the Corporation to commence January 1, 2020.**

The City of Stratford amended By-law No. 20-98, to reflect the recommendations arising from the Remuneration report associated with that term.

The purpose of this report is to explore options available for the completion of the current term of Council remuneration review.

Analysis: The following options have been identified for completing a Council remuneration review.

Option 1: Staff Undertake Review

The first option is to direct staff to undertake the Council Remuneration Review. The proposed review would be comprised of the following steps:

Step 1: Research: Gather elements of council remuneration from comparator municipalities, along with the City's current practices and any issues or matters requiring clarification. Comparator municipalities to include but not be limited to: City of Woodstock, City of St. Thomas, Town of St. Marys, City of Orillia.

Step 2: Analysis, Observation and Draft Report: Staff would then review the data and provide a summary of observations for base pay and/or ancillary compensation.

Step 3: The final summary report would then be presented to Council to outline comparators, methodology, elements survey, observations and recommendations relating to base pay. The report will reflect best practice in the sector gathered from informal surveys within the municipal finance staff of participating municipalities.

This option could be accommodated within the current work plan and budgets established for the Corporate Services department.

Option 2: Compensation Consultant

This option is to direct staff to undertake a fulsome Council Remuneration Review with a Compensation Consultant ("Consultant") with previous compensation market survey services. The proposed review would be comprised of three steps under the Consultant review (inclusive of a Market Study), including project initiation and collection of market data, analysis, observation and draft report and final report outlining comparators, methodology survey, and recommendations.

Costs will be incurred to have the third-party consultant undertake the review and prepare draft and final reports for consideration by Council. These funds have not been

previously identified in the operating or reserve funds and are estimated to be \$25,000-\$40,000.

Option 3: Ad-Hoc Committee

A Council Remuneration Ad-Hoc Committee could be created to fulsomely review the remuneration and benefits to be paid to Council members for the remainder of the 2022 to 2026 term of office.

An ad-hoc committee would be made up of citizen representatives and would work with staff requiring administrative support, including the gathering of information and resource materials to assist the group with its review. There would be no decision-making afforded to the ad-hoc committee, rather their role would be to gather data.

Minor costs will be incurred to recruit for an ad-hoc committee on Council remuneration. Staff support will be required from Corporate Services. The costs for the ad-hoc committee could be funded within the existing operating budget. The Council Remuneration Ad-Hoc Committee's mandate would be to:

- Conduct research
- Review existing policies and practices
- Make comparisons with similar-sized peer and neighbouring municipalities
- Produce an independent report with recommendations for the total level of compensation, benefits and expenses for the term of office.

Based on the depth of work done by the previous ad-hoc committee, staff suggest the process for this term of Council could be an update exercise consisting mainly of looking at comparator municipalities under Option 1. Utilizing staff and neighbouring municipalities' information sharing would be the basis for the update to ensure that the Council remuneration paid to elected officials is consistent with similar municipalities. A final report could be expected prior to January 1, 2025, to be implemented in 2025.

Financial Implications:

Financial impact to current year operating budget:

The intent is that any outcomes from the review would be effective on a prospective basis and could be accommodated within the 2025 budget.

Financial impact on future year operating budget:

Financial impacts will be incorporated into future year operating budgets.

Alignment with Strategic Priorities:

Not applicable: This report does not align with one of the Strategic Priorities as it deals with an administrative matter.

Alignment with One Planet Principles:

Not applicable: This report deals with an administrative matter and, as such, does not align directly with one of the One Planet Principles.

Staff Recommendation: THAT the Director of Corporate Services be authorized to proceed with the Council Remuneration Review as further outlined in Option 1 in this report;

AND THAT upon receipt and approval of the final remuneration report by Council, the Clerk be directed to prepare a new Council Remuneration By-law to reflect the recommended process for and final recommendations arising from the Council Remuneration Review, and to repeal By-law 20-98.

Prepared by: Karmen Krueger, CPA, CA, Director of Corporate Services

Recommended by: Karmen Krueger, CPA, CA, Director of Corporate Services
Joan Thomson, Chief Administrative Officer



**BY-LAW NUMBER 20-98
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to establish the indemnity and remuneration of members of Council for the City of Stratford and to repeal By-law Number 34-90.

WHEREAS section 242 of The Municipal Act, R.S.O. 1990, chapter M.45 allows the Council of a municipality to pass by-laws for paying remuneration to the members of Council;

AND WHEREAS section 243 of *The Municipal Act* allows the Council of a municipality to pass by-laws to provide for the payment in whole or in part of such expenses of the members of Council as are actually incurred as a result of their acting either within or outside of the municipality in their capacity as members of Council;

AND WHEREAS section 244 of *The Municipal Act* allows the Council of a municipality to pass by-laws to provide for the payment of remuneration to a member of Council to serve as a member of a local board as defined in *The Municipal Affairs Act*, or of any other body, in respect of services as a member of that board;

AND WHEREAS By-law 20-98 was adopted by Council of The Corporation of the City of Stratford to establish indemnities and remuneration for the members of Stratford City Council;

AND WHEREAS Sections 8 and 9 of the *Municipal Act*, 2001, S.O. 2001, as amended, confer authority on municipalities to govern their affairs as they consider appropriate;

AND WHEREAS Section 5 of the said *Municipal Act*, 2001, S.O. 2001, as amended authorizes council to exercise the powers of the municipality by by-law;

AND WHEREAS Section 283 of the *Municipal Act*, 2001, S.O. 2001, as amended, authorizes municipalities to pay remuneration and expenses of the members of any local board of the municipality and of the officers and employees of the local board if the expenses are of those persons in their capacity as members, officers or employees, and if the expenses are actually incurred or the expenses are a reasonable estimate, in the opinion of the council or local board, of the actual expenses that would be incurred, and

AND WHEREAS it is deemed necessary to amend By-law 20-98 as amended, to reflect Council resolutions accepting the recommendations in part, arising out of the Final Report from the Council Compensation Review Ad-Hoc Committee;

NOW THEREFORE BE IT ENACTED by Council of The Corporation of the City of Stratford as follows:

1. That the annual allowance to be paid to the Mayor, shall be as follows:
 - a) Effective January 1, 2019: \$77,212.00 plus out-of-pocket expenses

and that the remuneration be indexed in future years, in accordance with the previous year's whole Consumer Price Index.

2. That the annual allowance to be paid to each member of Council, other than the Mayor, shall be as follows:

- a) Effective January 1, 2019: \$19,958.00 plus out-of-pocket expenses

and that the remuneration be indexed in future years, in accordance with the previous year's whole Consumer Price Index.

3. That the annual allowance to be paid to the Deputy Mayor, shall be as follows:

- a) Effective January 1, 2019: \$21,688.00 plus out-of-pocket expenses

and that the remuneration be indexed in future years, in accordance with the previous year's whole Consumer Price Index.

4. That, notwithstanding Section 1-3 above, the Mayor and Councillors elected to the Council of The Corporation of the City of Stratford and appointed to any other body, are entitled to receive any remuneration payable to them in that capacity, such as but not limited to Stratford Police Services Board and Festival Hydro Inc., and Festival Hydro Services Inc. so far as such remuneration is not funded by The Corporation of the City of Stratford.

5. In addition to the remuneration provided for in this By-law, Councillors shall also be paid remuneration in accordance with the scale provided for in Paragraph 6 herein, while attending the following:

- a) meetings of local boards or other bodies to which they have been appointed by Council, or on which they serve as ex-officio members, other than Council, Standing Committees or Sub-committees of Council;
- b) Trade Shows and meetings attended on behalf of the City of Stratford, outside the Corporation limits;
- c) except that where such local boards or other bodies provide a stipend or remuneration to the members appointed thereto, then the member shall receive such stipend or remuneration from the local board or other body and not the remuneration set out in paragraph 6 herein;
- d) Members of Council shall not be paid remuneration for attending the following meetings:
- i) Public Meetings;
 - ii) Presentations by consultants;
 - iii) Open Houses;
 - iv) Public consultations;
 - v) Visioning sessions;
 - vi) Ceremonial functions.

6. Any stipend or remuneration paid by local boards or other bodies as provided for in paragraph 5 herein, shall be paid to the Treasurer of the City of Stratford and not to the member of Council who sits on such local board or other body, and the Treasurer of the City of Stratford shall pay such stipend or remuneration to the member of Council:

- a) For a meeting, the duration of which is three (3) hours or less - \$60.00;
- b) For a meeting, the duration of which is more than three (3) hours in any one day - \$90.00.

7. That the mileage rate to be paid to members of Council shall be at the City's approved rate per kilometre.

8. That By-law Number 34-90 and any amendments thereto, and any other by-laws or policies inconsistent with the provisions of this By-law, are hereby and the same repealed.

9. That each member of Council will receive \$4000.00 in lieu of group extended health care and dental coverage or the option to purchase group extended health care and dental

coverage through The Corporation of the City of Stratford to commence January 1, 2020.

10. That Schedule "A" to By-law 20-98 as amended, is hereby repealed.

Read a FIRST time this 9th day of February, 1998.

Read a SECOND time this 23rd day of February, 1998.

Read a THIRD time and FINALLY PASSED this 9th day of March, 1998.

"Dave Hunt"

Mayor – Dave Hunt

"Joan Thomson"

Acting Clerk – Joan Thomson



Report on Council Remuneration

Submitted by:

The Ad-Hoc Citizen's Committee on Council Remuneration

August 26, 2019

Executive Summary:

The purpose of this report is to outline how the Ad-Hoc Citizen's Committee on Council Remuneration ("the Committee") accomplished the mandate set out by Council and provides recommendations for Mayor and Council remuneration, giving consideration to related benefits and pension and the elimination of the 1/3 tax free exemption from the Federal Government.

Council compensation is always a contentious issue with a negative perception of elected officials approving a raise for themselves. However, this Council with its experience, is in a better position to make these decisions from the Committee's recommendations. The Committee reviewed remuneration levels that we thought were commensurate with the execution of duties as well as being fair and competitive to encourage local residents to run for office. The Committee made recommendations to resolve the loss in pay from the tax change and separate recommendations to correct the disparity in Councillor remuneration versus the comparable municipalities.

Background:

In September 2018, the Corporation of the City of Stratford's City Council voted to establish an Ad-Hoc Citizen's Committee to review and provide recommendations on Mayor and Council remuneration giving consideration to related benefits and pension.

With the impending Federal Government's elimination of the 1/3 tax free exemption for members of municipal council as of January 1, 2019, Council also directed the Ad-Hoc Committee to make recommendations on how to manage the elimination of this 1/3 tax free exemption.

Review Process:

To simplify the analysis of information, the Committee chose to look at the elimination of the 1/3 exemption and Council remuneration as two separate issues.

The review process included the following components:

- Setting the foundation for the review and analysis
- Determining the appropriate comparators
- Selecting resources that would provide objective information to accomplish the mandate
- Selecting financial indicators that were appropriate to the process and the municipality

Findings:

Setting the Foundation

What is a Remuneration Review?

A compensation review consists of several factors:

- Determine the responsibilities of the position through a job analysis
- Determine the current total remuneration
- Understanding of the historical remuneration data
- Determine what criteria to use for selecting comparators
- Collect and analyze the comparator data
- Develop a pay structure which is fair and reasonable for the position while taking into consideration the position and the comparator data

Throughout the analysis, the Committee discovered there is not a set structure or methodology set out by the City of Stratford, the Municipal Act, or comparator municipalities to review Council Remuneration.

Council's Mandatory Requirements under the Municipal Act

The Municipal Act clearly outlines the legislated responsibilities for the Head of Council and Members of Council.

The Head of Council (Mayor) is charged with the following duties:

- Act as the CEO for the Municipality
 - Uphold and promote the purposes of the municipality
 - Promote public involvement in municipal activities
 - Represent the municipality in and outside of the city
 - Promote the city locally, nationally, and internationally
 - Participate in and foster activities that enhance the economic, social, and environmental well-being of the municipality and its residents
- Preside over Council meetings
- Provide leadership to Council
- Provide information and recommendations to Council with respect to the role of Council
- Represent the municipality at official functions

Members of Council are charged to:

- Represent the public and to consider the well-being and interests of the municipality
- Develop and evaluate the policies and programs
- Determine what services are offered
- Ensure administrative policies, practices, and procedures are in place to implement council decisions
- Maintain the financial integrity of the municipality

Time Requirements

An informal survey of Council Members found that on average a Councillor commits approximately ten (10) to twenty (20) hours per week to prepare for and attend meetings of Council and various advisory committees. As elected officials, they spend numerous hours responding to constituent concerns.

Governance Model

The City of Stratford is a single-tier municipality. Single-tier municipalities are geographically located within a county, but are not part of the county for the municipal purposes. Single-tier municipalities have responsibilities for all local services to their residents including but not limited to: transit, water and wastewater systems and social services.

Stratford City Council consists of a Mayor, Appointed Deputy Mayor and nine (9) Councillors at large. A 'Councillor at large' structure means each Councillor represents the city as a whole, and not just a specific area or ward.

Meetings of Council include the following Standing Committees:

- Community Services
- Finance and Labour Relations
- Planning and Heritage
- Infrastructure, Transportation and Safety
- Social Services

In addition to Council, Committee of the Whole, Standing Committees and Sub-Committees, there are Statutory Committees, Boards and Advisory Committees approved by Council. The majority of committees have two (2) members of Council participating. The Committee determined that on average Councillors attend approximately six (6) additional committees, boards or other meetings on a monthly basis. There are thirty-seven (37) distinct committees or boards listed below with varied membership participation and involvement from Council members.

Statutory Committees

Statutory committees and local boards are established by a municipal by-law or provincial law, and function according to legal requirements. An example of provincial legislation requiring certain committees include the Police Services Act (Police Services Board), the Accessibility for Ontarians with Disabilities Act (Accessibility Advisory Committee) and the Ontario Heritage Act (Heritage Advisory Committee). Below is a complete list of Stratford's statutory advisory committees and local boards:

- Accessibility Advisory Committee
- Board of Park Management
- Heritage Stratford
- Library Board
- Perth District Health Unit Board
- Police Services Board
- Property Standards Committee
- Perth & Stratford Housing Corporation
- Spruce Lodge Non-Profit Housing Corporation
- Spruce Lodge Board of Management
- Stratford City Centre Business Improvement Area (BIA)

Boards Established by Council

Council representation is also required on additional committees as per their terms of reference, resolution or agreement. Council representation is also often required as part of a financial agreement. The following list outlines the boards established by Council requiring council representation:

- Festival Hydro Inc.
- Festival Hydro Services Inc.
- Joint Acquisition Committee (Hydro)
- Shared Services Committee [MLC]
- Stratford Economic Enterprise Development Co

Outside Boards

The following is a list of Outside Boards which have requested or are required to have Council representation:

- Stratford Chef School Board of Directors
- Stratford Tourism Alliance Board
- Chamber of Commerce
- Gallery/Stratford Board of Directors
- Minor Sports Council
- Municipal Golf Course Association
- Social Research and Planning Council
- Southwest Economic Alliance
- Stratford Agricultural Society
- Stratford Festival Board of Directors
- Stratford Perth Museum Association
- Stratford Summer Music Board of Directors
- Technical Training Group

Advisory Committees to Council

An advisory committee advises Council directly based on the mandate outlined in their terms of reference, usually related to a specific topic. The establishment of these Committees is at the discretion of Council. Advisory Committees of Council include:

- Ad-Hoc Transit Committee
- Active Transportation Advisory Committee
- Communities in Bloom Advisory Committee
- Energy & Environment
- Sports Wall of Fame Committee
- Stratford Town and Gown Advisory Committee
- Stratford Youth Advisory Council (SYAC)
- Stratford's of the World - Ontario Committee

Current Remuneration Structure

The remuneration structure encompasses a base pay for attending mandated meetings of Council, Committee of the Whole, and Sub-Committee meetings plus public meetings, consultant presentations, open houses, public consultations, visioning sessions, and ceremonial functions. Members of Council also receive a per diem for attending Advisory or Committees of Council. The per diem rate is \$60 for meetings three (3) hours or less or \$90 for meetings three (3) hours or more in one day. To receive payment for these meetings, Members of Council must submit their meeting attendance to the Finance Department for payment. The analysis showed that there is wide variation in terms of Councillor involvement with committees and boards.

It was also confirmed that some Councillors do not submit their meeting attendance and are therefore, not paid a per diem for attending these meetings. This adds to the difficulty in assessing work-load and compensation not only within Stratford's Council but also relative to comparators.

The base rate is adjusted annually for inflation based on figures provided by the Consumer Price Index (CPI). The per-diems are not adjusted annually based on CPI.

Stratford City Council members do not receive group benefits or pension as part of their remuneration package, however, they may participate in the City's group insurance plan at his/her expense in accordance with Council Remuneration By-law 20-98.

Councillors can claim out of town mileage expenses.

The analysis showed the comparator municipalities make provision for group benefits as part of total compensation and are mixed on the approach from payment in lieu to supported participation in the group insurance health and dental plan.

Neither comparator municipality offers Council members the opportunity to participate in a pension savings plan.

2019 Remuneration of Council

The chart below outlines the current remuneration for the Mayor and a Member of Council. For the purposes of the Committee's analysis, an assumption was made that the Mayor and each Council attended an average number of known Council, Standing Committees, Sub-Committee meetings and that there are other Advisory Committees and Boards where Council have been appointed. An estimated average per diem based on six (6) meetings per month was necessary versus relying on the Annual Statement of Remuneration as not all Councillors submit for meeting attendance as noted above. The remuneration amount did not include meetings that Councillors were paid to attend i.e. Police Services and Festival Hydro boards.

Position	Annual Base Pay (2019)	Estimated Annual Average Per Diem	Total
Mayor	\$66,869	\$0	\$66,869
Appointed Deputy Mayor	\$13,860	\$4,320	\$18,180
Per Councillor	\$12,141	\$4,320	\$16,461

Council's Impact on the Quality of Life in Stratford

A Council priority is to maintain the quality of life for Stratford residents. Council has created several discretionary committees to help accomplish this task. The analysis showed that Stratford has significantly more mandated, statutory, and discretionary committees compared to our comparator municipalities. This fact demonstrates that the Mayor and Members of Council are significantly involved in the community and that their input is valued.

Historical Data

Council created a Citizen's Advisory Committee in 2007 to explore ways to determine a fair and supportable formula to determine the appropriate rate of remuneration for members of Stratford City Council on an ongoing basis.

The previous Citizen's Advisory Committee gathered information from members of the public, current and past members of Council and current and past Mayors.

Their findings were:

- Based on the comparison with comparable municipalities across Southwestern Ontario, the remuneration for Members of Council was below the mean average of stipends
- Annual adjustments to the stipends for Council using the ongoing application of the recommended remuneration formula should be conducted.

Their recommendations were:

- Bring salaries to the mean average of similar sized municipalities in Southern Ontario
- Review current Council representation on all boards and other organizations to ascertain the necessity and/or benefit of representation
- Consider a reduction in the size of Council from ten (10) to eight (8), coincident with the next election, after reviewing the increase in workload to be allocated
- Consider implementation of information sessions, to outline Council time commitments and responsibilities for any member of the public who are considering standing for election
- Review the type and duration of meetings that are remunerated to Council
- Review Council Remuneration at the mid-term of each Council

The previous committee also recommended increases in base pay for the Mayor (\$50,000 per year), with an additional increase (\$60,000 per year) in 2008, the Deputy Mayor (\$1501 greater than the base remuneration of Council), and Council (\$10,600). They also recommended base salaries be adjusted annually for inflation based on the Consumer Price Index. The per-diem amounts were to remain at \$60 for meetings 3 hours or less and \$90 for meetings 3 hours or more in one day.

Determining Appropriate Comparators

When conducting a review of remuneration, it is helpful to determine comparisons or bench marks for the purpose of analysis. Comparators provide objective information to form the basis of a remuneration structure.

Selection of Comparators

Initially, the Committee selected 7 municipalities as comparators. All had a Council (including the Head of Council) of 9 members or less. We quickly realized this size of comparator base would be onerous. Therefore, the Committee selected St. Thomas (9 members including the Mayor) and Woodstock (7 members including the Mayor) as comparators based on the following criteria:

- Similar population
- Similar responsibilities and structure
- Comparators used by City Staff for other purposes
- Relatability/ close proximity to Stratford

Compensation Information

Surveys that provide information on council remuneration break down data in various ways. To maintain the integrity of the analysis the Committee chose the following criteria:

- Similar population
- Remuneration vs stipend
- Levels of pay
- Benefit and pension offerings
- Other benefits
- Size of Council
- How remuneration is reviewed

Selecting Resources:

Comparator Municipalities

The Committee wanted objective data. Staff collected the following information from the comparator municipalities:

- Council structure including the number of meetings they attended
- Their current remuneration
- Remuneration or base pay plus per diem
- Benefits or Pension or pay in lieu of
- How did they manage the 1/3 tax exemption discontinuation?

The following chart summarizes key comparator municipality findings:

Municipality	Stratford Base Pay	Stratford with Average Per Diem	Stratford with Average Per Diem & Adjusted for 1/3 Tax Exemption	Woodstock Adjusted for 1/3 Tax Exemption	St. Thomas Adjusted for 1/3 Tax Exemption
Type	Single Tier	Single Tier	Single Tier	Lower Tier	Single Tier
Mayor	\$66,869	\$66,869	\$77,212	\$68,640	\$64,711
Deputy Mayor	\$13,860	\$18,180	\$18,632	\$31,140	\$0
Council	\$12,141	\$16,461	\$16,679	\$28,740	\$24,260
Benefits	No	No	No	12.25% in lieu based on Council Base pay (\$3520)	Approx. cost of benefits is \$6,000 or \$2000 in lieu of taking benefits **Assume 2/3 benefit 1/3 in lieu
Pension	No	No	No	No	No
Total Compensation		Mayor: \$66,689 DM: \$18,180 Council: \$16,641	Mayor: \$77,212 DM: \$18,632 Council: \$16,679	Mayor: \$72,160 DM: \$34,660 Council: \$32,260	Mayor: \$69,411 Council: \$28,960 **Based benefit assumption estimated \$4700
Council Size		11 Mayor, Deputy Mayor, 9 Councillors		7 1 Mayor, Deputy Mayor 5 Councillors	9 1 Mayor, 8 Councillors

Remuneration Survey Data

In addition to the compensation survey information provided relative to comparators, staff provided the 2018 Municipal Council Compensation in Ontario Report from the Association of Municipal Clerks and Treasurers of Ontario (AMCTO). It is important to note this survey was released prior to the elimination of the 1/3 tax free exemption.

In August of 2017, AMCTO conducted a survey of municipalities in Ontario. The goal was to gain a better understanding of how municipalities compensated their Councils, create a resource for municipalities who are reviewing their council remuneration packages, and to add to the body of research about how local politicians are paid. While there had been a lot written about private sector compensation, there has been considerably less study of compensation for politicians at the local level. A total of 257 municipalities responded to the survey provided the following information for this report:

For populations 25,000 – 49,999:

- 75% of municipalities pay their Heads of Council (Mayor) and Council a Remuneration compared to stipend of which
 - 42% of Mayors receive a Remuneration of \$40,000 - \$60,000 per annum and 17% pay between \$60,000 - \$80,000
 - 55% of Councils receive a Remuneration of \$20,000 - \$40,000 per annum
- 63% offer a group benefits package
- 25% offer a pension contribution

Other Factors

- 33% of 257 municipalities surveyed provide group benefits
- 16% of responding municipalities provide pension contributions
- 2.72% (7 of the 257) of the respondents have 11 Members of Council compared to 44.36% (114 of 257) have 5 or 6 members, 32.68% (84 of 257) have 7 Members of Council
- 74% of respondents use the neighbouring municipalities remuneration levels to determine remuneration for their councils
- 39% of the respondents use the fiscal capacity of the municipality
- 39% ensure that Councillor pay is competitive
- 43% of municipalities have reviewed council remuneration in the last 4 years compared to 11% in the last ten years.

Financial Indicators

The financial impact to the rate payers of Stratford weighed heavy on the minds of the Committee Members. The Committee discussed at length which, if any, variances would be fair and reasonable in this situation. The ratios considered were:

- Size of Council
 - Estimated Cost Compared to Population
 - Estimated Cost Compared to Number of Households
- Population of the Municipalities
- Number of Households within the Municipalities
- The impact on the tax levy
- The impact on the operation budget

The Committee realized the information gathered was interesting but in the end was not relevant to the mandate of determining a fair and reasonable Council Remuneration. Remuneration is based on what a position is worth not the cost per population or household.

Implications on the Tax Levy

The Committee looked at the fiscal capacity of the municipality to pay. This was part of the AMCTO survey findings where "39% of the respondents use the fiscal capacity of the municipality when determining Council remuneration".

Total Impact to Tax Levy

Municipality	Council Remuneration	Tax Levy	% of Tax Levy
Stratford - pre 1/3 adjustment	\$233,199	\$59,220,220	0.39378%
Stratford - post 1/3 adjustment	\$245,955	\$59,220,220	0.4153%
St Thomas	\$258,791	\$54,784,991	0.4724%
Woodstock	\$243,486	\$56,290,470	0.4326%

Benefits & Pension

The current by-law allows Members of Council to purchase group insurance plan at their own cost. There is no provision for contributions to a pension plan.

Currently, no member of Council has purchased group insurance. To determine what is fair and reasonable for Members of Council to receive benefits and pension we looked to the comparator municipalities and the AMCTO Survey and asked the following questions:

- Who had benefits and/or pension?
- What type of benefits or pension were provided?
- What was the cost of the benefits and pension to the Municipality?

The survey highlighted that 63% of municipalities of 25,000-49,999 population surveyed offer group insurance to members of Council. The comparator municipalities offered either payment in lieu of benefits or access to group insurance (health and dental).

1/3 Tax Free Exemption

The discussion on the 1/3 tax free exemption was raised due to the elimination of this exemption by the Federal Government in January 2019.

Prior to January 1st 2019 elected officials paid no taxes on 1/3 of their compensation. That exemption was lost in 2019 resulting in a reduced net pay for all elected officials. The amount of loss would vary by individual based on their total income.

The committee contemplated two potential options outlined in the management report FIN18-042 dated June 19, 2018:

- No change in remuneration
 - Each member of Council would bear the cost of the 1/3 tax free elimination which would reduce their net pay
- Keep the Net Pay the same
 - This would be accomplished by increasing the gross pay

The Committee looked to comparator municipalities to see how they handled the situation. In both cases they kept the net pay the same. The numbers presented in this report reflect the increases in gross pay to maintain the net pay.

The Committee discussed the financial implications of both options to Members of Council and the municipality. We concluded the elimination of the tax free exemption should not impact the remuneration of Members of Council.

Recommendations:

The Committee respectfully submits the following recommendations for Council's consideration:

Management of the Elimination of the 1/3 Tax Free Exemption

The Committee recommends that the city adjust the pay levels of Mayor and Council so the net pay from the city is the same as it was before the loss of the exemption. The cost of this pay correction is \$12,758.

The chart below shows the impact by role:

	Mayor	Appointed Deputy Mayor	Councillor
Current Compensation	\$66,869	\$18,180	\$16,461
Proposed Compensation	\$77,212	\$ 18,632	\$16,679

** Compensation for Appointed Deputy Mayor and Councillors include an estimated average per diem \$4,320 for Councillors and for Deputy Mayor*

The Committee submits three (3) options to Council for implementation of this recommendation:

1. Make the change retroactive to January 1, 2019. This is the fairest method of correcting the loss in net pay.
2. Make the change January 1, 2020. This allows for the increase to be included in the 2020 budget.
3. Implement the recommendation immediately upon approval, with no retro.

It is important to note in Options 2 and 3 as listed above, members of Council would personally absorb the loss in net pay.

Remuneration for Mayor, Appointed Deputy Mayor, and Members of Council

Following review of all the factors, the Committee determined that City of Stratford Councillors are significantly under-compensated when compared to the comparator municipalities. Woodstock and St. Thomas Councillor remuneration is respectively 72% and 45% higher than Stratford.

Stratford has more Councillors per household than either of the comparators. The Committee also noticed Stratford Councillors have a much higher level of engagement through the large number of meetings attended. We concluded there was no reason why City of Stratford Councillors would not be at parity with the comparator municipalities.

The Mayor's Remuneration adjusted for the 1/3 tax exemption impact is 15.8% higher than the average of the Mayors of the other two cities. As such, the Committee felt there was no need for any enhancement other than the correction for the loss of the 1/3 tax exemption.

The Committee agreed that full benefit provision and pension contributions were not warranted. Based on the survey data from the AMCTO, 63% of municipalities with populations between 25,000 and 49,999 provide group benefits. Our comparators do offer a payment in lieu or participation in group benefits. As such, the Committee put forward a payment in lieu of benefits for consideration by Mayor and Council.

The Committee also agreed to keep the per diems at the current rate. Base pay only would be subject to annual inflationary increases based on the Consumer Price Index. The Committee did not recommend an increase in the per diems as it was believed that Council should review their governance structure and workload for Members of Council in order to move to a salary remuneration structure. Moving to a salary remuneration structure would be in line with the comparator municipalities and with the survey data from AMCTO where 75% of municipalities with a population of 25,000 to 49,999 pay a salary to Members of Council. Therefore, the Committee recommends a status quo for per diems until December 31, 2020. This date is to provide sufficient time for Council to complete a governance review.

The Committee recommends the following three (3) options for Council's consideration:

Option 1

Option 1 includes the establishment of a new base pay using the midpoint between Woodstock and St. Thomas. To determine the base pay the following rational for the calculation is provided:

Estimated Total Compensation Midpoint @ \$30,610
 Minus Estimated City of Stratford Per Diem @ \$4320
 Minus Estimated Family Benefit Costs for City of Stratford @ \$6332
Base Pay = \$19,958

This provided a new base pay of \$19,958 and with average per-diem of \$4,320 would result in a new estimated remuneration of \$24,278.

Based on the data from the comparison municipalities, the Committee recommends no change in base pay for the Mayor.

For Options 1 and 2, all members of Council would be able to purchase group insurance (health and dental) through the City at their own expense.

The total cost increase from current compensation to Option 1 is \$75,747 and a tax levy impact of 0.128%

Option 1 Impact to Mayor and Councillor Wages

	Current Mayor	Option 1	Current Councillor	Option 1
Base	\$77,212	\$77,212	\$12,359	\$19,958
Benefits	\$0	\$0	\$0	\$0
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$77,212	\$16,679	\$24,278

***Current base pay includes adjustment for 1/3 tax exemption*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

Option 2

In Option 2, an additional set dollar value is included for group health and dental coverage. The Committee determined an annual amount of \$4,000 was reasonable and fair. The benefit amount is similar to comparators (Woodstock is 12.25% or \$3520) and is representative of the approximate mid- point of family and single premium cost at the City of Stratford for health and dental coverage. The base pay is the same as Option 1 with the addition of \$4,000 for payment in lieu of health and dental benefits, for the Mayor and members of Council. The total cost increase of Option 2 is \$119,747 and a levy impact of 0.202%. Base pay would be subject to annual CPI increases.

Option 2 Impact to Mayor and Councillor Wages

	Current Mayor	Option 2	Current Councillor	Option 2
Base	\$77,212	\$77,212	\$12,359	\$19,958
Benefits	\$0	\$4,000	\$0	\$4,000
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$81,212	\$16,679	\$28,278

***Current base pay includes 1/3 tax exemption adjustment*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

Option 3

Option 3 is the same as Option 2 without the option to purchase benefits and the \$4,000 set aside in lieu of benefits would be rolled into the base pay. The total cost increase of option 3 is the same as Option 2 \$119,747 and a levy impact of 0.202%

Option 3 Impact to Mayor and Councillor Wages

	Current Mayor	Option 3	Current Councillor	Option 3
Base	\$77,212	\$81,212	\$12,359	\$23,958
Benefits	\$0	\$0	\$0	\$0
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$81,212	\$16,679	\$28,278

***Current base pay includes 1/3 tax exemption adjustment*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

The Committee discussed implementation of a phased in approach for increases.

Council Compensation and the Impact to Tax Levy

	Mayor	Appointed Deputy Mayor	Councillor	Estimated total cost	Additional cost from current	Impact to Tax Levy
# of positions	1	1	9			
Current	\$77,212	\$18,632	\$16,679	\$245,955		
Option 1	\$77,212	\$25,988	\$24,278	\$321,702	\$75,747	0.128%
Option 2 or 3	\$81,212	\$29,988	\$28,278	\$365,702	\$119,747	0.202%

Other Points for Consideration:

The Committee suggests moving to a salary structure instead of base pay and per diem. At present there is a significant difference in the workload. There are some Councillors involved with numerous committees while others very few.

The Committee suggests that Council allocate funds in the upcoming budget for a governance review. The study would consider the comparators and municipalities of similar population when reviewing:

- The current structure of the government
- The committee structure
- The number of meetings
- The number of Councillors
- Council representation on committees

The goal is to ensure the City of Stratford has effective, transparent, and fiscally responsible governance structure to represent its citizens and ratepayers.

The Committee felt that after the study, Council would in a better position to determine the number of Councillors required and how to distribute workload evenly. In addition,

this formal study would determine the number of required committees for each Member of Council. The Committee recommends completing this task by December 31, 2020. Following this Council should consider moving to a salary remuneration model without per diems.

Should Council not proceed with a governance review and change to salary, a review of the per diem rates is recommended. Per diem rates have not increased since before 2007 and have not been adjusted for inflation. If there is no change in this regard the gap between Stratford's remuneration and its comparators will increase again, resulting in the need for adjustment in the future.

The final point for Council's consideration is the continuation of an Ad-Hoc Citizen Committee to review Council Remuneration. It is the recommendation of the Committee, that a review take place once per Council term. This helps to ensure that decision making on Council Compensation is current with consideration to the impact on the tax levy. The last review of Council remuneration was in 2007. The lack of follow through on the previous committees' recommendation of reviewing mid-council term may result in a perceived large increase in Council wages. A set review of the remuneration structure would be a fiscally responsible. The Committee recommends that Council develops a framework methodology for future Ad-Hoc Committees to enable the review process to be more efficient and effective.

The Committee appreciates Council's confidence in completing this sensitive task. We completed this project to the best of our abilities. We believe we filled our mandate "to review and provide recommendations on Mayor and Council remuneration giving consideration to related benefits and pension". The Committee put great thought into our recommendations to ensure we provided Council with information to make an informed decision. We are very grateful for the support and guidance of Jacqueline Mockler, Director of Human Resources; Kathy Bjorkquist, Human Resources Coordinator; Janice Beirness, Manager of Financial Services; Tatiana Dafoe, Acting Clerk; Joan Thomson, Acting CAO; Danielle Clayton, Committee Secretary.

Respectfully submitted by:

Ad-Hoc Citizen's Committee on Council Remuneration

- **Kimberly Richardson, Chair**
- **Bob Malcolmson, Vice Chair**
- **Derek Averell**
- **Barry Jesson**
- **Jeff Skubowius**



MANAGEMENT REPORT

Date: October 22, 2024
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN24-031
Attachments: None

Title: New Multi-Residential Property Subclass

Objective: To provide background information and preliminary analysis on the new Multi-Residential Property subclass.

Background: As part of the 2024 Ontario Budget, the Provincial government announced its commitment to support the development of purpose-built rental housing. It also announced that municipalities can now offer an optional reduced municipal property tax rate specifically for new multi-residential developments, where units are built or converted from a non-residential use. This initiative is part of a broader provincial strategy aimed at increasing the availability of rental housing and enhancing affordability for residents and the City of Stratford's efforts to support the creation of new purpose-built rental homes, including rent-controlled and affordable rental homes aligns with this commitment.

Ontario Regulation 140/24 creates an optional New Multi-Residential Property (Municipal Reduction) Subclass. It does not apply to existing new multi-residential class properties, those currently under construction, or those with pre-existing permits. Future purpose-built properties could receive a property tax discount of up to 35% of the municipal portion of the existing New Multi-Residential Property Class rate. In the City of Stratford, that rate is currently the same as the Residential Property tax rate.

This report provides information related to the newly proposed optional subclass and the requirements for the City to adopt a subclass. Any potential recommendations to introduce a subclass will be outlined for consideration in the annual Property Tax Related Matters report (after the approval of the 2025 budget).

Council should also be aware that properties that existed in the multi-residential class pre-2017 are currently paying a higher tax rate than residential properties, while those in the New Multi-Residential class are paying the same as the residential class. This was

intentional based on how they are valued. Multi-residential buildings use the Income Approach, whereas residential buildings use the Current Value Assessment (CVA) or Market Value Approach. When the New Multi-Residential class was created, the intent was that these properties would get the lower residential rate upon meeting certain requirements for 35 years, and then revert to the regular multi-residential class.

Analysis: The Province's introduction of this optional subclass does not result in any immediate financial impacts to the City. The Ontario Regulation 140/24 only applies to new developments and therefore all existing multi-residential properties would not be eligible for inclusion in a potential new subclass.

If the new subclass is adopted, future year operating budgets would be impacted as new properties are added to the City's assessment roll and are eligible for the reduced rate. The impact on revenue generated is dependent upon the number of properties of this nature, but per build, would be up to 35% of the residential rate multiplied by the assessed value of the property.

Once properties are in the New Multi- Residential subclass, an ongoing rate reduction would reduce the property tax revenue collected from these properties and shift any budgetary requirements to the other property classes. Over time, the financial impact on the other classes from the rate reduction would gradually increase, as new buildings are added to the assessment roll.

For further clarification, condominiums are in the Residential Property class.

Comments

Council has recognized the need to take concrete action to support the development of a range of rental homes. The City has already taken measures towards this goal including investing in additional supportive housing units at 398 Erie and providing financial support to rent-geared-to-income (RGI), affordable rental and rent-controlled homes. The New Multi-Residential (Municipal Reduction) subclass, if adopted, would complement the City's existing measures, and will further contribute to improving housing affordability for Stratford residents.

Consistent with provincial regulations, the City of Stratford currently has two property tax classes pertaining to multi-residential properties:

1. Multi-Residential
2. New Multi-Residential

Both existing classes pertain to land used for residential purposes that have seven or more self-contained units including bachelorette apartments, row housing (with the complex under single ownership), low-rise and high-rise apartment buildings.

The new subclass would specifically apply to properties within the New Multi-Residential Property class, whether newly constructed or converted from non-residential use. Municipalities now have the authority to introduce a municipal tax rate reduction of up to 35% through the enactment of a by-law. The Province has not proposed any matching reductions and the existing education rate for New Multi-Residential properties will continue to apply.

To qualify for the new subclass, the following criteria exist:

1. The City must have a by-law in effect to apply the subclass;
2. The property must be in the New Multi-Residential Property class; and
3. The property's first building permit must have been issued after the by-law's implementation.

Therefore, the new subclass would not apply to existing New Multi-Residential class properties or those currently under construction or with pre-existing permits. The responsibility for identifying properties that meet the criteria lies with the Municipal Property Assessment Corporation (MPAC).

Current and Historical Trends

In 2024, there are twelve properties in the City classified as New Multi-Residential (NT) with a total CVA of \$52 million. The total municipal tax levy for these properties is approximately \$762,246. This includes the two new City-owned Britannia St buildings, the taxes for which are part of the general tax levy. Over the last five years, the number of additional New Multi-Residential properties per year varied between 0 and 3, with an average of two new properties added each year. On average, these new properties contributed an additional CVA of approximately \$7.5 million annually. This represents a 24% increase per year in New Multi-Residential CVA.

	At time of roll		Taxrate	Taxes based on roll	New additional CVA	
	# of Properties	CVA				
2024	12	46,627,500.00	0.014656	683,394.55	4,179,700.00	9%
2023	10	42,447,800.00	0.013526	574,153.61	-	0%
2022	10	42,447,800.00	0.012824	544,333.18	14,756,700.00	35%
2021	7	27,691,100.00	0.012144	336,269.37	4,487,000.00	16%
2020	4	23,204,100.00	0.011978	277,946.14	14,075,400.00	61%
2019	3	9,128,700.00	0.012026	109,781.20		
					7,499,760.00	24%

The New Multi-Residential and Residential tax classes are taxed at the same municipal rate, which for 2024 is 0.01465647. Properties in the regular Multi-Residential Tax Class (those pre-2017) are at a rate of 0.02931295.

New Multi-Residential Tax Rate Reduction Options

Should the City introduce a New Multi-Residential Property subclass, rate reductions ranging up to 35% can be considered. If the new builds remained at historic development levels, impacts to the other property classes could be up to \$267,000 annually. As noted above, this measure supports the development of needed purpose-built rental housing and could further incentivize new rent controlled, affordable rental and RGI units. Should Council decide to implement a new subclass, it is staff's recommendation that a rate reduction cap also be implemented (example, 15%). Further analysis and recommendations will follow in the subsequent report.

Additional Considerations

- The New Multi-Residential subclass reduction applies only to the municipal tax rate and does not apply to the education portion. The Province has not proposed a matching reduction, unlike the existing Small Business Property Tax subclass.
- Introducing a New Multi-Residential subclass would result in three distinct multi-residential classifications, each assigned its own specific tax rate primarily based on timing of the development. These varying classifications may result in different tax rates for similar properties, potentially creating further financial inequity for multi-residential property owners.
- Any potential recommendations to introduce a subclass in the City of Stratford will be part of the annual Property Tax Related Matters report.

Financial Implications:

Financial impact to current year operating budget:

No impact as this report is for information.

Financial impact on future year operating budget:

There are no direct financial implications to the City regarding this potential policy choice. There would be a potential reduction of property taxes to affected properties in this new class, and this impact would be an increase to the other property classes. As the residential property class is the largest single property class, these property owners would bear most of the shift that results from the incentive program.

Alignment with Strategic Priorities:

Build Housing Stability

This initiative aligns with this priority as it directly incentivizes the building of eligible housing units at a lower-than-market rate.

Alignment with One Planet Principles:

Not applicable: This report is for information only and does not directly align with the One Planet Principles.

Staff Recommendation: THAT the Report titled, "New Multi-Residential Property Subclass" (FIN24-031), be received for information.

Prepared by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Joan Thomson, Chief Administrative Officer