

# Town of Drumheller Elected Official Remuneration Review Task Force

## 2018 REPORT

12/14/2018

Presented to Council: December 17, 2018

Presented by: Ms. Denise Lines, Chair

### Task Force Members

Ms. BJ Gallagher  
Ms. Eileen Lefley  
Ms. Denise Lines  
Mr. Bob Sheddy

### Acknowledgment of Current Council Members

The Town of Drumheller is a dynamic, evolving corporation that requires Council members to have an increasing amount of knowledge and understanding on a variety of subject matter in order to create policies and lead the town to sustainable prosperity.

As the expectations of the Community grow and develop, the responsibilities of Council increase.

The members of the Task Force would like to acknowledge and commend the current Council on the work, time and effort they have dedicated to the Town of Drumheller.

While each member of Council was elected as individuals, they continue to grow and develop as one voice working together to better the community of Drumheller; within the Town itself, and on behalf of the Community throughout and beyond the borders of Alberta.

### Purpose of the Task Force

To review the current remuneration structure and the competitiveness of total remuneration for elected officials at the Town of Drumheller and to ensure fair and equitable compensation that attracts a high calibre of candidates to represent the Municipality. The remuneration policy of Council should be transparent, fiscally responsible and easily understood by the electorate.

To achieve this purpose an independent public advisory task force will be established to:

1. conduct a review of elected officials current total remuneration and benefits
2. provide recommendation for changes in existing remuneration package.
3. review factors and information related to the elected officials roles and responsibilities.
4. review all remuneration including base pay (honorarium), travel, general expense allowances, per diems, benefits, training, and any form of compensation deemed appropriate.
5. determine the reasonableness of the current type and level of compensation in relations to the elected officials responsibilities and duties.

### Recommendation

The Remuneration Policy and The Remuneration Terms of Reference: there is a discrepancy between the two the documents in the language used to describe the responsibilities of the Task Force. All the documents associated with the remuneration review process and procedure should be reviewed and updated.

The Task Force has tried to make recommendations that are reasonable and reflect a wide range of perspective. The Task Force has also made recommendations to the wording of the Policy in an effort to clarify and define how Remuneration is applied.

The document follows the format of the Remuneration Policy #C-04-14.

Meetings: Sept 28, Oct 12, Oct 14, Oct 24, Nov 17; phone meetings and multiple emails.

Questionnaire: 1 was sent out and a couple of follow up questions. There were no individual interviews requested.

Charts: Council Remuneration Breakdown Information, Committees, Annual Net, Impact to Budget.

---

REMUNERATION - COUNCIL POLICY #C-04-14 (as amended)

Supersedes #C—O1—11

REMUNERATION AND EXPENSE ALLOWANCE FOR MAYOR AND COUNCIL

THE PURPOSE OF THIS POLICY IS TO:

Establish a fair and equitable basis of remuneration for time, duties, responsibilities and compensation for expenses incurred by the Mayor and members of Town Council for attendance at meetings and conferences or other related business on behalf of the Town whether within the Town or out of Town.

Recommended Change to Purpose:

Original: ...for time and compensation for expenses incurred by the Mayor..

Change: ...for time, duties, responsibilities and compensation for expenses incurred by the Mayor...

--

POLICY STATEMENT:

The Mayor and members of Town Council will receive remuneration for time and compensation for expenses incurred for attendance at meetings, conferences and business relating to Town operations.

--

**1.0 REMUNERATION REVIEW:**

1 year following a General Municipal Election, Council shall appoint an independent committee composed of Drumheller residents to review this Policy and report back to Council with recommendations. The appointment of the committee and the committee's report shall be completed within one (1) year following a General Municipal Election.

Recommended Change to 1.0:

Re-numbering: 2.0 Remuneration Review should become 1.0.

Addition: Remuneration Task Force review every 2 years.

Rationale

Re-numbering: Grouping similar topics together.

Addition: Having a Task Force review remuneration every 2 years will help keep a consistent and open line of communication. If possible, engage the same group of people.

--

## 2.0 REMUNERATION AND COMPENSATION ARE HEREINAFTER OUTLINED

In accordance with Revenue Canada's provisions for Municipal Officials, one-third (1/3) of the total allowances and honoraria paid to municipal officials shall be deemed to be in lieu of expenses (general expense allowance). The remaining two-thirds (2/3) is income from elected or appointed office (honoraria), and is therefore subject to income tax and considered as earnings. The general expense allowance is paid with the honoraria through the payroll system.

### Recommended Wording Change to the new 2.0:

In March 2017, the federal government passed Bill c-44 eliminating the one-third exemption for elected officials, effective January 1, 2019. All compensation will be taxed as full income and be subject to deductions for Canada Pension Plan contributions.<sup>1</sup>

The honoraria is paid through the Town of Drumheller payroll system.

--

## 3.0 ANNUAL REMUNERATION PAYMENTS

3.1 Annual Remuneration shall be paid to Members of Council and shall consist of an honorarium and general expense allowance (which is one third of the total). As of January 1, 2016.

Position	Honorarium	General Expense Allowance	Annual Remuneration
Mayor	\$26, 631. 80	\$13, 315. 90	\$39, 947. 70
Councillors	\$13, 953. 50	\$6, 976.75	\$20, 930.25

### Recommended Change to 3.1

Annual Remuneration shall be paid to Members of Council and shall consist of an honorarium. This honorarium is subject to income tax as of January 1, 2019. The Mayor and Councillors are considered to be part-time voluntary positions.

<sup>1</sup> Bill c-44; Part 1, implements certain income tax measure proposed in the March 22, 2017 budget by; (d) eliminating tax exemptions of allowances for members of legislative assemblies and certain municipal officers.

Recommended Changes to the Honorarium.

A 5% increase to the base Honorarium of Council beginning Jan 1, 2019.

Mayor 39,947.70 + \$1997.39 (5%)\* = \$41,945.09

Councillor 20,930.25 + \$1046.51 (5%)\* = \$21,976.76

For 2020 and 2021, a 1% increase to the honorarium.

The Remuneration Package that is in place for the next election will remain unchanged throughout the first year of the new Councils term.

<u>Annual Net Pay +</u>					
	Current	2019 0% to base honorarium	2019 + 5% to base honorarium	2019 + 10% to base honorarium	2019 + 15% to base honorarium
Mayor	33,490.60	29,556.02	30,904.90	32,253.26	33,545.46
<i>difference</i>		- 3,934.58	- 2,585.70	- 1,237.34	54.86
Councillor	19,115.98	17,528.16	18,234.58	18,941.52	19,648.46
<i>difference</i>		- 1,587.82	- 881.40	- 174.46	532.48

+calculated using current source deduction rates, basic TD1 exemption rate and includes all applicable benefits

Provided by B. Miller, Director of Corporate Services

Impact to Budget

**Honorariums - 5% increase**

Mayor	1,997.38
Councillors (\$1,046.51 x 6)	6,279.06
	8,276.44
CPP (4.95%)	409.68
RRSP (3%)	248.29
	\$8,934.42

### \*Rationale

The Task force could only use the annual remuneration number as a baseline to make calculations for how the taxation would affect the take home amount. We acknowledge that the new taxation will create different circumstances for each person depending on their current employment outside of Council.

The Task Force recognizes that 5% does not fully compensate for the reduction due to taxation changes but wants to acknowledge the work being done by Council.

The level of compensation should attract competent, motivated and well-qualified community-minded citizens for the offices of Mayor and Councillor. Council honorariums should not be perceived as a barrier to those seeking to serve the public in the office of the Mayor or Councillor. Unfortunately there are situations like the recent change in the Federal Governments taxation policy for Municipal Councillors that are unexpected.

This was the compromise made by the members of the Task Force.<sup>2</sup>

### Task Force Discussion Points Regarding Changes to the Honorarium

The Members of the Task Force feel that it is important to include an overview of our discussion topics surrounding the remuneration package.

- When a person runs for office they are told the amount of compensation they are receiving, it is an honorarium, and the amount should not change over the term. We have no control over the Federal Government decisions.
- When taxation occurs to community members they do not automatically receive more money from their employer.
- How do you measure the success of a Council? What is the baseline information that the task force or community would need to make the most informed decision regarding how the remuneration should change? While the MGA gives an outline of job descriptions, each community has different needs.
- The language used by Minister Morneau quote in the FCM document "...[The] government took steps to bring the tax treatment of non-accountable

---

<sup>2</sup> Alternate Suggestion for Changes to Remuneration

A one-time increase to compensate for the full amount lost with no other increases in subsequent years.  
Rationale This increase will make up for the loss of income. Having a year over year increase is not a sustainable model.

allowances to municipal office holders in line with that afforded to other employees. An *employer* may reimburse work-related expenses on a tax-free basis, but non-accountable allowances may substitute for salary and are thus taxable.” Most Municipal Councils are volunteers, receiving an honorarium.

- A partial increase is one of the suggestions by the Federation of Canadian Municipalities.

--

### 3.2 The remuneration is in payment for:

Regular council meetings  
Special council meetings  
Remuneration and Expense Allowance for Mayor and Council  
Public or “Town Hall” meetings  
Attendance at Community Events  
Appointed committee meetings  
Meeting with individual ratepayers and community organizations  
Time spent in the execution of duties of the portfolio

### 3.3 This general expense allowance is for:

In-Town travel and car expense  
In-Town entertaining for portfolio or committee responsibilities  
Dry cleaning and laundry costs  
Office supplies for personally owned equipment such as fax or computers  
Incidental expenses incurred in the normal execution of duties  
As Revenue Canada deems travel costs to attend regularly scheduled council or committee meetings is of a personal nature, this type of expense is not included in the general expense allowance, and is not reimbursed.

#### Recommended Change for 3.2 & 3.3

##### 3.2

Honorarium Mayor: \$41,945.09 Councillors: \$22,976.76	What the Honorarium Covers	Notes
	Regular & special council meetings	
	<b>NEW_</b> Preparation for all meetings	
	Public/town hall meetings	

	Community vents	
	Meeting individual ratepayers & Community Organizations	
	In town travel & car	Not travel to Council meetings, CRA classifies this as personal
	Incidentals related to job description and normal execution of duties	
	In Town entertaining or committee responsibilities	

Remove: 3.3; some items have been place in the Honorarium or moved to Additional Expenses 5.1

Rationale

Clarity and transparency.

--

3.4 Remuneration shall also include an RRSP contribution equivalent to 3% for members of Council with matching contributions be implemented as part of the benefit package.

Recommended Addition for 3.4:

Include the following information:

-Town pays 80% Medical and 80% Dental, Life, AD&D, Critical Illness

Rationale

Clarity and transparency.

--

4.0 PER DIEMS

4.1 A Per Diem shall be paid to Members of Council for Meetings authorized by Council as follows:

\$250 per full day (subject to income tax).

A Full Day is defined as work in excess of 4 continuous hours to attend meeting or business on behalf of the Town.

The per diem is for Full Day meetings as authorized in advance either by Council or vicariously through committee appointment where attendance is mandatory to fulfill responsibilities of committee appointments and excludes meetings as outlined in Clause 3.2.

Recommended Change to 4.1:

Addition: Per Diems do not include meals. See 5.3 for details.

Rationale

Clarifying the use of per diems.

--

4.2 A Per Diem of up to 5 days annually per Councillor and 10 days annually for the Mayor shall be paid for attendance at meetings, conventions or other business on behalf of the Town, but specifically includes Council orientation and strategic and business planning sessions. The balance of the annual per diem allotment is to be used to attend meetings, conventions etc. at the individuals discretion. The annual per diem allotment shall be increased by 2 days in election years to allow for additional training required in the first year of an election term.

Recommended Changes to 4.2

Increase to number of per diems per year for the Mayor and each Councillor.

Mayor: Currently 10 days, increase to 12 days annually

Councillors': Currently 5 days, increase to 7 days annually.

Per Diems are not carried forward into the following year.

Add an addition 14 per diems annually:

The decision to grant the request would follow the same procedure as is used currently; a special motion by Council followed by a report to Council.

Increase the full day per diem by \$10.

Per Diems \$260 (subject to tax)	What it Covers
	Town strategic / business planning
	Council orientation; an additional 2 per diems for each Councillor during an election year.
	<b>NEW_</b> Attending events/conferences/meetings etc. on behalf of the Town; this may include but is not limited to meetings associated with Committee assignments, meetings with Federal or Provincial Gov't
	In a local state of emergency where job reassignment is necessary. See 4.4

Impact to Budget

<b>Per Diem</b>	
increase to per diem rate (\$10 x [6x5])+10	400.00
14 additional assigned per diems @ 260 (2 each Mayor, Councillor)	3,640.00
14 (new - unallocated) per diems @ \$260	3,640.00
CPP (4.95%)	380.16
RRSP	230.40
<b>Total</b>	<b>\$8,290.56</b>

*Provided by B. Miller, Director of Corporate Services*

Rationale

Per diems are used for very specific activities that Council members attend on behalf of Drumheller. By increasing the number of per diems, Councillors will have more opportunity to take part in activities that will benefit the community of Drumheller through networking, lobbying, and educational conferences.

--

4.3 For the purpose of the allocation of per diem as outlined in Article 4.2 above, “annually” is defined by election term, with year 1 being initiated by the organizational meeting of council.

Recommended Change to 4.3

Further definition of Organizational Meeting of Council:

Current: ...with year 1 being initiated by the organizational meeting of council.

Change: ...with year 1 being initiated by the Organizational Meeting of Council in which Councillors are assigned to Committees. This is a requirement under the Municipal Government Act, Section 192 1.

Rationale

Clearly defining the responsibilities and expectations of Council.

Traditionally, the position of a Council Member or Elected Official is considered part time. If a member of Council chooses to go above and beyond their expected duties or fails to meet the expected duties, they are recreating the boundaries of their position.

--

4.4 In such case as a Local State of Emergency is declared by Council, the Mayor and Councillors duties relating specifically to emergency operations and coordination, in excess of 4 hours per day shall qualify the parties for per diem, subject to approval from Council. Any per diem days related to a Local State of Emergency shall not count against the maximum per diem days allowed per year.

--

#### ADDITIONAL EXPENSES

5.1 Additional expenses will be reimbursed for items related to:

Education

Conventions registrations

Out of Town travel and lodging

#### Recommended Change to 5.1:

Addition of the following definition:

At the first organizational meeting following election, a tablet or other electronic device (as determined by the Director of Corporate Services) will be issued to elected officials for agenda distribution and other Town related business.

At the start of each term the Mayor and each Councillor are allotted a budget and will be reimbursed once a report to Council has been presented.

The balance of unused budget allocation is brought forward each year throughout the term

Additional expenses will be reimbursed for:
---

_ Out of town education
-------------------------

_ Convention registration: e.g. AUMA, FMC
---

_ Out of town travel & accommodation
--------------------------------------

Increase to allowable expense allowance Mayor and Councillor
---

NEW_ cell phone allowance (\$600/yr)
--------------------------------------

NEW_ office supplies (\$100/yr)
---------------------------------

*Provided by B. Miller, Director of Corporate Services*

Impact to Budget - \$4,900

Rationale:

Office supplies and cell phone expense were formerly considered to be reimbursed under the 1/3 general allowance. Adding a cell phone allowance is in line with other municipalities. These new allowances will help to bridge the gap in net pay resulting from the upcoming change in taxation legislation.

Increasing the allowable expense creates more opportunities for Council to seek continuous education throughout their term from different events, conferences and meetings in order to better serve the Town of Drumheller.

--

5.2 Mileage shall be paid in accordance with the Government of Alberta mileage rate, as revised from time to time.

--

#### 5.3 Meals

Non receipted meal allowances shall be increased as follows:

Breakfast \$10.00

Lunch \$15.00

Dinner \$25.00

with a maximum cap for meals of \$150.00 per day, including up to 15% gratuity and GST, when receipts are provided. Alcoholic beverages are not allowed.

Reimbursed expenses are paid by submission of an Expense Claim Form with receipts attached, and must be approved by the Mayor.

There will be no reimbursement on payments for alcoholic beverages.

#### Recommended Change for 5.3:

Shift the following line to 5.2: Travel rates are in accordance with the Town's Human Resource Policy.

--

6.0 Expenses incurred and per diems requested by Council in relation to conferences, conventions and courses are only eligible for reimbursement / payment once a report to Council has been presented.

--

Many Thanks!

Mayor and Councillors  
Barb Miller, Director of Corporate Services  
Libby Vant  
Darryl Drohomerski, CAO  
Wheatland County CAO Ian Rankin

Helpful Resources

1. Elected Officials Remuneration Review Task Force 2018 – binder
2. Town of Drumheller website – [www.dinosaurvalley.com](http://www.dinosaurvalley.com)
3. Municipal Government Act
4. Alberta Municipal Affairs – [www.municipalaffairs.alberta.ca](http://www.municipalaffairs.alberta.ca)
5. Town of Drumheller Council Meetings – online
6. Drumheller Election Package
7. What Every Councillor Should Know! A Council Member Handbook
8. FCM: Change on “one-third” federal tax exemption for elected officials – A guide for Canadian municipalities
9. Municipal Council Compensation Ontario March 2018 – Association of Municipal Managers, Clerks and Treasurers of Ontario
10. Edmonton Municipal Affairs Office Staff
11. Revenue Canada Payroll Deductions, Contributions, Forms<sup>3</sup>

---

<sup>3</sup> <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/special-payments/special-payments-chart.html>

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/special-payments/special-payments-chart.html>

<https://www.canada.ca/content/dam/cra-arc/formspubs/pub/t4130/t4130-18e.pdf>

RECOMMENDATIONS for the Next Task Force

1. A Comparison between how the honorarium and additional expenses: would it be more useful to increase the honorarium which covers in town activities or the additional expenses which mainly covers out of town education.
2. For the Task Schedule A (Mayor) and Schedule B (Councillors) are charts that consolidate the information regarding what items are covered by the honorarium, per diems, expense allotment, benefit and any other elements of the remuneration package.
3. Town Administration Guidance: Having a person from administration available to answer questions is important. That person has insight into the day to day workings of Council.
4. Pre- Meeting with Council and the Mayor: in order to introduce the Task Force members to the Council; discuss the process; address any questions or concerns. Discuss a procedure for information exchange between the Task Force and Council.
5. Questionnaire: request that each Councillor provide answers for the questionnaire. One questionnaire for all Councillors does not give an accurate representation for the individuals. Councillors are voted in as individuals by the individuals in the Community, it is important to hear the opinions of each person. It also gives a good indication of how each Councillor understands the question.
6. Request a copy of the Per diem schedule: note who used the per diems, what they were used for and to what end. Make this a public report.
7. Per Diems: Is there a measureable benefit for Council to have extra per diems available to them? How did it help the Community? Did it further the Strategic Plan? Did it open up other opportunities for the Councillor? Are the extra per diems a good resource for future Councils? Should the per diem be split into a ½ day rate and a full day rate?
8. Honorarium vs General Expenses: Is more money needed for in town activities or out of town activities?
9. Request a copy of expenses tracking; what was expensed, how often and is the compensation adequate.
10. Town of Drumheller Strategic Business Plan: What has been achieved? How was Council involved? How has the priority list of Council changed or developed?

## Recommendations - Impact to Budget

### Honorariums - 5% increase

Mayor	1,997.38
Councillors (\$1,046.51 x 6)	6,279.06
	8,276.44
CPP (4.95%)	409.68
RRSP (3%)	248.29
	8,934.42

### Per Diem

increase to per diem rate (\$10 x [6x5]+10)	400.00
14 additional assigned per diems @ 260 (2 each Mayor, Councillor)	3,640.00
14 (new - unallocated) per diems @ \$260	3,640.00
	7,680.00
CPP (4.95%)	380.16
RRSP (3%)	230.40
	8,290.56

### Expense Allowance

Increase to allowable expense allowance Mayor and Councillor	
- cell phone allowance (\$600/yr)	
- office supplies (\$100/yr)	4,900.00
	\$22,124.98