

## **Final Report of the Council Compensation Review Committee**

### **Executive Summary**

The Council Compensation Review Committee (“CCRC” or the “Committee”) was appointed in 2019 to conduct an impartial review and assessment of *Members of Council’s Compensation Package*, and to provide recommendations on changes to the *Compensation Package* via this *Final Report to Council*, per Bylaw 30M2019. Five citizen members with backgrounds in human resources and business were tasked to complete this no later than December 31, 2020.

The CCRC hired an external consulting firm, utilizing the normal procurement process through the City of Calgary, to conduct a market survey of comparable municipalities. Further, a survey of the Mayor and Councillors was used to solicit feedback and opinions on their total compensation; individual interviews were also offered, and one Councillor spoke with the Chair and Vice Chair of the CCRC. Finally, CCRC members met regularly to discuss citizen opinions, relevant news and reports from comparable jurisdictions, current applicable HR practices, and to obtain information from City staff on current procedures and compensation practices.

### **COUNCIL COMPENSATION REVIEW COMMITTEE RECOMMENDATION(S):**

The Council Compensation Review Committee recommends:

1. Although this Committee’s mandate covers the period after the next election of Council in late 2021 onwards, we note that unprecedented circumstances stemming from COVID-19 have skewed the Alberta Average Weekly Earnings (“AWE”) calculation normally used to determine Council pay adjustments. We therefore recommend no salary adjustment, up or down, for Calgary members of Council in 2021.
2. Notwithstanding the current misalignment, the AWE index should continue to be used to adjust Council’s annual salary, based on a monthly AWE average from September to September each year, as approved by Council in 2012. (See Appendix 3 for a calculation example.)
3. Provide the members of Council with Workers Compensation Benefits coverage.
4. On a go-forward basis, discontinue credited service in the Supplementary Pension Plan, while preserving accrued benefits.
5. Amend the current Transition Allowance as follows (prospective basis only; no changes to earned and accrued benefits):
  - If a member of Council leaves voluntarily (i.e. chooses not to stand for re-election, retires, resigns), cap payable amount of Transition Allowance at 2 weeks per year of service to a maximum of 26 weeks.
  - No other changes to Transition Allowance.
6. No other changes are recommended.

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### **HIGHLIGHTS**

- The CCRC's recommendations herein are based on the Committee's evaluation of whether the *Members of Council's Compensation Package*:
  - Is competitive and can attract municipal candidates who are reflective of Calgary's population;
  - Reflects the responsibilities, time commitments and accountabilities of *Members of Council* expected by the general public; and,
  - Is comparable to equivalent municipally-elected positions elsewhere in Canada.
- "What does this mean to Calgarians?" Calgarians can be assured that a thorough and impartial review has been conducted. The recommendations of the CCRC meet that mandate of CCRC as defined in Bylaw 30M2019.
- "Why does this matter?" Calgary is experiencing significant uncertainty and economic instability resulting from a combination of the COVID-19 pandemic and commodity price changes. Being able to attract talented candidates for Council is paramount to ensuring we have diverse perspectives and opinions to represent the voice of citizens and provide leadership through these difficult times.
- The highlights of the report indicate that Calgary City Council's compensation package is generally aligned with the market. Key points:
  - Base Pay – Calgary's Councillors and Mayor are the 3<sup>rd</sup> highest paid in the comparator group (behind Toronto, and Edmonton). However, on a per capita basis, our City Council compensation costs \$1.44/yr, which is the second lowest in the peer group.
  - Pay Adjustments – Calgary's members of Council have had no pay increases in 2019 and 2020. All other comparators increased pay by an average of 2.45% in 2019 and 1.66% in 2020. Vancouver has subsequently temporarily reduced pay by 10%. The basis for annual pay varies.
  - Supplemental Pension Plan – This benefit is unique to Calgary among the comparator group. Therefore, in considering the entire compensation package, this benefit is not competitively justified.
- Other points:
  - Workers' Compensation Benefits – One of the responsibilities of the Mayor and Councillors is travel to interact with the citizens they represent so, the opportunity for on-the-job injury is present.
  - Transition Allowance – The survey demonstrates that the current Transition Allowance benefit is competitive and appropriate. However, we have recommended adjustments to decrease the potential for unintended use.

### **DISCUSSION**

Members of Council desire a third party assessment of their total compensation that is transparent to the citizens of Calgary and provides formal recommendations which are reviewed and advised on by active citizens of Calgary. The CCRC's mandate includes a review of all current aspects of Council's compensation, and making recommendations specific to pay and benefits in the term that commences with the election of the next Council in late 2021.

The CCRC members who came together in the Fall of 2019 to analyze compensation for City Council were faced with an environment that shifted significantly at the half-way point. As the team is comprised of HR and business professionals, the discussion points in December,

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January, and February reflected a growing city and considered Council compensation within the framework of economic growth and prosperity. However, once COVID-19 impacts became a reality for Calgarians in March, coupled with fluctuating commodity prices, the necessity to review Council compensation against a backdrop of corporate job loss, a 15%+ unemployment rate, business closures, and news of often record-breaking deficits at various levels of government became extremely relevant.

The complexities of evaluating a compensation mandate that would be implemented outside of the timeframe of 2020 social and economic challenges ensured that both current issues facing the city, and issues we will face into the coming years were extensively discussed. Deliberations also included how unemployment and compensation measures put in place in the private sector might be relevant for those that serve the community.

The CCRC adopted a comprehensive approach based on best practices from both public and private compensation procedures. These included a national survey of 10 peer municipalities, a review of cash and non-cash benefits afforded public representatives and an engagement survey with Councillors themselves to best define areas of value specific to their total compensation, pay mix and benefits. We also considered public servant compensation philosophy against pay for performance procedures in the private sector, an understanding of matters of interest of Calgarians from news coverage, and unsolicited public feedback concerning Council salary and pension costs.

Market Survey Results are summarized in Appendix 2 and are reflected in our recommendations.

### **Council Compensation Review Committee Analysis:**

The Council Compensation Review Committee spent a great deal of time discussing and reviewing the results of the market survey, as well as the results of the confidential survey sent to the Mayor and Councillors and one subsequent discussion with a Councillor. Further, we took into consideration the difficult economic challenges faced by Calgary and Alberta and the impact it is having on wages and earnings for Calgarians.

Top of mind was also ensuring the compensation package was fair and competitive and that we would be able to attract strong candidates to run for election over the long term, as well as reflecting local conditions under a public service context.

The following are key points we focused on:

Base Pay and Annual Adjustments – Calgary has the second highest city population our survey group at 1.24 million. Calgary's Mayor and Councillors are third highest paid, Toronto and Edmonton are in the top two positions. When considering pay per population served, Calgary's Council has the second lowest cost ratio. Based on this, base pay is appropriate in the context of equivalent municipally elected positions elsewhere in Canada, in-line with the CCRC's mandate.

We also considered that many Calgarians have lost their jobs due to the pandemic and the drop in crude oil prices. This will eventually be reflected in Statistics Canada's AWE metric. From a compensation perspective, AWE is a commonly used measure of labour costs. It has been used by previous Council Compensation Review Committees as a basis for interpreting wage trends in Alberta.

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The Committee has reviewed the AWE and continues to consider it a valid approach to reviewing compensation data in silo. However, current AWE levels indicate a year-over-year increase in weekly wages for Albertans which fails to reflect the magnitude of the workforce disruptions faced by Alberta workers, including job loss, furloughs, wage rollbacks, reduced work hours, etc. in the current environment.

Although the Committee believes that the AWE is a resilient enough model to be representative over the long term, at present it is clearly not indicative of actual pay trends and should not be used to determine pay adjustments. The Committee therefore recommends Council not action AWE-derived pay increases until the data is deemed to be more representative of the prevailing provincial labour market and economic conditions. While we cannot know when the environment will normalize, AWE differentials appear to be declining and by 2022 may have returned to alignment with actual wage trends.

The CCRC discussed alternative options to adjust base pay. Although no one methodology is fool-proof, we still felt that the AWE is the best methodology to use long term to reflect the labour economy in Alberta.

Pension – the supplemental pension plan offered to Calgary’s members of Council is a unique benefit among the comparator cities. The CCRC feels that while Council’s total compensation package is competitive and fair, the supplemental pension benefit is not competitively justified, and unlikely to influence strong candidates’ interest in the role. It is our recommendation that this benefit should cease with the election of the next council.

Workers’ Compensation Benefits – The purpose of Workers’ Compensation Benefits is to provide a benefit should a worker be injured at work. While most employers are required by law to offer Workers Compensation Board (WCB) coverage for their workers, the Councillors and Mayor are classified under the “Exempt” categories by WCB. The survey results indicated only two Ontario-based comparator cities provided similar coverage for Council. A close look was performed to define if there is a need of WCB coverage for the Councillors and Mayor, if there are any risks for remaining not being covered. This was done via a presentation by City staff. One of the responsibilities of the Mayor and Councillors is travel to interact with the citizens they represent in their Wards, therefore, the opportunity for injury on the job is present. Additionally, if a member of Council were to be injured on the job, this could result in a potential liability for the City.

Transition Allowance – The purpose of the Transition Allowance is primarily: 1) to fill the gap as the Mayor and Councillors are not eligible for employment insurance; 2) to encourage members of the public to take a career break (such as 1 or 2 terms) for public service, and provide time for them to transition back into private sector employment (albeit, approximately half of Council members are more long-term members with 3 or more terms); 3) for Council members who leave under any circumstances, there are not very many ‘similar’ jobs, so finding new employment can take longer.

The CCRC desires to provide stability for our Councillors, and encourage both short and long-term Councillors and prospective Councillors to run for election. However, we believe the benefit is less applicable in certain circumstances, and have recommended one amendment to the current benefit (amendments are recommended on a prospective basis only, with no changes to already earned and accrued benefits):

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- If an elected official leaves voluntarily (i.e.: chooses not to stand for re-election, retires, and resigns), cap payable amount of Transition Allowance at 2 weeks per year of service to a maximum of 26 weeks.
- No other changes.

In our compensation survey to Councillors, Transition Allowance was frequently mentioned possibly because of past news coverage. We heard from Councillors that the Transition Allowance (and overall compensation) was, for most, not a key item in deciding to run for election, but may be a key item in considering whether to run for re-election. Several survey participants suggested that the current Allowance may be too generous.

## **STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)**

### **1. Current Compensation Policies & Practices**

To educate CCRC members on the City's existing compensation package for elected officials, at our first meeting, Administration staff presented a detailed examination of the cash and non-cash components of Council's current pay package and responded to Committee questions. At subsequent meetings, further information was provided, including access to the following City policies:

- Members of Council Remuneration Policy
- Elected Officials Benefit Pension Policy
- Councillor Duties, Remuneration and Benefits

### **2. Council Member Survey**

In order to gain an understanding of Council's views on current compensation levels and practices, all Council members were invited to participate in an anonymous online survey. The survey, designed by CCRC members, took place between June 30<sup>th</sup> and July 23<sup>rd</sup>. Eleven Council members participated. The survey questions and a summary of the participants' responses are provided in Appendix 4.

Based on the survey results, the Committee finds that the majority of Council:

- Feels adequately compensated for their work;
- Believes the City's current policies regarding annual salary adjustments and Council pay reviews are appropriate;
- Feels current Council compensation levels are well-justified; and
- Do not believe that major changes to existing compensation practices are required because of current economic or social conditions, nor warranted by constituent feedback.

The Committee gratefully acknowledges those Council members who participated in the survey and who provided additional comments and suggestions.

### **3. Public Submissions**

During the course of our research, the Committee received two unsolicited submissions from the public regarding Council compensation:

- On February 28, 2020, a member of the Canadian Taxpayers' Federation ("CTF") provided an extensive cost comparison of Calgary's elected officials' pension plans vs. those of selected other municipalities, together with the CTF's recommendations.

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- On April 16, 2020, a private citizen provided CCRC with a comparison of selected current salary levels between Canadian elected officials at the municipal and provincial levels, along with his recommended adjustments.

Both documents have been reviewed by the Committee and the information therein factored into our deliberations. The Committee wishes to thank both individuals for their interest and contributions.

### **IMPLICATIONS**

There are no material social or environmental implications identified due to this report.

Financial / Service implications: Adding WCB coverage is a service addition, and immaterial cost, discontinuing credited service of the supplemental pension plan is a service reduction and immaterial cost saving.

### **RISK**

The CCRC does not see any material risks to accepting the recommendations.

The Committee spent a great deal of time discussing the current economic environment and future uncertainty. The Committee's mandate is future oriented, and the future is volatile, uncertain and unknown. Although we agree that the AWE is a valid methodology to adjust base salary when a 12 month average is used, we also recognize that because of the abrupt change in the economy, there will be a lag before the impact of the current economic circumstances are recognized.

It is imperative that Council understands the Committee's intentions behind the recommendations regarding future salary adjustments. The Council should consciously take into consideration what Calgarians are experiencing at the point in time in which decisions about salary adjustments are being considered. For example, in the coming year, the AWE average will not reflect the abrupt change in earnings for Calgarians. Any adjustments to base salary for the Mayor and Councillors should correspond with what is happening to their constituents.

At the same time, the Committee recognizes that the Mayor and Councillors have had a salary freeze for two consecutive years. Therefore, because we cannot predict how the economy will respond over the short-term, we did not want to penalize the Council should a recovery occur. On the other hand, if the economy continues to suffer – potentially even further, a reduction may be warranted. Once again – we encourage the Council to take the Committee's intentions into consideration when determining pay adjustments or freezes.

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**Acknowledgements**

The CCRC wishes to express gratitude and acknowledgement to the following individuals for their support and expertise:

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- Catherine Rogi
- Eugene McGarrigle

**ATTACHMENT(S)**

1. Previous Council Direction, Background
2. Bylaw 30M2019

Department Circulation

General Manager (Name)	Department	Approve/Consult/Inform (Pick-one)
		Choose an item.

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**Appendix 1: Summary Compensation Survey Results from External Consultant**

# Council Compensation Market Study Summary Report

Prepared For:  
City of Calgary  
Council Compensation Review Committee

Prepared By:  
Gallagher Benefit Services Canada

July 24, 2020

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## Background



- Council created the Council Compensation Review Committee in 2019 to conduct an impartial review and assessment of Council's compensation package and to recommend changes to same
- Gallagher was engaged to conduct a market survey of comparable municipal councils and to provide market commentary
- The last Council market review was completed in 2017
- This summary report outlines findings and commentary for consideration.

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## Market Comparators & Methodology



- The comparator group was selected based on the following criteria:
  - Full-time councils
  - Large Canadian cities
  - Regional representation
- A total of 11 municipalities were recommended as an appropriate compensation comparator group
- The Committee approved the comparator group
- Gallagher prepared survey questions and solicited and collected the survey information from 10 comparators (Hamilton declined to participate)
- Gallagher tabulated the data and completed the analysis

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**Market Comparators**



City	Population (2016 Census)	Council Size (Incl. Mayor)	Population/ Councillor
Calgary	1,239,220	15	88,516
Toronto	2,731,539	26	109,262
Ottawa	934,243	24	40,619
Edmonton	932,546	13	77,712
Mississauga	721,599	12	65,600
Winnipeg	705,224	16	47,015
Vancouver	631,486	11	63,149
Brampton	593,638	11	59,364
Surrey	517,887	9	64,736
Halifax	409,131	16	27,275
Saskatoon	246,376	11	24,638

Summary - Comparators (n = 10)			
P75	879,809	16	65,384
P50 (Median)	668,355	12.5	61,256
Average	842,367	14.9	57,937
Calgary's Percentile	91%	63%	93%

**Note:**  
 The comparator cities are listed in descending order of population.

Data from Statistics Canada 2016 Census



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## Compensation Policy



- **Calgary:** Council approves a bylaw to create the Council Compensation Review Committee to provide recommendations on Council pay and benefits
- Most cities had either a policy or a bylaw addressing council compensation. Highlights include:
  - Edmonton utilizes a citizen’s compensation committee
  - Saskatoon has a formula for pay based on a provincial cabinet minister’s pay
  - Four cities have a ratio of councillor to mayor pay with the average ratio being 50.4%
  - Only two had a formal review timeframe - Surrey every four years and Edmonton every second term

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## Pay Adjustments



- **Calgary:** no pay increases for 2019 and 2020; uses Alberta Average Weekly earnings to inform pay increases
- All comparators increased Council pay in 2019 by an average of 2.45%
- All comparators increased Council pay in 2020 by an average of 1.66%
- Vancouver has subsequently reduced Council pay by 10%, as a temporary measure in response to COVID-19 (April, 2020)
- The basis for annual increase varies, but CPI is used, in part or exclusively, to inform increases in five comparators

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## Base Pay



- Base salary data was compiled for Mayor and Councillor:
  - Statistics are illustrated for market average, 50th percentile (median) and 75th percentile
  - Statistics were calculated for all comparators (n=10), Western Canada comparators (n=5) and the comparator group used in the 2017 Market Review (n=6)
  - The results from all comparators are shown here. As the results from the other two comparator groups were largely the same as for the all comparator group, the others are shown at Appendices A and B
- Statistics are also shown for the total Council salary budget per population served



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Base Pay – All Comparators

City	Mayor 2020 Annual Base Salary	Councillor 2020 Annual Base Salary	Mayor Salary as a % of Councillor Salary	Mayor 2020 Salary/ Population	Councillor 2020 Salary/ Population	Council Total 2020 Salary/ Population
Calgary	\$200,586	\$113,526	177%	\$0.16	\$0.09	\$1.44
Toronto	\$201,282	\$119,519	168%	\$0.07	\$0.04	\$1.17
Ottawa	\$188,996	\$105,684	179%	\$0.20	\$0.11	\$2.80
Edmonton	\$206,511	\$116,672	177%	\$0.22	\$0.13	\$1.72
Mississauga	\$144,295	\$91,700	157%	\$0.20	\$0.13	\$1.60
Winnipeg	\$183,459	\$98,562	186%	\$0.26	\$0.14	\$2.36
Vancouver	\$181,314	\$91,298	199%	\$0.29	\$0.14	\$1.73
Brampton	\$144,295	\$91,700	157%	\$0.24	\$0.15	\$1.79
Surrey	\$150,576	\$76,795	196%	\$0.29	\$0.15	\$1.48
Halifax	\$190,072	\$92,258	206%	\$0.46	\$0.23	\$3.85
Saskatoon	\$151,015	\$69,467	217%	\$0.61	\$0.28	\$3.43

Summary - All Comparators (n = 10)						
P75	\$189,803	\$103,903	198%	\$0.29	\$0.15	\$2.69
P50 (Median)	\$182,386	\$91,979	182%	\$0.25	\$0.14	\$1.76
Average	\$174,182	\$95,366	184%	\$0.29	\$0.15	\$2.19
Calgary's Percentile	88%	86%	33%	8%	8%	10%

Notes:

1. The comparator cities are listed in descending order of population.
2. Deputy Mayor, Acting Mayor, or Duty Councillor salaries are not included in this analysis.

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## Per Diems, Expenses and Travel

- **Calgary:** no per diems, recently reduced budgets can be used for conferences and all expenses disclosed to the public
- **Per diems –** Only one indicated that per diems were paid and that was \$86.62 per meeting for Transit Authority meetings.
- **Expenses –** most had liberal rules regarding expenses that are paid for out of councillors' budgets and disclosed to the public. Cell phones are paid for through office budgets
- **Conferences -** All mentioned attendance is permitted. Several restrict this to the Federation of Canadian Municipalities annual conference. One specifically prohibits spouses, one limited cost to \$450 per event, one provides meal per diem of \$60

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## Vehicles and Travel



- **Calgary:** Mayor is provided a car and each Counsellor receives a \$9,400 car allowance and free parking at City Hall. Mileage is paid on trips outside the City.
- Eight offer a car allowance to council members (averaging \$9,613 per year)
- Edmonton, Surrey and Vancouver offer a higher mayor's car allowance (averaging \$12,079 per year)
- Seven offer free parking, one also offers a free transit pass
- Nine have a mileage rate with majority using the CRA rate
- Three provide a car for the Mayor



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## Pension

- **Calgary:**
  - Defined Benefit (DB) pension that pays 2% x best 3 years x years of service; elected official contributes 9% of salary;
  - Mayor has supplemental DB pension paid by the City;
  - Optional group RRSP open to all at their own expense
- Eight comparators offer a pension plan:
  - 1 Defined Contribution – Edmonton
  - 7 Defined Benefit (DB) - four are in the Ontario OMERs plan. All these plans offer approx. 2% of best three or five years, usually up to 35 years service
- Group RRSP – three offer an optional group RRSP. For Saskatoon this is the only pension plan offered and therefore the City will match council member contributions to the plan
- No pension – Surrey is the only comparator that offers no pension plan
- No comparators offer a supplemental pension

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## Transition Allowances

- **Calgary:** paid upon leaving office: 2 weeks pay for each year of service to a maximum of 26 years;
- **Seven cities (Edmonton, Mississauga, Ottawa, Toronto, Surrey, Vancouver, Winnipeg)** offer a transition allowance similar to Calgary's
  - The benefit ranges from one to four weeks pay per year served; maximum payments equal to six to 12 months pay, Surrey uses hypothetical pension formula with maximum of \$7K per year and maximum 12 years; Vancouver has the lowest payout formula at 1 week per year but with no maximum

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**Benefits**

- **Calgary:** offers basic health and dental plan coverage paid by City; additional optional levels of coverage with cost sharing; receive post-retirement health and dental benefits with 50/50 premium cost share under certain circumstances; \$300 annual Health Spending Account (HSA) available for additional expenses; Employee Assistance Program (EAP) available; travel insurance if paying for more than basic health coverage
- All comparators offer basic health and dental including vision, major dental, orthodontics, out of country coverage
- Six plans are 100% city paid, the rest have some form of cost sharing
- Four cities (Brampton, Halifax, Mississauga, Ottawa) offer post-retirement benefit plans under certain circumstances
- Four offer modest health spending accounts (ranging from excess flex credits to \$500)

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## Life Insurance and Other Income Protection

- **Calgary:**
  - 2x salary for basic life insurance where premiums are paid by City; additional coverage available at councillors' expense;
  - not eligible for Workers Compensation, but has Short Term Disability (STD) coverage;
  - Long Term Disability (LTD) only available to Mayor as optional with 50/50 cost share;
  - no AD&D or critical illness
- Life insurance - Six offer 2x salary (four are paid by the city), Halifax offers 3x salary (city paid), Surrey offers \$75K (city paid), Saskatoon offers \$10K per Councillor and 2x salary for Mayor with cost sharing
- All offer optional insurance but with no city contribution
- Six indicate they are not eligible for WCB
- Six do not provide STD, one provides STD coverage only for the Mayor
- Most offer city paid critical illness, AD&D and travel insurance

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## Comparative Analysis



- Base pay for both Mayor and Councillor are in the market leading quartile (above P75). However, when reported based on a per population served, the larger cities, including Calgary, have a lower ratio as each elected official is representing significantly more taxpayers than their peers in the smaller population centers
- Calgary's DB pension plan is comparable to other DB plans
- The supplemental pension plan for the Mayor is unique
- Other elements of compensation and salary administration practices are generally aligned to comparators and in keeping with best practices for the group



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## Compensation Philosophy

- Total compensation is designed to attract highly skilled and diverse candidates to run for elected office.
- Consider adopting a compensation philosophy that specifies the City's comparator group and details how each element of compensation aligns with the comparator group
- Base pay is the most significant element and should be defined as a percentile
  - Municipalities typically target between P50 and P65
  - Given the smaller size of Calgary Council and large population served, which impacts on roles, responsibilities and time demands, targeting a higher market percentile for base pay could be supported.
- Other elements of compensation (transition allowance, pension, benefits) could be positioned in consideration of base pay positioning. For example, a high base pay position may be balanced with median or lower positions on the other elements.

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## Appendices

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**Appendix A – Western Canada Comparators**



City	Population (2016 Census)	Council Size (Incl. Mayor)	Population/ Councillor
Calgary	1,239,220	15	88,516
Edmonton	932,546	13	77,712
Winnipeg	705,224	16	47,015
Vancouver	631,486	11	63,149
Surrey	517,887	9	64,736
Saskatoon	246,376	11	24,638

Summary – Western Canada Comparators (n = 5)			
P75	705,224	13	64,736
P50 (Median)	631,486	11	63,149
Average	606,704	12	55,450
Calgary's Percentile	highest	92%	highest

**Note:**

The comparator cities are listed in descending order of population.

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Appendix A – Base Pay - Western Canada



City	Mayor 2020 Annual Base Salary	Councillor 2020 Annual Base Salary	Mayor Salary as a % of Councillor Salary	Mayor 2020 Salary/ Population	Councillor 2020 Salary/ Population	Council Total 2020 Salary/ Population
Calgary	\$200,586	\$113,526	177%	\$0.16	\$0.09	\$1.44
Edmonton	\$206,511	\$116,672	177%	\$0.22	\$0.13	\$1.72
Winnipeg	\$183,459	\$98,562	186%	\$0.26	\$0.14	\$2.36
Vancouver	\$181,314	\$91,298	199%	\$0.29	\$0.14	\$1.73
Surrey	\$150,576	\$76,795	196%	\$0.29	\$0.15	\$1.48
Saskatoon	\$151,015	\$69,467	217%	\$0.61	\$0.28	\$3.43

Summary – Western Canada Comparators (n = 5)						
P75	\$183,459	\$98,562	199%	\$0.29	\$0.15	\$2.36
P50 (Median)	\$181,314	\$91,298	196%	\$0.29	\$0.14	\$1.73
Average	\$174,575	\$90,559	195%	\$0.33	\$0.17	\$2.14
Calgary's Percentile	94%	96%	lowest	lowest	lowest	lowest

**Notes:**

1. The comparator cities are listed in descending order of population.
2. Deputy Mayor, Acting Mayor, or Duty Councillor salaries are not included in this analysis.



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**Appendix B – 2017 Comparators**



City	Population (2016 Census)	Council Size (Incl. Mayor)	Population/ Councillor
Calgary	1,239,220	15	88,516
Toronto	2,731,539	26	109,262
Ottawa	934,243	24	40,619
Edmonton	932,546	13	77,712
Mississauga	721,599	12	65,600
Winnipeg	705,224	16	47,015
Vancouver	631,486	11	63,149

Summary – 2017 Comparators (n = 6)			
P75	933,819	22	74,684
P50 (Median)	827,073	14.5	64,374
Average	1,109,440	17	67,226
Calgary's Percentile	83%	53%	87%

**Note:**  
 The comparator cities are listed in descending order of population.



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Appendix B – Base Pay - 2017 Comparators

City	Mayor 2020 Annual Base Salary	Councillor 2020 Annual Base Salary	Mayor Salary as a % of Councillor Salary	Mayor 2020 Salary/ Population	Councillor 2020 Salary/ Population	Council Total 2020 Salary/ Population
Calgary	\$200,586	\$113,526	177%	\$0.16	\$0.09	\$1.44
Toronto	\$201,282	\$119,519	168%	\$0.07	\$0.04	\$1.17
Ottawa	\$188,996	\$105,684	179%	\$0.20	\$0.11	\$2.80
Edmonton	\$206,511	\$116,672	177%	\$0.22	\$0.13	\$1.72
Mississauga	\$144,295	\$91,700	157%	\$0.20	\$0.13	\$1.60
Winnipeg	\$183,459	\$98,562	186%	\$0.26	\$0.14	\$2.36
Vancouver	\$181,314	\$91,298	199%	\$0.29	\$0.14	\$1.73

Summary - 2017 Comparators (n = 6)						
P75	\$198,211	\$113,925	164%	\$0.25	\$0.14	\$2.20
P50 (Median)	\$186,228	\$102,123	178%	\$0.21	\$0.13	\$1.73
Average	\$184,310	\$103,906	178%	\$0.21	\$0.12	\$1.90
Calgary's Percentile	79%	74%	39%	14%	14%	13%

Notes:

1. The comparator cities are listed in descending order of population.
2. Deputy Mayor, Acting Mayor, or Duty Councillor salaries are not included in this analysis.

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Scott Hausberg  
Senior Consultant  
403-648-4423  
[Scott\\_Hausber@ajg.com](mailto:Scott_Hausber@ajg.com)

Jane Mizanski  
Consultant  
647-407-5256  
[Jane\\_mizanski@ajg.com](mailto:Jane_mizanski@ajg.com)

Susan Fong  
Consultant  
647-286-7718  
[Susan\\_fong@ajg.com](mailto:Susan_fong@ajg.com)

181 University Avenue, Suite 1200  
Toronto, ON | M5H 2M7

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### **Appendix 2: CCRC Summary of Consultant Findings**

#### **Market Comparators & Methodology:**

- A comparator group was selected based on full-time councils; large Canadian cities; and, regional representation
- 11 cities were asked to participate; 10 chose to participate. Vancouver, Surrey, Edmonton, Saskatoon, Winnipeg, Brampton, Mississauga, Toronto, Ottawa, and Halifax
- The CCRC approved this comparator group, as well as the survey questions that were sent to participating cities
- Population size, council size and population/Councillor were used as market comparators.

#### **Compensation Policy:**

Calgary – Council approves a bylaw to create the Council Compensation Review Committee on Council pay and benefits

- Most cities either have a policy or bylaw addressing council compensation. Highlights include:
  - Edmonton utilizes a citizens' compensation committee
  - Saskatoon has a formula for pay based on a provincial cabinet minister's pay
  - Four cities have a ratio of councillor to mayor pay with the average ratio being 50.4%
  - Only two had a formal review timeframe – Surrey every 4 years, and Edmonton every second term

#### **Pay Adjustments:**

Calgary – no pay increases for 2019 and 2020; and, uses the Alberta Average Weekly Earnings (AWE) to inform pay increases

- All comparators increased Council pay in 2019 and 2020 by an average of 2.45% and 1.66% respectively
- Vancouver has temporarily reduced Council pay by 10%, in response to COVID19
- The basic annual increase varies, but CPI is used, in part or exclusively, to inform increases in five comparators

#### **Base Pay:**

The following summarizes the Base Pay findings from the market survey report.

- When looking solely at 2020 annual base pay, not including considerations for population or council size, the following results are shown:
  - Calgary's Mayor is the third highest paid in the comparator group. (Edmonton is the highest paid, and Toronto is the second highest paid.)
  - Calgary's Councillors are also third highest paid in the comparator group. (Toronto's are highest paid, and Edmonton's are second highest paid.)
  - Calgary Mayor's base pay as a percentage of Councillor's base pay is 177%. This ratio ranks 7<sup>th</sup> lowest out of our 10 comparative cities. (Saskatoon, Halifax and Vancouver are the top three respectively)
- However, when considering salary per population size, the following results are shown:

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- Calgary's Mayor has the second lowest ratio of salary to population (i.e. \$0.16/person). The only city with a lower ratio is Toronto. Calgary's Councillors also have the second lowest ratio of salary to constituency (i.e. \$0.09/person). The only city with a lower ratio is Toronto. This also reflects the fact that Calgary Councillors have larger Ward populations to service than their counterparts in other cities.

### Per Diems, Expenses and Travel:

Calgary does not pay per diems. However, recently reduced budgets can be used for conferences and all expenses must be disclosed to the public. The comparator group highlights the following results:

- Per Diems – only one comparator indicated that per diems were paid and that was \$86.62 per meeting for the Transit Authority meetings.

Further details are available in the survey, see Appendix 1.

### Vehicle and Travel:

Calgary – The Mayor is provided a car. Each Councillor receives a \$9,400/ year car allowance and free parking at City Hall. Mileage is paid on trips outside the City

- Comparators:
  - Eight offer a car allowance to council members (averaging \$9,613/year)
  - Edmonton, Surrey and Vancouver offer a higher mayor's car allowance (averaging \$12,079/ year)
  - Seven offer free parking, one also offers a free transit pass
  - Nine have a mileage rate with majority using the CRA rate
  - Three provide a car for the mayor.

### Pension:

Calgary:

- Offers a Defined Benefit (DB) Pension that pays 2% of the best 3 years salary x years of service. Elected officials contribute 9% of base pay
- Offers a supplemental Defined Benefit Pension, (for earnings beyond the Revenue Canada maximum) paid by the City
- Provides an optional Group Registered Retirement Savings Plan (Group RRSP) open to all elected officials at their own expense

The highlights from the comparator group results are:

- 7 offer a DB Pension – 4 are in the Ontario OMERs plan. All of these plans offer approximately 2% of the best three or five years of earnings x years of service
- 1 offers a Defined Contribution plan (Edmonton).
- Group RRSP – three offer an optional Group RRPS. For Saskatoon, this is the only retirement plan offered and therefore the City matches council members contributions.
- Surrey does not offer any retirement plans
- No comparators offer a supplemental pension plan.

### Transition Allowances:

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Analysis of the currently offered benefit in Calgary: Transition Allowance is currently paid upon leaving office under any circumstances. The allowance is calculated at 2 weeks of pay for each year of service to a maximum of 26 years (or 52 weeks of benefit paid).

Analysis of Comparator group benefit:

- Seven cities (Edmonton, Mississauga, Ottawa, Toronto, Surrey, Vancouver, and Winnipeg) offer a transition allowance similar to Calgary's. The benefit ranges from one to four weeks pay per year served. Maximum payments vary from six to 12 month's pay.
  - Surrey uses hypothetical pension formula with a maximum of \$7,000 per year of service to a maximum of 12 years.
  - Vancouver has the lowest payout formula at one week per year of service, but with no maximum.

### Benefits:

Calgary offers:

- Basic health and dental plan coverage paid by the City. Additional, optional levels of coverage are provided with premium cost sharing. This additional coverage includes travel health insurance.
- Post-retirement health and dental benefits are also provided with a 50/50 premium cost sharing under certain circumstances
- A \$300 Health Spending Account is available for an additional amount
- An Employee Assistance Program is available.

The highlights from the comparator group results are:

- All comparators offer basic health and dental coverage. Six plans are 100% City paid; the rest have some form of cost sharing
- Four cities (Brampton, Halifax, Mississauga, and Ottawa) offer post-retirement benefit plans under certain circumstances
- Four offer modest health spending accounts (ranging from excess flex credits to \$500)

### Life Insurance and Other Income Protection:

Calgary offers:

- 2 times base pay for basic life insurance. Premiums are paid by the City
- Additional coverage is available at the Councillor's expense
- Not eligible for Workers' Compensation Benefits, but they do have Short Term Disability coverage
- Long Term Disability is only available to the Mayor as optional with 50/50 cost sharing
- There is no Accidental Death and Dismemberment coverage

Comparators offer:

- Basic Life Insurance – Six offer 2 times base salary (premiums for four are paid by the City). Halifax offers 3 times base salary (premiums are City paid); Surrey offers \$75,000 (premiums are City paid); Saskatoon offers \$10,000 per Councillor and 2 times base pay for the Mayor (with cost sharing).
- All offer optional life insurance where premiums are paid by the Mayor/ Councillor
- Six indicated that they are not eligible for Workers' Compensation Benefits

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- Six do not provide Short Term Disability. One provides Short Term Disability for the Mayor only.
- Most offer City paid critical illness, Accidental Death and Dismemberment and travel insurance.

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### Appendix 3: Recommended calculation methodology for annual base pay adjustments using AWE

The table below illustrates the two calculation methods used to determine Council salary adjustments in recent years, using the most recently-available StatsCan data (vs. September to September periods to be used going forwards). Methodology A utilises a 12-month average to determine the annual differential in AWE. Methodology B compares a single month in the current year, usually September, with the AWE for the same month in the previous year. The monthly values for the 12-month period shown provide clear examples of the variability of AWE throughout the year. Choosing a single month cannot guarantee a representative salary differential. Council was advised of this problem in 2012 and chose Methodology A as the solution. The Committee recommends that Council re-instate this approach for 2021 and beyond.

#### Based on most recent data available

Council Compensation Calculation Methodology (A)				Council Compensation Calculation Methodology (B)	
Average Weekly Earnings of Albertans					
Month-R		Month-R			
Jul-18	\$1,152.43	Jul-19	\$1,160.89	0.73%	Annual Month-to-Month % Change
Aug-18	\$1,162.42	Aug-19	\$1,165.93	0.30%	
Sep-18	\$1,139.53	Sep-19	\$1,174.64	3.08%	
Oct-18	\$1,142.80	Oct-19	\$1,192.87	4.38%	
Nov-18	\$1,149.78	Nov-19	\$1,170.00	1.76%	
Dec-18	\$1,141.83	Dec-19	\$1,171.78	2.62%	
Jan-19	\$1,147.69	Jan-20	\$1,187.29	3.45%	
Feb-19	\$1,141.15	Feb-20	\$1,179.61	3.37%	
Mar-19	\$1,155.88	Mar-20	\$1,169.04	1.14%	
Apr-19	\$1,143.80	Apr-20	\$1,243.85	8.75%	
May-19	\$1,183.43	May-20	\$1,250.08	5.63%	
Jun-19	\$1,163.39	Jun-20	\$1,206.21	3.68%	
<b>Average</b>	<b>\$1,152.01</b>	<b>Average</b>	<b>\$1,189.35</b>		

  

Period		Period	
Average of July 2018 to June 2019	\$1,152.01	June 2019	\$1,163.39
Average of July 2019 to June 2020	\$1,189.35	June 2020	\$1,206.21
<b>% of Change</b>	<b>3.24%</b>	<b>% of Change</b>	<b>3.68%</b>

#### Notes:

Calculation Methodology (A) used in 2013-2019

Calculation Methodology (B) used prior to 2013, again in 2020 and planned for 2021

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### **Appendix 4: Council member survey, summarized results:**

Eleven of fifteen Council members participated anonymously in CCRC's voluntary online opinion survey.

Q1: The current compensation package provided to Calgary city council adequately rewards me for my work.

A: Agree: 7 Neutral: 0 Disagree: 4

Q2: The existing benefits programs (i.e. health, life, pension/savings, etc.) are valuable to me.

A: Agree: 11 Neutral: 0 Disagree: 0

Q3: The pay and benefits package offered to elected officials influenced my decision to run for city council.

A: Agree: 4 Neutral: 0 Disagree: 7

Q4: The present method used to determine council's annual pay increase (equal to the average annual rise in Albertans' average weekly wage) is appropriate.

A: Agree: 9 Neutral: 1 Disagree: 1

Q5: The existing process for review/revision of council compensation (a quadrennial review by an appointed citizen's committee) is appropriate.

A: Agree: 11 Neutral: 0 Disagree: 0

Q6: Successive national peer-group surveys have shown Calgary city council to be among the highest-paid elected officials in Canada. What do you believe are the reasons for this?

A: High constituent counts: 11; High local pay levels: 5; Required to attract quality candidates: 4; Sustained economic growth: 1; Other 4

Q7: Which, if any, of the factors you selected in Q6 should continue to drive Calgary elected officials' pay levels?

A: Required to attract quality candidates: 7; High constituent counts: 6; High local pay levels: 4; Sustained economic growth: 2; Council performance: 2; Other: 3

Q8: The social and economic challenges currently facing our city warrant changes in Calgary's elected officials' compensation package and/or policies.

A: Agree: 1 Neutral: 2 Disagree: 8

Q9: Based on the feedback you have received from your constituents, what are Calgarians' primary concerns regarding Council compensation?

A: No major concerns: 4; Pensions too generous: 2; Pay is too high: 2; Misunderstanding & mis-information regarding Council pay: 2; Pay too low compared to workload: 1

The survey also offered council members the opportunity to meet personally with the CCRC and the Committee met with one councillor, to discuss some personal issues related to compensation.