



Report Number: TBD

Meeting: Priorities & Finance Committee

Meeting Date: 2019 December 03

## NOTICE OF MOTION

**RE: ENDING THE PAYMENT OF THE CITY COUNCIL TRANSITION ALLOWANCE**

**Sponsoring Councillor(s):** Jeromy Farkas

**REVISED**

### WHEREAS:

1. Council regularly appoints a Council Compensation Review Committee (CCRC) in order to review and make recommendations regarding the total compensation package provided to elected officials of The City of Calgary;
2. In 2016, five citizen members with backgrounds in human resources, business, and law were appointed by Council to complete this task;
3. In order to complete the required task, the Committee hired an external research firm to conduct a total remuneration survey of six comparable cities;
4. A survey was also sent to elected officials requesting their overall opinions and insight into their current remuneration structure.
5. The CCRC met on a regular basis to discuss citizen opinions, current HR applicable practices, and solicit information from City staff on current procedures and compensation practices;
6. The Council Compensation Review Committee's Final Report to Council on 2017 May 29 stated:

*The Committee recommends the elimination of the existing transition allowance for City of Calgary elected officials. Currently, the transition allowance accumulates at the rate of 2 weeks of pay for each completed year in office to a maximum of 26 years of service (and one full year of pay). The existing transition allowance is paid upon leaving elected office for any reason and is subject to income tax.*

*City of Calgary elected officials voluntarily choose to interrupt their careers to embark upon what they clearly know and accept is a fixed four year term of work (if elected) which they may continue to re-commit to, and compete for, in successive four year intervals.*

*Elected office for limited terms is not analogous to an indefinite worker being suddenly laid off in the employment context. In that case, the law provides for working notice or pay in lieu to provide a cushion that recognizes the layoff is wholly unexpected and outside of one's control. By contrast, from the moment they are declared elected, politicians all have four years notice of expiry of their term of service.*

*The existing transition allowance for the City of Calgary elected officials has no equivalent in the world of employment where one voluntarily leaves one's position or is not deemed sufficiently effective to maintain the position. The Committee recommends the elimination of them in the City of Calgary as was done in 2012 for members of the Alberta legislative assembly.*

*The Committee acknowledges that elected officials may encounter some financial and other challenges to reintegration into the workforce after an interlude of political service. However, this is not expected to be any greater than any other private citizen who freely chooses to take a temporary opportunity elsewhere (and indeed may be less precisely because of the public nature of elected office). Moreover, the Committee is satisfied that these elected officials are fairly compensated throughout their elected years of service. For example, the City of Calgary makes a substantial bi-weekly contribution of 18.64% (more than double matching) to the pension plan of its elected officials. Other select benefits may be continued after the elected official ceases to hold office.*

7. It is incumbent on members of Council to heed the advice and recommendations of the Council Compensation Review Committee;
8. Council is currently considering whether to end the payment of the vacation pay retirement allowance for City staff;
9. The City Council transition allowance is analogous to the vacation pay retirement allowance, and good governance requires City Council to lead by example on matters of pay and benefits;
10. There is a lack of communication and public understanding on the exact details of this practice, allowing for myth and misinformation to perpetuate;

**THEREFORE BE IT RESOLVED THAT:**

1. Council reconsiders its decision on January 14, 2019 (Council Member Remuneration Calculation – C2019-0058). This reconsideration pertains to Council's transition allowance only. C2019-0058 will otherwise remain in force, and the independent citizen committee is to continue its work and prepare a recommendation for Council.
2. Council accepts the recommendation of the Citizen Compensation Review Committee, 2017 May 29 CCRC2017-0508, to eliminate the transition allowance for any elected official who leaves for any reason. The payment will be eliminated and phased out as follows:
  - a. Effective immediately, City of Calgary elected officials will no longer accrue credit for service for the transition allowance. Only credit that has been accrued to date will be honoured and paid out at the time of their departure. Payouts will be based on 2019 Council Compensation and not be subject to further salary increases in the future.
3. Council directs administration, in line with current practice around other matters of Council's benefits and compensation, to publish the names of Council members, the payment they received, or if they have declined the payment.
4. Council requests the newly convened Council Compensation Review Committee to review this decision and provide its recommendations.