

CITY OF ELLIOT LAKE



CITY COUNCIL - REGULAR MEETING
ADDENDUM

Monday, February 11, 2019

7:00 pm

Committee Room

Pages

15. ADDENDUM

15.1 February 6, 2019. Report from the CAO

2

re: council remuneration changes

15.2 February 11, 2019. Memo from the CAO

re: opportunities to lobby the provincial and federal governments for funding priority projects

As this matter deals with personal information about identifiable individuals and with advice that is subject to solicitor-client privilege it may be discussed in closed session as per Section 239(2)(b) & (f) of the Municipal Act



STAFF REPORT

REPORT OF THE CHIEF ADMINISTRATIVE OFFICER FOR THE CONSIDERATION OF COUNCIL RE. COUNCIL REMUNERATION CHANGES

OBJECTIVE

The purpose of this report is to advise Council of the impact that the federal government's decision in the 2017 Budget bill is having on Council remuneration and costs to the municipality effective January 1, 2019; and provide options for Council's consideration regarding remuneration for Council to address the elimination of the one-third tax exemption.

RECOMMENDATION

THAT the report of the Chief Administrative Officer re. Council Remuneration dated February 11, 2019 be received;

AND THAT Council indicate its intent to address the Council remuneration by selecting option ___ in the CAO report's in order to clarify any impacts for the 2019 municipal budget.

Respectfully Submitted

Daniel Gagnon
Chief Administrative Officer

February 6, 2019

BACKGROUND

Section 255 of the former *Municipal Act, 1990* provided that one-third of the salary paid to an elected member of council was deemed to be for expenses incurred in the discharge of the member's duties. As such, that portion of the member's salary was not subject to income tax nor CPP contributions.

Up until December 31, 2018 one-third of the remuneration paid to Members of Council was deemed as expenses as non taxable and non-pensionable (CPP).

As part of its 2017 Budget, the federal government eliminated tax exemptions for non-accountable expense allowances paid to elected officials effective January 1, 2019.

Given the impact of this decision on municipalities, both the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM) became involved through the collection of data, surveys to municipalities and lobbying efforts. Those efforts were in vain and the decision remained unchanged.

ANALYSIS

In order to plan for the upcoming 2019 municipal budget process, Council direction is sought on how to address the loss of the tax exemption. Essentially Council has two options, take action or do nothing:

A: status quo. Do nothing to adjust Council salaries and simply continue to implement the new tax processes. Mayor and Councillors net pay decreases accordingly. Simply budget as needed additional modest net costs in 2019 (ie. employer share of CPP).

B: Increase gross salary to offset loss of tax exemption. Approve and direct 2019 budget to include an increase in gross salary for the Mayor and Council to offset the loss of the tax exemption on council members' net pay.

FINANCIAL IMPACT

While detailed analysis has not yet been done, the financial impact of the changes are estimated below.

Option A: nominal, employer share of CPP.

Option B: Approx. \$6,400 in gross salary and other employer related costs for Mayor and Council to offset loss.



Position	2018 Gross Salary	2018 Net Salary	2019 Net Salary (Option A - Status quo)	2019 Gross Salary (option B - Offset Loss)	Change
Mayor	\$ 29,400	\$ 28,800	\$ 24,384	\$ 32,400	\$ 3,600
Deputy Mayor	\$ 10,800	\$ 10,320	\$ 10,140	\$ 11,100	\$ 780
Councillor (5)	\$ 9,800	\$ 9,640	\$ 9,456	\$ 10,200	\$ 2,000 (\$400 x 5)
Total:	\$ 88,900	\$ 87,320	\$ 81,800	\$ 94,500	\$6,380 (approx. 6%)

LINKS TO STRATEGIC PLAN

n/a

SUMMARY

Council should clarify whether it wishes to increase remuneration to address the elimination of the one-third tax exemption as mandated by the federal govt.



THE CORPORATION OF THE CITY OF ELLIOT LAKE

B Y-LAW NO. 04-79

Being a by-law to provide for the
remuneration of the Mayor and members
of Council and to repeal By-law No. 98-17.
Office Consolidation – 17-53, 18-44

The Council of The Corporation of the City of Elliot Lake ENACTS AS FOLLOWS:

1. THAT the Mayor of the City of Elliot Lake shall be paid the sum of \$28,227.00 per annum effective January 1, 2004.
2. THAT the members of the Council of the City of Elliot Lake, exclusive of the Mayor, shall be paid the sum of \$9,409.00 per annum effective January 1, 2004.
3. THAT the Deputy Mayor of the City of Elliot Lake, as determined in accordance with the Municipality's procedural by-law, shall be paid, in addition to the annual remuneration, the sum of \$1,000.00 per annum for the performance of duties in the absence of the Mayor.
4. THAT each member of Council, including the Mayor, shall be allowed ten (10) days sick leave during the term of Council.
5. THAT each member of Council, including the Mayor, shall be allowed absences for legitimate reasons during the term of Council for four (4) absences per year due to vacations constituting a legitimate reason.
6. THAT for each meeting missed by a member of Council, including the Mayor, not covered by the provisions of Paragraphs 4 and 5 hereof, there shall be a deduction of \$150.00 from the member's remuneration.
7. THAT all the sums of money provided for herein shall become due and payable and be paid monthly, not in advance.
- 7a. THAT all members of Council, including the Mayor, attend AMO recognized "Councillor Training" within the first six months following each election and/or being appointed to Council.
- 7b. THAT failing to attend training will result in suspension of remuneration until such training is complete.

18-44
8. THAT each member of Council, including the Mayor, shall be entitled to receive the same or equivalent extended health care, prescription, dental care and life insurance benefits as those received by the City's Management Group, subject to the limitations of the Group Benefit Plan relating to out-of-country coverages.
9. THAT Council remuneration be increased annually in accordance with the Consumer Price Index (CPI) as indicated by the percentage change from the previous year for All Items in the Province of Ontario, as listed on the StatsCan website and identified by the Treasurer

17-53
10. THAT an Ad Hoc Committee be established to review Council remuneration after each election.

11. That By-law No. 98-17 is hereby repealed.

PASSED this 30th day of August, 2004