

July 10, 2002



MEYERS NORRIS PENNY LLP

His Worship Mayor Tarleck and Members of City Council  
City of Lethbridge  
910 4 Avenue South  
Lethbridge, Alberta  
T1J 0P6

Ladies and Gentlemen:

**Re: Final Report – Review of Council Remuneration**

Enclosed a copy of the final report with regard to council remuneration as requested. We would advise that this report was unanimously endorsed by the committee.

We would further advise that we are enclosing a letter that further clarifies matters related to the reimbursement of expenses incurred by elected members of City Council. We trust this will clarify any issues and concerns you may have with this specific matter.

We would ask that we be given the opportunity to introduce this report formally to Council on July 29, 2002. At that time we would be prepared to make a short overview of the report and deal with any questions that you may have. We will confirm with you (prior to July 24, 2002) the individuals that would be involved in the presentation and question period once their availability is determined.

We would like to acknowledge the valuable insight, counsel and time that the volunteer members of the citizen committee gave willingly to develop this "Made in Lethbridge" approach to an important community issue.

We trust the above is satisfactory.

Yours truly,  
MEYERS NORRIS PENNY LLP

W.R. (Bob) Jacobson, FCA  
Partner

Encl

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A MEMBER OF

  
SUMMIT INTERNATIONAL  
ASSOCIATES, INC.

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MEYERS NORRIS PENNY LLP

July 10, 2002

His Worship Mayor Tarleck and Members of City Council  
City of Lethbridge  
910 4 Avenue South  
Lethbridge, Alberta  
T1J 0P6

Ladies and Gentlemen:

Further to the report that we recently provided to you with respect to remuneration policy for the City of Lethbridge for elected officials we are providing additional clarification with regard to the reimbursement of expenses.

In simple terms expenses related to elected officials fall into two categories. First of all elected officials are allowed to receive a non taxable allowance equal to one-third of the total amounts paid on account of salary, fees, indemnities, honoraria, general expense allowance and a general (non-accountable) mileage or other (non-accountable) traveling allowance. The second expense category includes specific reimbursement for specific duties performed on behalf of the municipality. These may include expenses incurred in attending a conference or traveling on specific municipal business. This second category of expense is not considered a part of the calculation of the total amounts paid to determine the taxable portion of an elected officials income. Generally speaking the second group of expenses are not considered taxable to the recipients.

Obviously there are areas that could be considered in either general expense category. It would appear that if an expense is considered a part of fulfilling the function an elected official was elected to fulfill then the expense should be considered an expense of the second category. For example if a cell phone was considered essential to the performance of duties then the reimbursement should be considered as an expense of the second category and not included in the taxable calculation or part of the unaccountable expense allowance. The reimbursement in this case should be supported by an invoice and be applied uniformly to all elected officials.

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His Worship Mayor Tarleck and Members of City Council  
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Page 2

Generally speaking voluntary expenses incurred by elected officials in the performance of their duties and not specifically required and/or reimbursed by the municipality are expenses covered by the non-taxable allowance received by elected municipal officers.

We trust this provides some clarification to this matter. You may wish to consult with your auditor for further clarification.

Yours truly,

MEYERS NORRIS PENNY LLP



W.R. (Bob) Jacobson, FCA  
Partner

Oct 1, 2002

**TABLED ITEMS:**

- **Salary Levels for Members of Council**

545-A

**E.J. MARTIN:**

BE IT RESOLVED THAT Mayor Carpenter's report regarding salary levels for Members of Council previously laid on the table on September 4, 2001, be now lifted from the table and approved with the amendment that similar to the proposals for the Aldermen and the Deputy Mayor, and consistent with policy and past practice, that 1/3 of the Mayor's compensation (\$23,000) be treated as unvouchered expense allowance.

OPPOSED: B.A. Lacey  
J.P. Mauro  
R.K. Parker  
B.A. Pastoor  
F.S. Peta  
G.W. Weadick

-----DEFEATED

**FINAL REPORT**  
**TO**  
**THE CITY OF LETHBRIDGE**



**REVIEW OF COUNCIL REMUNERATION**

**By**  
**The Citizen Committee for Council Remuneration**

**June 2002**

**Contact:**

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## APPENDICES

1. SUBJECT POSITIONS
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4. SAMPLE CALCULATION OF ANNUAL ADJUSTMENT FACTOR

## EXECUTIVE SUMMARY

Specific to service in elected or public office, salary administration is an offset to opportunity cost. It is the cost to an organization to compensate reasonably those elected for the lost - at least part time - opportunity of earning private income. In the absence of such an offset it would be difficult for government to attract those skills and experience essential to govern. The most highly motivated and publicly spirited individuals still have financial obligations. The temptation to reduce demand upon the public purse through low remuneration for politicians must be off set by the risk of not being able to attract and retain the competence and motivation needed for the organization to succeed. In a political context, citizen risks include social stability and personal safety, now and for future generations. These fundamental outcomes are essential for economic growth and social advancement. Attracting candidates who possess the ability to make meaningful contributions while in public office is a concern for each community.

Lethbridge City Councils have appreciated this fact. Past and present Councils have struggled with the conflict inherent in managing remuneration for itself and seek an arm's length method of doing so for the future. The recommendations of the Citizen Committee for Council Remuneration (CCCR) are consistent with these goals.

Essential to any program of pay is a framework of objectives articulating, in this case, what The City of Lethbridge wishes to achieve through Council remuneration. It is the recommendation of the CCCR that the following framework be approved by Council:

1. All positions on City Council are valued by the community, for their role in the long-term growth and stability of the community. Members of City Council should not be required, individually or collectively, to determine that remuneration received while in office. Such remuneration should be determined and reviewed by an *ad hoc* independent committee of citizen volunteers.
2. The positions of Mayor, Deputy Mayor and Alderman/Councillor are provided by, and the responsibilities described in, provincial statute. Remuneration is based upon the responsibility to govern arising from election to City Council. This includes participation in committees, boards or commissions of Council.
3. Value determination for the position of Alderman should be based on the governance role defined in the statute. The statutory role is a part time undertaking.
4. Lethbridge considers compensation for elected officials to be offset to opportunity costs. In order to determine opportunity cost, the City will consider three (3) factors: external fairness; internal fairness; administrative fairness. Lethbridge will develop benchmark compensation based upon the average practice of a sample of similar external municipalities (Alberta and intra-provincial). Subsequently, City of Lethbridge Administration will routinely determine the annual change in opportunity cost by averaging the change in certain internal (local) and provincial metrics. Such annual adjustments will be administered effective January 1<sup>st</sup>.

5. Cities selected for purposes of external comparison are characterized by a population between 50,000 and 90,000 and elect a full time Mayor. Each is a standalone community (not part of a larger, metropolitan area), enjoys a diversified economy and, ideally, is home to one or more post-secondary educational institution.

It is recommended that the following **base salaries** be the benchmark compensation referred to at paragraph 4 above and be implemented effective January 1, 2002:

Mayor	\$45,000
Deputy Mayor	\$15,000
Alderman	\$13,000

No change is contemplated in the eligibility of members of City Council to receive an **unvouchered expense allowance**, as provided by statute, annually equivalent to 50 per cent of base salary. Such revisions to base salary as are implemented on January 1<sup>st</sup> of any year would be reflected in the unvouchered expense allowance.

In order to maintain Council remuneration, a **stewardship procedure** is recommended that establishes the current benchmark on the basis of appropriate comparisons to a sample of Canadian cities of similar population. In 2003 and subsequent years, it is proposed that a simple arithmetic mechanism would provide the annual adjustment to Council remuneration. It is a logical combination of external and local factors. Once the mechanism is approved by Council, City of Lethbridge Administration would administer it annually at arm's length.

In order to determine the annual adjustment, one would take the average annual total income of Lethbridge citizens, as reported by Statistics Canada in the most recent census, and determine the average annual rate of change in average total income by comparing the former to that reported by Statistics Canada in the prior census. That average five (5) year rate of change in the average total income of Lethbridge citizens would, annually, be averaged with the annual Alberta Consumer Price Index (CPI). The former would remain constant until the relevant data release of the subsequent Federal Census, typically at five (5) year intervals. The result would be the per cent factor by which the current base remuneration of Council would be adjusted by City Administration.

## 1.0 BACKGROUND

Those who derive income from some form of enterprise, regardless of full-or part-time effort, have an expectation of receiving compensation that reflects current practice. It is often referred to as being paid competitively. The forces of supply and demand normally play a material role in determining the value associated with a particular set of skills and experience. This reflects the commodity nature of work-related skills and competencies. Another influence upon the value of one's skills is that of collective bargaining. Market-determined values may have some bearing upon the value of jobs within a bargaining unit, but the principle influences are, in fact, collective bargaining and the risk of a withdrawal of services.

For politicians elected to office, the expectation is fair compensation. The manner of value determination, however, is different. One gains election to office through popular vote. The "value" attributed to a candidate on election day is based on factors that may differ from voter to voter; the relative appeal of a candidate may be based on a stated election platform and other pragmatic dimensions. There may also be certain emotive or intrinsic factors at play; a voter may relate to a particular personality, profession, gender, ethnic or cultural background. For others, voting is more a process of elimination than one of selection. While the electorate expects a candidate to be honest, mature and articulate, there are few specific skills or credentials that define a politician. That is as it should be, so that elected office remains accessible to most adult citizens.

For these, and other, reasons the "value" of a politician is reflected by the public office to which one is seeking election and not the individual doing the job. The value of politicians serving in the identical office is the same; the value of a politician representing one constituency is the same as another politician representing an adjacent constituency at similar levels of government. Such logic is consistent with democracy. More valid reference points might be the size and complexity of the community being governed; the value that community places upon the role of governance and, to a lesser extent, the compensation practice of analogous communities.

A tradition has grown within The City of Lethbridge City Council that each Council, as it approached the end of its term, would review and set the level of remuneration for the Council to be seated following the next election. It was a best efforts attempt to ensure Council remuneration retained relevance and allowed Council to avoid setting remuneration for itself, transparently a position of conflict. The reality of politics frustrated the intent; those seeking re-election suffered criticism for the very conflict they sought to avoid. Typically the reviews would be handled with a sense of apology and room for political manoeuvring; at best the process was handled with expediency. The end result lacked credibility and left all parties frustrated: members of City Council felt under-appreciated and the community did not understand the logic for the level of remuneration.

The outcome is a cyclical, no-win predicament. The alternative for City Council would have been to allow Council remuneration to deteriorate relative to compensation in the general economy, at the cost of attracting competent, motivated candidates to seek election to public office. To the credit of successive Councils, the decision appears to have been to 'fight the good fight' at least once a term in favour of pay relevance over public censure.

Late in the term of office ending in 2001, then Mayor David Carpenter undertook a study of City Council remuneration. The study was by a seasoned municipal politician with no apparent opportunity for personal gain, as he had declared that he would not seek re-election. It was an attempt to break out of the maintenance approach and establish Council remuneration on a footing with a longer shelf life. The recommendations in the study were not acted upon by Council because they would have become, yet again, an election issue.

There is an excuse proffered with respect to remuneration for political office in democracies that goes like this: If one seeks candidacy for public office because of the salary, then the salary is too high and s/he has insufficient desire to serve the people. As with most generalizations, this one holds shades of truth and gaps in logic. It is in the interests of the community to elect (to each level of government) representatives who see self-interest in governing honestly and wisely. Individuals who understand the importance, for themselves as well as their constituents, to contribute to the legislative, regulatory and administrative infrastructure; to support safe and healthy environments in which the individual and the family feel respect and the freedom to pursue personal goals. Politically correct wisdom would suggest that such candidates would not seek wealth in office; to live in the community that s/he helped govern would be sufficient reward.

There are at least *two* counter-points to this logic. Both constitute reasonable risk management.

The *first* has to do with the profile of a desirable candidate. The electorate deserves candidates of good repute (who have demonstrated diligence and dependability with consistency over a period of years), with a substantive stake in the community (family, financial, career or some combination); with sufficient life experience to relate to the needs of others; with sufficient vision and patience to derive satisfaction from governing, as opposed to managing. In practical terms this profile describes individuals with substantial obligations, who would encounter real expenses and/or lost income in order to serve in public office. If there is not at least a financial offset, the real costs become prohibitive and the alternative becomes candidates who do not satisfy the profile.

The *second* has to do with behaviour and performance. If remuneration for elected officials is such that s/he does not feel valued by the constituents, there is risk that the politician may compensate her/himself. This could be accomplished in any number of ways; the continuum of remedies runs from the inept to the unethical to the illegal. While such activity reflects solely upon the individual politician, at the very least the behaviour is disruptive and reduces productivity. A reasoned structure of remuneration becomes a pragmatic premium against such risks.

These, and other, factors underline the need for remuneration of City Council to be regularly reviewed and renewed.

## 2.0 PROJECT PURPOSE

The recently elected City Council continues its search for objectivity in this highly sensitive, yet essential, aspect of public administration. It seeks a stewardship mechanism by which remuneration of the elected members can be fairly and regularly reviewed, at arm's length. And it seeks recommendations that are broadly based within the community. In February 2002 Council authorized the creation of an *ad hoc* Citizen Committee for Council Remuneration (CCCR) to undertake the project.

The CCCR was requested to submit written recommendations with respect to:

1. A program of stewardship for Council involving policy for annual remuneration of elected members, controls and regular measures relative to keeping current the remuneration for elected members of City Council;
2. Differentiation, if any, in the structure of remuneration between such positions as Mayor, Deputy Mayor, Aldermen, Committee Chairs, Committee Members; and
3. Actual 2002 levels of remuneration for elected members of Lethbridge City Council.

The Committee received further clarification from His Worship The Mayor intended to focus its efforts and ensure that it did not stray into related, but inappropriate, considerations. These were as follows:

- The committee process was one to engage a sample of, and not to represent, the community. Neither the role of the CCCR nor of its individual members was to include obtaining public support for the recommendations of the Committee.
- The Committee was not to consider a ward system of representation, as opposed to at-large aldermen.
- The Committee was not to consider remuneration in the context of the performance of individual members of City Council.
- The Committee was to consider the position of Alderman as part time. Recommendations from the committee should not risk motivating full time effort.

The Lethbridge firm of Meyers Norris Penny LLP Chartered Accountants and Business Advisors (MNP) was retained by Council to provide organizational, research and technical support to the Committee, as well as act as non-voting secretary.

## 3.0 PROJECT RECOMMENDATIONS

### 3.1 PROGRAM OF STEWARDSHIP

As the basis for stewardship, or a long term mechanism by which City Council can remain at arm's length from the conflicted review and maintenance of its own remuneration, the CCCR recommends that the following framework be adopted:

1. All positions on City Council are valued by the community, for their role in the long-term growth and stability of the community. Members of City Council should not be required, individually or collectively, to determine that remuneration received while in office. Such remuneration should be determined and reviewed by an *ad hoc* independent committee of citizen volunteers.
2. The positions of Mayor, Deputy Mayor and Alderman/Councillor are provided by, and the responsibilities described in, provincial statute. Remuneration is based upon the responsibility to govern arising from election to City Council. This includes participation in committees, boards or commissions of Council.
3. Value determination for the position of Alderman should be based on the governance role defined in the statute. The statutory role is a part time undertaking.
4. Lethbridge considers compensation for elected officials to be offset to opportunity costs. In order to determine opportunity cost, the City will consider three (3) factors: external fairness; internal fairness; administrative fairness. Lethbridge will develop benchmark compensation based upon the average practice of a sample of similar external municipalities (Alberta and intra-provincial). Subsequently, City of Lethbridge Administration will routinely determine the annual change in opportunity cost by averaging the change in certain internal (local) and provincial metrics. Such annual adjustments will be administered effective January 1<sup>st</sup>.
5. Cities selected for purposes of external comparison are characterized by a population between 50,000 and 90,000 and elect a full time Mayor. Each is a standalone community (not part of a larger, metropolitan area), enjoys a diversified economy and, ideally, is home to one or more post-secondary educational institution.

The year 2002 is to be a benchmark year in the administration of Council remuneration. The year 2002 is to be the last that external comparisons to other cities will be necessary until, either or both, the population of Lethbridge or the composition of the sample of external comparators undergo substantial change. Until either or both of these criteria are satisfied, annual revisions to the remuneration of each of the Mayor, Deputy Mayor and Alderman will be determined by changes in the economy of Lethbridge and the Province of Alberta.

In a benchmark year the base salary will be that amount resulting from the multiplication of the average per capita base salary of, respectively, Mayors and Aldermen of a sample of Canadian municipalities *times* the current population of The City of Lethbridge, as established by the Federal Census.

In 2003, or as soon thereafter as the relevant data are available from the 2001 Canadian Census, the average total income of persons reporting income for The City of Lethbridge, as reported by Statistics Canada, would be compared to that of the 1996 Census and the average annual per cent change over the five (5) year period would be determined.

In 2003, and each subsequent year until the next census would allow a similar comparison to the 2001 data, that annual rate of change will be averaged with the Alberta Consumer Price Index (CPI) for the preceding calendar year and the resultant number would become the rate of adjustment in the given year to the base salary of, respectively, the Mayor and Alderman.

The base salary for the position of Deputy Mayor is to be 1/3 that of the Mayor and would be adjusted based on revisions to the latter.

The City Council, serving at the time of a revision to the multi-year average rate of change determined by comparison of average total income for Lethbridge in the two most recent census data, would be asked to approve a resolution to implement the revision in the multi-year rate and to specify the years during which the revised rate would be operative. That rate would then be averaged annually with the Alberta CPI, once the latter became available for a year, to determine the adjustment to base salary for, respectively, the Mayor and Alderman in each year. See Appendix 4 for a sample calculation of the annual adjustment.

Such annual adjustment as has been calculated in this manner would be implemented by City Administration effective January 1<sup>st</sup> of each year without a requirement for further Council resolution(s).

### **3.2 DIFFERENTIATION IN REMUNERATION**

The 2002 annual base salary for the position of Deputy Mayor should be \$15,000 and in 2003 and subsequently would equal 1/3 of that for the Mayor. Discussion included the following facts: the Municipal Government Act (MGA) of Alberta provides for, but does not require, a position of Deputy Mayor; each Lethbridge Alderman serves as Deputy Mayor for 4.5 months out of each 36-month term; and the historical relationship (11 years of available reference data) between remuneration for the positions of Deputy Mayor and Mayor of Lethbridge is 1:3.

### **3.3 ACTUAL 2002 LEVELS OF REMUNERATION**

**3.3.1** The 2002 base salary for the position of **Mayor** is to be \$45,000 and is to be effective January 1, 2002.

**3.3.2** The 2002 actual base salary for the position of **Deputy Mayor** is to be \$15,000 and is to effective January 1, 2002.

**3.3.3** The actual 2002 base salary for the position of **Alderman** is to be \$13,000 and is to be effective January 1, 2002.

**3.3.4** No changes are recommended for the manner in which Aldermen serving on committees of Council are remunerated.

### **3.4 ALLOWANCES AND EMPLOYEE BENEFITS**

**3.4.1** The members of City Council should continue to receive an unvouchered expense allowance, as provided by statute, annually equivalent to 50 per cent of base salary. Such revisions to base salary as are implemented on January 1<sup>st</sup> of any year should be reflected in the unvouchered expense allowance.

**3.4.2** The magnitude, manner of administering and eligibility of expense reimbursement for members of Lethbridge City Council should remain unchanged. Discussion included the observation that, of comparative data available for reference, there appeared to be no competitive reason in support of revision.

**3.4.3** No revisions should be made to the 'Benefits' and 'Alternative Benefit Choices' as detailed in the schedules of Remuneration and Benefits for the positions of Mayor and Alderman, provided to the committee by the Human Resources Manager and the City Clerk. Discussion included the observation that, of the comparative data available for reference, there appeared to be no competitive reason in support of revision. It was noted that the flexible structure of benefits provided by The City of Lethbridge is tax efficient, sensitive to individual circumstances and a more enlightened approach than most of the municipalities in the current data sample.

### **3.5 RETIREMENT INCOME**

Elected members of City Council should be eligible, on a voluntary basis, to participate in a similar, but separate, Group Retirement Savings Plan (Group RSP) to that for which members of the City's Administration are eligible. Discussion included the explanation that there is no intent to deliver further base salary 'in disguise' but, rather, to offer a level of tax planning and income deferral that most working Canadians take for granted. The tax effectiveness of a Group RSP would only partially offset business opportunities routinely lost by elected civic officials who, either, take leave from established sources of income or try to juggle other part time source(s) of income in order to seek public office.

### **3.6 EXCLUSIONS**

The CCCR considered several other approaches to remuneration or allowances and rejected them as inconsistent with the stated objectives of the recommended policy or inappropriate at this time. These included:

- The survey, study and recommendations of the former Mayor Carpenter were reviewed in some detail.
- Transition allowance at the end of a term when a sitting member of Council decides to not seek re-election or is defeated in the election.
- Base income that would be earned incrementally through attendance at meetings of Council, as well as those committees of Council to which one is appointed.
- Pay for individual alderman performance.
- Progression pay; base salary that would increase with length of service on Council.
- Awards or bonuses for attendance.
- Deferred income or bonuses; deferred base salary that would accrue and become payable at time of leaving public office.

## 4.0 PROJECT APPROACH

In February MNP advertised locally Council's intent to establish and the terms of reference for the CCCR, with an outline of the selection process and an open invitation to the citizens of Lethbridge to apply. Advertising appeared in The Lethbridge Herald; on the websites of the City and of MNP; on the Shaw Cable community channel and, in hard copy, on the City Hall bulletin board.

In its proposal to City Council MNP undertook to empanel a committee representative of the breadth and diversity of the community. The following were listed as groups or publics from which MNP would attempt to attract representation:

1. Lethbridge Chamber of Commerce;
2. Lethbridge and District Labour Council;
3. Academia: Lethbridge Community College or University of Lethbridge;
4. Professions (examples would be accounting, engineering, law, medicine);
5. Retired politician: a former Alderman from Lethbridge City Council or a former MLA who represented a Lethbridge constituency;
6. Citizen(s) at large;
7. Local media.

There were eight (8) respondents to the ad campaign. In mid-March MNP met with the respondents, the purpose of which meeting was to clarify the purpose of and the process to be followed by the CCCR; to discuss the level of personal commitment likely required to acquit oneself of committee membership; to determine if there existed a potential for conflict. Subsequently all 8 were invited to join the CCCR.

Concurrently MNP approached directly several recognized groups and institutions within the community, some of which were in addition to the above list, in order to broaden the base of representation. These efforts resulted in two (2) further individuals volunteering to join the CCCR, the collective effect being a broadly based Committee membership. A list of Committee members is at appendix 3 to the Report.

The CCCR convened on April 4<sup>th</sup>, 2002, at which time it completed the orientation of the members and the organization of the Committee. The latter included committee decision making; committee confidentiality / disclosure; the degree to which further public input would be sought; the schedule of committee meetings and action plan; amongst other issues. The Committee elected its Chair (W. Dale Heyland, EdD) and Vice Chair (F. Vuol, EdD.).

The Committee then settled into a routine of weekly meetings on Monday evenings for the month of April, a minimum of two hours each evening. The discussions were spirited, insightful and comprehensive. Minutes were maintained, as a record of proceedings. Attendance remained consistently high. By the end of May approximately 200 person-hours had been invested in Committee, exclusive of time spent individually in research and deliberation. Between meetings MNP undertook further research and data analyses, preparing documentation to support the Committee's own action plan. Data were collected and reviewed from several larger Canadian cities.

Internet research provided other perspectives. For example, several years of annual Reports and Determinations of The Local Government Remuneration Tribunal (Australia) were reviewed, for possible learnings. MNP conducted meetings with several informed, local stakeholders to seek input and, in some cases, a historical perspective. Findings were reported to the Committee.

In April the Committee authorized the advertisement of an invitation for public input, to encourage public dialogue and to seek even wider citizen input than was already available. As previously, the invitation was published in The Lethbridge Herald; appeared on the websites of the City and of MNP; appeared numerous times on the Shaw Cable community channel. Two (2) responses were received and considered by the Committee. Such a small sample does not provide valid representative data; the input was considered as anecdotal.

In order to evaluate the effectiveness of any program of remuneration, there needs to be a framework of program guidelines and objectives. There being no evidence that such exists for City Council remuneration, the CCCR invested substantial time at the outset to debate and develop a proposed structure that would make salary administration less conflicted and support outcomes evaluation. If accepted by Council this framework would become part of the stewardship mechanism for determining remuneration over the long term. As developed by the Committee, and detailed at page 8, paragraph 3.1, the framework addresses for the City of Lethbridge such matters as:

- The importance associated with elected positions on City Council by citizens of the City of Lethbridge.
- The responsibility of City Council, as well as the individuals serving thereon, with respect to determining Council remuneration.
- The role definitions for the positions of Mayor, Deputy Mayor and Alderman/Councillor that are found in the statute.
- The nature of governance and whether the statutory role of Alderman/Councillor is full-or part-time.
- Provisions of the Income Tax Act that apply specifically to remuneration of elected politicians in Canada, at all levels of government.
- The concept and structure of compensation stewardship that requires constructive debate and approval by City Council, in order to relieve itself of its conflicted role in the matter.
- The stewardship mechanism by which the City of Lethbridge Administration would be able to annually adjust Council remuneration without the direct involvement of Council.

During May MNP produced the draft report and circulated electronic versions to the Committee members for consideration and comment. The Committee met on May 27<sup>th</sup> to consider amendments and to approve the final report, prior to submitting it to City Council in June 2002. Once the CCCR is deemed to have acquitted itself of its mandate to the satisfaction of City Council the former would disband.

## **5.0 SUBJECT POSITIONS**

The positions considered by the CCCR were:

- Mayor;
- Deputy Mayor; and
- Alderman.

See Appendix 1 for statutory definitions for the positions of Mayor and Alderman. Positions of Chairs of committees of Council were also considered.

## **6.0 COMPARATOR ORGANIZATIONS**

Eleven (11) cities with populations currently reported by Statistics Canada (based on the 2001 Census) as between 50,000 and 90,000, were selected for external comparisons. The list appears at appendix 2 to this report. The Committee sought standalone communities (are not part of a greater metropolitan area) that elect a full time Mayor, enjoy diversified economies and, in most cases, are the site of post-secondary educational institutions.

**APPENDIX 1**  
**CITY OF LETHBRIDGE**  
**SUBJECT POSITIONS**

**1. MUNICIPAL GOVERNMENT ACT**  
**Chapter M-26**

**Part 5**  
Councils, Councilors and Council Committees

**Division 3**  
Duties, Titles and Oaths of Councilors

**154 General duties of chief elected official**

General duties of chief elected official

- 154(1)** A chief elected official, in addition to performing the duties of a councillor, must
- (a) preside when in attendance at a council meeting unless a bylaw provides that another councillor or other person is to preside, and
  - (b) perform any other duty imposed on a chief elected official by this or any other enactment or bylaw.
- (2)** The chief elected official is a member of all council committees and all bodies to which council has the right to appoint members under this Act, unless the council provides otherwise.
- (3)** Despite subsection (2), the chief elected official may be a member of a board, commission, subdivision authority or development authority established under Part 17 only if the chief elected official is appointed in the chief elected official's personal name.

**1994 cM-26.1 s154;1995 c24 s21**

**2. MUNICIPAL GOVERNMENT ACT**  
**Chapter M-26**

**Part 5**  
Councils, Councillors and Council Committees

**Division 3**  
Duties, Titles and Oaths of Councilors

**153 General duties of councilors**

General duties of councilors

**153** Councilors have the following duties:

- (a) to consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality;
- (b) to participate generally in developing and evaluating the policies and programs of the municipality;
- (c) to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;
- (d) to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer;
- (e) to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public;
- (f) to perform any other duty or function imposed on councilors by this or any other enactment or by the council.

**1994 cM-26.1 s153**

**APPENDIX 2**  
**CITY OF LETHBRIDGE**  
**COMPARATOR ORGANIZATIONS**

For purposes of external comparison, data were collected from the following cities:

1. Charlottetown, P.E.I.
2. Fredericton, New Brunswick
3. Kamloops, B.C.
4. Medicine Hat, Alberta
5. Moncton, New Brunswick
6. North Bay, Ontario
7. Peterborough, Ontario
8. Prince George, B.C.
9. Red Deer, Alberta
10. St. Albert, Alberta
11. Saint John, New Brunswick

**APPENDIX 3**  
**CITY OF LETHBRIDGE**  
**CITIZEN COMMITTEE FOR COUNCIL REMUNERATION (CCCR)**

**Voting Committee Members**

1. Ted Bochan
2. Bal Boora
3. Rich Cuthbertson
4. Jan Foster
5. Dale Heyland, Chair
6. Jean Johnstone
7. Bev LeBlanc
8. Frank Vuo, Vice Chair
9. Bruce West
10. Bill Whitelaw

**Non-Voting Committee Members**

11. Melissa Bianchi, MNP
12. Bob Jacobson, MNP
13. David Waymouth, MNP

## APPENDIX 4

### CITY OF LETHBRIDGE SAMPLE CALCULATION OF ANNUAL ADJUSTMENT FACTOR

#### 1. 2002 BENCHMARK COUNCIL REMUNERATION <sup>(1)</sup>

POSITION	BASE \$	UNVOUCHERED ALLOWANCE	TOTAL REMUNERATION
Mayor	45,000	22,500	67,500
Deputy Mayor	15,000	7,500	22,500
Alderman/Councillor	13,000	6,500	19,500

#### 2. 2003 ADJUSTMENT

2001 Lethbridge Average Total Income <sup>(2)</sup>	26,426
1996 Lethbridge Average Total Income	<u>23,754</u>
1996 – 2001 Change in Average Total Income <sup>(2)</sup>	2,672
1996 – 2001 Average Annual % Rate of Change <sup>(2)</sup>	<b>A.</b> 2.25%
2002 Alberta Consumer Price Index <sup>(2)</sup>	<b>B.</b> 2.75%
2003 Adjustment Factor <b>[(A + B) / 2 = C]</b>	<b>C.</b> 2.5%

#### 3. 2003 COUNCIL REMUNERATION <sup>(3)</sup>

POSITION	BASE \$	UNVOUCHERED ALLOWANCE	TOTAL REMUNERATION
Mayor	46,125	23,062.50	69,187.50
Deputy Mayor	15,375	7,687.50	23,062.50
Alderman/Councillor	13,325	6,662.50	19,987.50

**Notes:**

1. These are recommended amounts.
2. These are notional numbers, approximated for the example.
3. The 2003 remuneration amounts have been increased from those in 2002 by the value of C.

*Council Salary Levels*

*545-A*

**City Council Meeting  
Tuesday, September 4, 2001**

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- Salary Levels for Members of Council

545-A

E.J. MARTIN:

BE IT RESOLVED THAT letter from Mayor D. B. Carpenter, dated September 4, 2001 recommending salary levels for City Council Members to be elected in October 2001, be tabled until the Regular Meeting of Council of October 1, 2001.

-----CARRIED

<b>ACTION:</b>	City Clerk
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OFFICE OF:  
The Mayor

July 18, 2001

For Submission To  
City Council Meeting  
September 4, 2001

Members of City Council:

You will recall that by policy, on recommendation of the Mayor, each outgoing City Council has the right and responsibility to set the salary for incoming Council members. On this Council's behalf, it has been my privilege to consider the great contribution of Council Members, along with the amount of time each of you spends on your duties, and research other such salaries across the Province. This submission recommends salary levels for those City Council Members to be elected in October 2001.

In coming to a recommendation, it was recognized that the positions of Mayor, Deputy Mayor and Alderman should be compensated at levels which recognize differences in effort and responsibility. A lot of wisdom and experience is expected of City Council members. Their salaries should reflect that fact, yet the compensation rate should not exceed what might be paid within the general business community for a position demanding equal wisdom and experience. It is also our responsibility to ensure appropriate compensation which attracts a full range of citizens from all walks of life as candidates for public office.

It should be noted that serving on City Council requires certain expenses such as a reliable vehicle, luncheon meetings, extra clothing and dry cleaning, etc. As well, Council members should be reimbursed for reasonable costs incurred during the conduct of City business, to ensure that they do not personally incur the costs of conducting such business.

**Aldermen:**

The following is an excerpt from the Municipal Government Act outlining the general duties of the Councillors and the Chief Elected Official. You will note that the first three listed duties are:

Section 153, MGA:

- (a) to consider the welfare and interests of the municipality as a whole and to bring to Council's attention anything that would promote the welfare or interests of the municipality;
- (b) to participate generally in developing and evaluating the policies and programs of the municipality;
- (c) to participate in Council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council.

Drawing from my years of personal experience on City Council, I consider the following chart to be an adequate estimation of the time required to perform those duties as an Alderman in the City of Lethbridge.

Weekly Required Hours Average			
Day	Task		hours
Friday	Read Agenda Research		3
Monday	Council Meeting		8
Tuesday- Thursday	Committee meetings		4
Sat-Sunday	Community Functions		3
Evening Citizen Contact phone calls, etc. at home			4
Annual Required Hours Average			
Conferences	attend & travel	6 x 8 hr	48
Budget meetings	attend	10 x 8 hr	80
Other special meetings	attend	4 x 8 hr	<u>32</u>
			160/52 weeks <u>3</u>
			Sub-Total 25
			Wkend & Evenings <u>-7</u>
			Grand Total 18 hours/week

Members of Lethbridge City Council are actually spending a great deal more time in service to the community than the above chart indicates is required to meet their legislated duties. While Aldermen's activities and contributions may be interesting, personally fulfilling, very much appreciated, and beneficial to the citizens, many of those activities might fall under the definition of micro-management, not of setting policy, and so are not actually part of the job. Since extra involvement is an individual's personal choice, I cannot recommend that Council salaries reflect the number of hours that are actually being devoted to the community.

The following theoretical points have led me to a conclusion:

- Aldermen should be reimbursed for out-of-pocket expenses;
- Aldermen should not be paid for attending public functions. for two reasons:
  - it is not part of the role of setting policy;
  - going out into the community and meeting people is in the best interests of each Alderman:

- Aldermen should be paid an appropriate amount for their day-time work (which is equal to a half-time position).

50% of \$30,000 = \$15,000  
 Costs                    7,500  
 Total                     22,500

**Recommendation for Aldermen: \$22,500 total (1/3 for costs as Unvouchered Expenses).**

**Mayor:**

According to the MGA, in addition performing the duties of a councillor, the Chief Elected Official must also preside over the Council meetings and perform duties as imposed by enactment or by-law. I estimate the hours required as follows:

Weekly Required Hours Average				
day	task			hours
Tues-Friday	Office routine	4 x 4 hr		16
Monday	Council Meeting			8
Tues-Fri	Constituent meetings	8 x 1 hr		8
Wkend & Evening	Business Functions			6
Wkend & Evening	Social Functions			10
Annual Required Hours Average				
Conferences/Out-of-town meetings	attend & travel out-of-town	15 x 8 hr	90	
Budget meetings	attend	10 x 8 hr	80	
meeting Admin	attend & advise		40	
			210/52 weeks	4
			Sub-Total	52
			Wkend & Eve	-10
			Grand Total	42 hr/wk (112% of full time)

112% of \$50,000    \$56,000  
 Costs                    13,000  
 Total                     69,000

**Recommendation for Mayor: \$69,000 total (\$13,000 for costs as Unvouchered Expenses).**

**Recommendation for Deputy Mayor: \$ 27,500 total (1/3 for costs as Unvouchered Expenses).**

In an effort to attempt to compare and ensure that these recommendations are in line with compensation for City Council members serving in other Alberta cities, I have been able to access the following information:

Alberta Council Salaries & Expense Allowance per annum			
	Mayor	Deputy	Aldermen
<b>Lethbridge recommended</b>	<b>69,000</b>	<b>27,500</b>	<b>22,500</b>
Lethbridge current	63,513	21,168	17,286
Year 2000:			
Lethbridge	61,633		16,783
Medicine Hat (April 2001)	72,000		24,000
Red Deer	58,809		15,195
St. Albert	60,039		17,834
Strathcona County	81,988		45,549
Wood Buffalo	75,000		17,000

**Conclusion:**

As you can see, this proposal will mean our city falls neither into first or last place on the chart of Council compensation for Alberta cities. The proposal should, however, ensure a decent level of compensation for any citizen who might be interested in serving our community as a member of Lethbridge City Council. I urge members of City Council to accept this recommendation for salaries and unvouchered expenses while all other items (i.e. per diem rates) remain the same.

David B. Carpenter, FCA  
Mayor

**SALARY & UNVOUCHERED  
EXPENSE ALLOWANCE SCHEDULE  
MEMBERS OF COUNCIL**

	<u>SALARY</u>	<u>UNVOUCHERED EXPENSE ALLOWANCE</u>	<u>TOTAL</u>
<b>1. MAYOR</b>			
Jan. 1, 1991	37,080.00	18,540.00	55,620.00
Jan. 1, 1992	38,192.00	19,096.00	57,288.00
Jan. 1, 1993	38,192.00	19,096.00	57,288.00
Jan. 1, 1994	38,192.00	19,096.00	57,288.00
Jan. 1, 1995	36,282.00	18,141.00	54,423.00
Jan. 1, 1996	36,282.00	18,141.00	54,423.00
Jan. 1, 1997	36,282.00	18,141.00	54,423.00
Jan. 1, 1998	38,192.00	19,096.00	57,288.00
Dec. 16, 1998	40,100.00	20,050.00	60,150.00
Jan. 1, 2000	41,102.00	20,551.00	61,663.00
Jan. 1, 2001	42,342.00	21,171.00	63,513.00
<b>2. DEPUTY MAYOR [Each Alderman is appointed as Deputy Mayor for 4.5 months during his/her term]</b>			
Jan 1, 1991	12,360.00	6,180.00	18,540.00
Jan. 1, 1992	12,731.00	6,365.00	19,096.00
Jan. 1, 1993	12,731.00	6,365.00	19,096.00
Jan. 1, 1994	12,731.00	6,365.00	19,096.00
Jan. 1, 1995	12,094.00	6,047.00	18,141.00
Jan. 1, 1996	12,094.00	6,047.00	18,141.00
Jan. 1, 1997	12,094.00	6,047.00	18,141.00
Jan. 1, 1998	12,731.00	6,365.00	19,096.00
Dec. 16, 1998	13,367.00	6,683.00	20,050.00
Jan. 1, 2000	13,701.00	6,850.00	20,551.00
Jan. 1, 2001	14,112.00	7,056.00	21,168.00
<b>3. ALDERMEN</b>			
Jan. 1, 1991	10,094.00	5,047.00	15,141.00
Jan. 1, 1992	10,397.00	5,199.00	15,596.00
Jan. 1, 1993	10,397.00	5,199.00	15,596.00
Jan. 1, 1994	10,397.00	5,199.00	15,596.00
Jan. 1, 1995	9,877.00	4,939.00	14,816.00
Jan. 1, 1996	9,877.00	4,939.00	14,816.00
Jan. 1, 1997	9,877.00	4,939.00	14,816.00
Jan. 1, 1998	10,397.00	5,199.99	15,596.00
Dec. 16, 1998	10,915.00	5,458.00	16,373.00
Jan. 1, 2000	11,188.00	5,595.00	16,783.00
Jan. 1, 2001	11,524.00	5,762.00	17,286.00

\*5% roll back re-instated December 31, 1997

\*5% increase December 16, 1998

\*2.5% increase January 1, 2000

\*3% increase January 1, 2001

\*Per diem of \$150/day (full days) or \$75/day for ½ days of 4 hours or less for travelling on City business - 03/22/99

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