



**Governance Review
Ad Hoc Committee
Meeting Agenda**

**Tuesday, June 6, 2017
10 a.m.**

**Holland Room
Aurora Town Hall**

Public Release
June 2, 2017



Town of Aurora
Governance Review Ad Hoc Committee
Meeting Agenda

Date: Tuesday, June 6, 2017

Time and Location: 10 a.m., Holland Room, Aurora Town Hall

1. Approval of the Agenda

Recommended:

That the agenda as circulated by Legislative Services be approved.

2. Declarations of Pecuniary Interest and General Nature Thereof

3. Receipt of the Minutes

Governance Review Ad Hoc Committee Meeting Minutes of May 23, 2017

Recommended:

That the Governance Review Ad Hoc Committee meeting minutes of May 23, 2017, be received for information.

4. Delegations

5. Matters for Consideration

1. Interim Report No. 1 of the Governance Review Ad Hoc Committee Re: Council Compensation Review Process

Recommended:

1. That Interim Report No. GRAHC17-001 be received; and
2. That, if the Federal Government commitment to end the one-third tax-free provisions of Council compensation does not occur in time for the commencement of the next term of Council, the existing one-third tax-free provisions of Council's compensation be discontinued beginning in the next term of Council; and
3. That as part of the final recommendations of the Governance Review Ad Hoc Committee, the base compensation of members of Council be increased to at least off-set the impact of the additional income tax burden to the members of ending the one-third tax-free treatment; and
4. That for purposes of evaluating and reviewing the compensation of members of Council, Council supports the Mayor role being considered as "full-time" while the eight current Councillor roles being considered as "part-time".

2. Round Table Discussion

Re: Additional information re committee commitments and compensation from other appointments
(to be distributed at the meeting)

Recommended:

1. That the discussion regarding Committee commitments and compensation from other appointments, be received for information and the comments of the Committee be referred to staff for consideration.

3. Round Table Discussion

Re: Discussion of upcoming meeting schedule

Recommended:

1. That the discussion regarding the upcoming meeting schedule, be received for information and the comments of the Committee be referred to staff for consideration.

6. Informational Items

7. New Business

8. Adjournment



**Town of Aurora
Governance Review Ad Hoc Committee
Meeting Minutes**

Date: Tuesday, May 23, 2017

Time and Location: 10 a.m., Holland Room, Aurora Town Hall

Committee Members: Anita Moore (Chair), Anna Lozyk Romeo (Vice-Chair), Steve Hinder, Terry Jones and Bill Hogg

Member(s) Absent: None

Other Attendees: Dan Elliott, Director of Finance, Sandra McKenzie, Manager of Human Resources, Michael de Rond, Town Clerk

The Chair called the meeting to order at 10:00 a.m.

1. Approval of the Agenda

**Moved by Terry Jones
Seconded by Anna Lozyk Romeo**

That the agenda as circulated by Legislative Services be approved.

Carried

2. Declarations of Pecuniary Interest and General Nature Thereof

There were no declarations of pecuniary interest under the *Municipal Conflict of Interest Act*.

3. Receipt of the Minutes

Governance Review Ad Hoc Committee Meeting Minutes of May 9, 2017

**Moved by Steve Hinder
Seconded by Terry Jones**

That the Governance Review Ad Hoc Committee meeting minutes of May 9, 2017 be received for information.

Carried

4. Delegations

None

5. Matters for Consideration

1. Receipt of Council Compensation Review Materials Binder and Verbal Presentation by Staff

Re: Review of Council Compensation Review Process, Binder Materials and suggested Discussion Topic Areas

Staff provided a brief overview of past compensation review exercises and answered preliminary questions from the committee members.

The committee agreed to provide recommendations to Council regarding whether individual Councillors have full-time roles or part-times roles and whether the Town will provide further compensation to elected officials, should the federal government remove the 1/3 tax exemption that is currently afforded to municipal councillors.

**Moved by Steve Hinder
Seconded by Bill Hogg**

1. That the binder of Council Compensation Review Materials be received; and,
2. That the verbal presentation by staff be received.

Carried

2. Round Table Discussion

Re: Overview of Council Compensation and Prioritization of Discussion topics

The Committee agreed that a preliminary report to Council would be appropriate before proceeding with the remainder of the review. The report should include recommendations to Council to remain as part-time Councillors and to provide additional compensation should the 1/3 tax exemption be removed.

Moved by Steve Hinder

Seconded by Bill Hogg

1. That the Round Table Discussion regarding Overview of Council Compensation and Prioritization of Discussion Topic Areas be received and the comments of the committee be referred to staff for consideration; and,
2. That staff prepare a draft report to Council for the committee's consideration at the next meeting.

Carried

6. Informational Items

7. New Business

8. Adjournment

Moved by Bill Hogg

Seconded by Terry Jones

That the meeting be adjourned at 11:45 p.m.

Carried

Committee recommendations are not binding on the Town unless adopted by Council at a later meeting.



Town of Aurora
General Committee Report

GRAHC17-001

Subject: Interim Report #1 of the Governance Review Ad Hoc Committee

Submitted by: Chair and Members of the Governance Review Ad Hoc Committee

Date: June 20, 2017

Recommendations

1. That Report No. GRAHC17-001 be received; and
2. That, if the Federal Government commitment to end the one-third tax-free provisions of Council compensation does not occur in time for the commencement of the next term of Council, the existing one-third tax-free provisions of Council's compensation be discontinued beginning in the next term of Council; and
3. That as part of the final recommendations of the Governance Review Ad Hoc Committee, the base compensation of members of Council be increased to at least off-set the impact of the additional income tax burden to the members of ending the one-third tax-free treatment; and
4. That for purposes of evaluating and reviewing the compensation of members of Council, Council supports the Mayor role being considered as "full-time" while the eight current Councillor roles being considered as "part-time".

Executive Summary

The Governance Review Ad Hoc Advisory Committee has recently turned its attention to its mandated review of compensation of members of Council.

This report is prepared to update Council on two matters which have been debated, and which, in the opinion of the Committee, will have a direct impact on future discussions in other aspects of our Council Compensation review.

By bringing this interim report, Committee seeks to obtain Council support for the recommendations of the Committee in these two matters, or in the alternative, a clear Council position with respect to these matters. Council's position on these two matters will then set the context for our future discussions and recommendations.

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- Proposal to eliminate the current one-third tax-free treatment of Council compensation, and to gross-up the base compensation to make take home pay, net of the new taxes similar to today's amounts.
- Proposal to consider the Mayor role to be a full-time commitment while the eight Councillor roles to continue to be considered part-time commitments.

Background

The Governance Review Ad Hoc Advisory Committee's mandate and terms of reference include reviewing the compensation of members of Council. This review entails consideration of a number of aspects of what is considered part of compensation. This report considers two elements of our review, being the one-third tax-free treatment of compensation, and the full-time vs part-time status of members of Council. Our future discussions and recommendations will include the following areas:

- Recommended compensation amounts
- Expense provisions/allowances
- Transition payments policy
- Benefits (health & dental, OMERS pension, income protection plans)

One-third tax-free treatment of elected officials' compensation may be legislated away.

Council currently receives one-third of its salary as "deemed expenses" which is then tax free under provisions of the Municipal Act and the Income Tax Act. To continue such arrangement, Council must review this bylaw at least once each term. Should the one-third status be discontinued, it cannot be restored in the future, as this option has now been removed by changes to the Municipal Act. Any existing arrangements are grandfathered under the new provisions, but must be confirmed at least once each term by resolution.

In early 2015, this Council confirmed continuing the one-third tax free treatment for this current term of Council.

The Federal Government recently announced intention to eliminate the current one-third tax free provisions for elected officials at all levels of government. Although no regulation or legislation to do so has been introduced, the Committee considered this issue. The Committee considered whether it would recommend ending the one-third tax-free treatment of Council compensation even if the federal commitment did not

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materialize. As part of this conversation, if the one-third tax-free treatment was ended one way or the other, discussion was had as to whether the base compensation should be increased to off-set the lowered net take-home pay which would otherwise result.

The Committee believes in the principles of transparency and accountability, particularly when it comes to compensation of elected members. Ideally, compensation of Council should be readily understood by the public. The one-third tax free status may be seen to lack transparency, making comparisons difficult. To remove the one-third tax free status and gross up the base salaries to result in a similar net-pay for the recipients would cost the corporation approximately \$65,000 to \$70,000 per year.

The Committee believes that increased transparency and accountability is a worthy goal, and recommends ending the one-third tax free treatment of Council compensation.

Further, Committee believes that the increased transparency and accountability is of higher value than the relatively minor budget impacts of increasing Council compensation to off-set the additional taxation impact to their take home pay.

Accordingly, Committee recommends as follows:

THAT, even if the Federal Government commitment to end the one-third tax-free provisions of Council compensation does not occur in time for the commencement of the next term of Council, the existing one-third tax-free provisions of Council's compensation be discontinued beginning in the next term of Council; and

That as part of the final recommendations of the Governance Review Ad Hoc Committee, the base compensation of members of Council be increased to at least off-set the impact of the additional income tax burden to the members of ending the one-third tax-free treatment.

Full-time versus Part-time status of elected Councillors

Due to the commitments of being both an elected member of the Council of the Region of York, and to fulfil the responsibilities of being the Mayor and meeting the statutory responsibilities of the Municipal Act of the Head of Council, fulfilling the role of the mayor of Aurora has long been considered a role equivalent to that of a full-time position. Day meetings, ceremonial and governance responsibilities together with the many other responsibilities, the Mayor position requires at least 35 hours per week.

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In considering the requirements of being a councillor elected at large, although some members by personal choice may commit more time than others and attend more meetings than others, the Committee sees no compelling reason that the duties and expectations of being a Councillor for Aurora could not be fulfilled on a part-time basis. This position is supportive of candidates who wish to serve in this capacity while maintaining a full time career elsewhere.

Accordingly, Committee recommends as follows:

THAT for purposes of evaluating and reviewing the compensation of members of Council, Council supports the Mayor role being considered as “full-time” while the eight current Councillor roles be considered as “part-time”.

Financial Implications

The GRAHC recognizes that there will be an annual budgetary impact of eliminating the one-third tax free portion of members of Council, however believe that the transparency and accountability gains off set the increased costs of approximately \$65,000 per year.

Alternative(s) to the Recommendation

1. Council may provide different direction to the GRAHC by adopting recommendations different from those presented by Committee.

Conclusions

The Governance Review AD Hoc Committee has turned its attention to its mandated review of compensation of members of Council. The Committee requires confirmation from Council on a couple of interim recommendations which will shape the more detailed discussions and recommendations of the Committee in our future work in this area.

Pre-submission Review

Each member of the Governance Review Ad Hoc Committee has reviewed this report and are unanimously in support of the recommendations and content.

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Anita Moore
Chair, GRAHC

Anna Lozyk Romeo
Vice-Chair, GRAHC