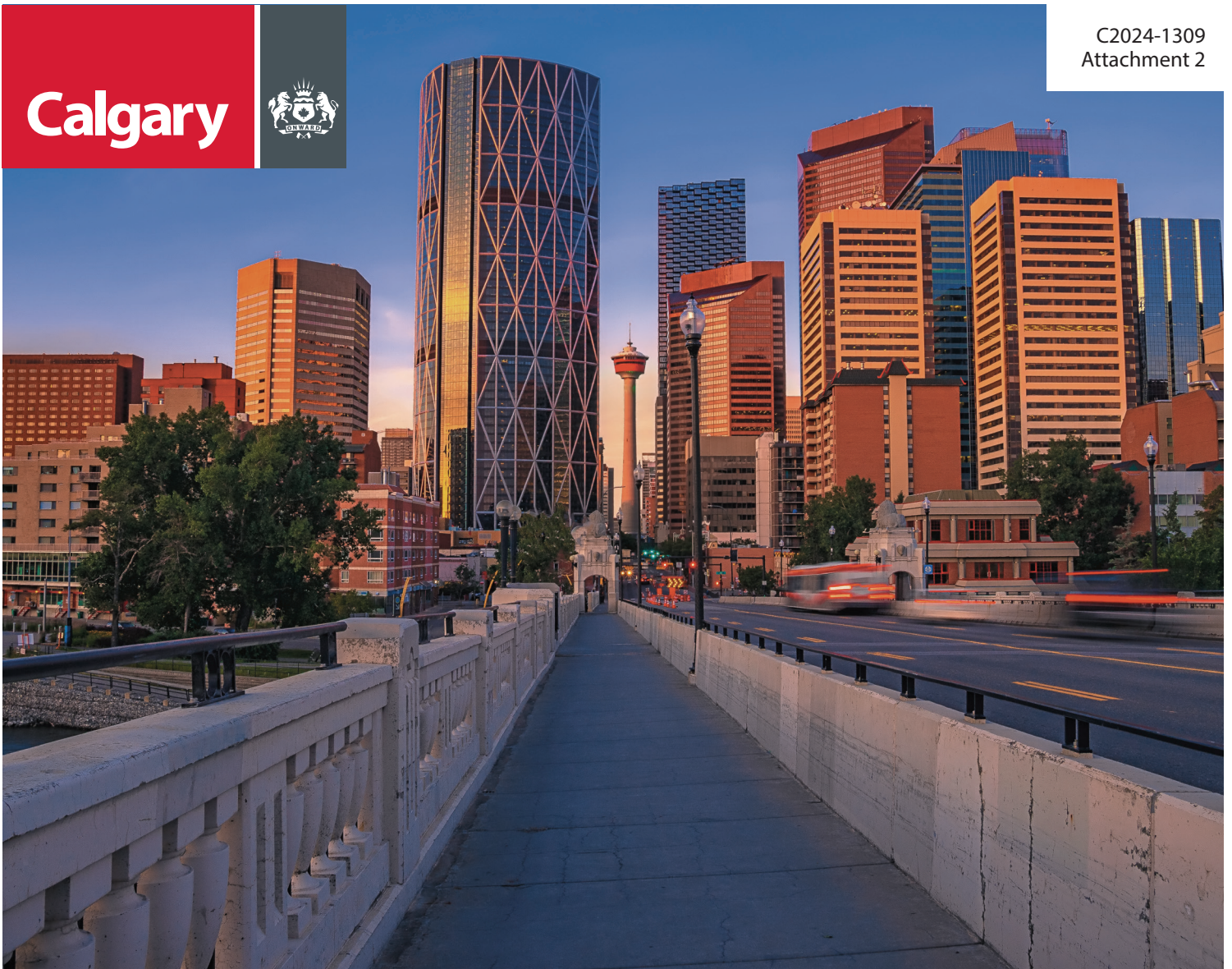


Calgary



C2024-1309
Attachment 2



Final Report of the Council Compensation Review Committee

2024 December 17

ISC: UNRESTRICTED

PURPOSE

The Council Compensation Review Committee (“the CCRC”), was appointed in January 2024 to conduct an impartial review and assessment of the Members of Council compensation package and the compensation provided to Councillors’ Assistants. Under the CCRC’s mandate, it provides recommendations on any changes to compensation via this Final Report to Council, per the *Council Compensation Review Committee Bylaw 49M2023* (“Bylaw 49M2023”). Five Public Members with backgrounds in human resources and business were tasked with completing this report by December 31, 2024.

To support the CCRC’s recommendations, the following actions were undertaken to provide an evidence-based approach. The CCRC hired an external consulting firm, Gallagher Benefit Services (Canada) Group Inc. (“Gallagher”), as per The City of Calgary’s normal procurement process. Gallagher conducted a market survey of elected official compensation in comparable municipalities. The CCRC also solicited feedback from Members of Council and Councillors’ Assistants in two surveys between May and June; the surveys included both multiple-choice and open-ended comment sections for detailed feedback.

The CCRC also offered interviews to Members of Council, of whom three provided feedback to the Chair and Vice Chair of the CCRC. With the expansion of the CCRC’s mandate to review Councillors’ Assistants’ compensation in this review cycle, it was determined that conducting a survey for Assistants with the option to provide open-ended feedback would provide comprehensive information without additional interviews. Finally, the CCRC members met regularly to discuss the mandate, asking questions of the Administration on policies, processes and compensation practices, as well as reviewing the findings from the Gallagher report and HR best practices to provide well-informed recommendations.



The previous CCRC, which completed its report in 2020, recommended the following:

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.

The above recommendations were adopted by Council in 2020. Below are the 2024 CCRC's recommendations.

RECOMMENDATIONS

The 2024 Council Compensation Review Committee recommends:

1. Maintaining the current Alberta Average Weekly Earnings ("AWE") calculation methodology as the basis for determining Council's annual pay adjustments, using data from the September-to-September period. Since the AWE reflects the economic conditions experienced by Albertans, it is appropriate for compensation for Members of Council to be aligned with the same economic realities as their constituents. The CCRC is not recommending any changes to base pay for Members of Council.
2. Adding accidental death and dismemberment (AD&D) insurance (mandatory participation) to the benefits for Members of Council. This is in alignment with other comparable municipalities' benefits offerings.
3. Amending the transition allowance to provide a maximum of 26 weeks' worth of pay if a Member of Council chooses not to stand for re-election or is defeated.
4. That Administration conduct a comprehensive HR review of Councillors' Assistants as a staffing group. During the CCRC's assessment, it became clear that the policies governing Assistants, including compensation, have not been updated recently and fall outside the standard 4-year review cycle. Additionally, the job descriptions for Assistants are outdated. The CCRC recommends reviewing the job family classifications and updating job descriptions as a necessary step before proceeding with any further salary review for Assistants.
5. That Councillors consult with City Human Resources when determining the placement of Councillors' Assistants within salary bands or the City Clerk's Office when determining availability of budget. This ensures Councillors can leverage expert guidance to make informed and equitable staffing decisions.
6. Expanding the next CCRC's mandate to include review of Councillors' Assistants benefits. The Committee received feedback from Councillors' Assistants via the survey indicating that they would like such a review; however, this fell outside of the CCRC's current mandate.

HIGHLIGHTS

The CCRC's recommendations are based on the Committee's evaluation of whether the compensation package for Members of Council:

- 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 municipal elected positions elsewhere in Canada.

The CCRC was also tasked with reviewing the salaries of Councillor Assistants.

What this means to Calgarians: Calgarians can be assured that a thorough and impartial review has been conducted. The recommendations of the CCRC fulfil the mandate of the CCRC as defined in Bylaw 49M2023.

Why this matters: Having expert Public Members complete an impartial review and provide recommendations on elected officials' compensation supports transparency and accountability with the use of public funds. It also ensures that the positions of councillor and mayor are equitably compensated relative to similar positions across Alberta and the country. Equitable pay balances fiscal stewardship with the need to attract talented candidates to ensure effective governance.

Key highlights from the CCRC's findings are:

Base pay: Calgary's mayoral and councillor base pay have been adjusted over time in accordance with the AWE as recommended by a previous CCRC. They have remained in similar standing compared to other Canadian comparator cities, particularly in consideration of its larger size. As such, the CCRC does not see the need to recommend any further adjustment to current base pay at this time.

Pay adjustments: The AWE as a mechanism for adjusting pay is reflective of Alberta's dynamic and unique economic environment. This resulted in a 2.41% increase to base pay in each of the past two years. While it is worth noting this is a slower rate of growth than the comparator cities (which grew at a median of 3.3% and 3% in 2023 and 2024 respectively), it does fall in line with the desire to align with local economic realities. The CCRC believes retaining the AWE as the pay adjusting mechanism is appropriate, ensuring that Council compensation reflects the economic realities experienced by Calgarians.

Enhanced benefits for Members of Council: The CCRC recommends adding accidental death and dismemberment (AD&D) insurance to the compensation package for Members of Council. The aim is to align the benefits package with those offered in comparable municipalities. It is recommended that the minimal cost of this important benefit be borne by the Mayor and Councillors.

Equity in the Transition Allowance: The CCRC proposes a consistent maximum of 26 weeks for transition allowances, regardless of whether a councillor leaves voluntarily or is defeated. Currently, Members defeated at election are eligible for a maximum of 52 weeks. No comparator city provided a different transition allowance based on the reason for ending their term, and so this change would align with general practices while providing cost savings to The City.

Review of Councillors' Assistants' roles: The CCRC was mandated to review the base salaries of Councillors' Assistants; however, upon review, it was determined that the wide salary band, sole discretion of Councillors to determine salaries, and out of date policies and job descriptions have resulted in the need for a full HR review of this staffing group to ensure equity and support for these employees. Specific salary recommendations cannot be made at this time without this foundational work. The CCRC identifies a need for updating job descriptions and standardizing the compensation structure for Councillors' Assistants, with the aim to address inconsistencies and enhance equity in pay.

COUNCIL COMPENSATION REVIEW COMMITTEE ANALYSIS

By establishing the CCRC, Members of the Council have expressed their desire for a third-party assessment of their total compensation and compensation for Councillors' Assistants that is transparent for Calgarians and that provides formal recommendations for Council to consider. The CCRC's mandate includes a review of all current aspects of Council's compensation, along with base salary recommendations only for Councillors' Assistants. In addition, the CCRC is to make specific recommendations for the term that commences with the election of the next Council in late 2025.

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 to elected officials and an engagement survey with Members of Council and Councillors' Assistants to best define areas of value specific to their total compensation, pay mix and benefits.

The full Gallagher Market Survey Results are summarized in Attachment 4 and are reflected in the CCRC's recommendations.

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, Councillors and Councillors' Assistants. Top of mind was ensuring the compensation package offered was fair, competitive and in-line with similar municipalities creating an overall offering that can attract strong candidates to run for election over the long term and that reflects local economic conditions. The CCRC's approach was generally aligned with the compensation process followed in the past, while still recommending some changes for consideration.

The following are key points the CCRC focused on:

Base pay and annual adjustments

Calgary has the third highest city population of our survey group at 1.3 million. Calgary's mayor is the third highest paid, with Toronto and Edmonton above. The councillor role is fourth highest paid behind Toronto, Montreal and Edmonton. Based on this, base pay is appropriate in the context of equivalent municipally elected positions elsewhere in Canada and in-line with the CCRC's mandate.

The CCRC also debated the continued use of AWE versus other metrics to determine annual increases. From a compensation perspective, AWE is a commonly used measure of labour costs in Alberta. It has been used by previous Council Compensation Review Committees as a basis for interpreting wage trends in Alberta. It is also used by the City of Edmonton to determine its Council's increases.

The CCRC has reviewed the AWE and continues to consider it a valid approach for reviewing compensation data and as the basis of annual increases.

Transition Allowance

The purpose of the Transition Allowance is primarily to:

- Fill the pay gap faced by the mayor and councillors when leaving office as they are not eligible for Employment Insurance;
- Encourage members of the public to seek public office by providing support to transition back to established careers; and
- Support Members of Council who leave under any circumstance in finding new employment given there are few "similar" jobs.

Currently, Members of Council who choose not to stand for re-election, or who retire or resign receive a Transition Allowance equal to two weeks of pay per year of service to maximum of 26 weeks; those who are defeated at the next election receive an allowance equal to two weeks of pay per year to maximum of 52 weeks.

The CCRC acknowledges the recommendation of the previous Council Compensation Review Committee to reduce the maximum transition allowance to 26 weeks for elected officials who leave voluntarily, keeping the maximum of 52 weeks for those who are defeated in a municipal election. The CCRC is recommending that the maximum transition allowance be set at 26 weeks for elected officials who leave voluntarily, and for those who are defeated in an election. Reasons for this include:

- **Cost savings for The City:** Reducing the maximum transition allowance from 52 to 26 weeks for Members of Council who are defeated or choose not to stand for re-election will reduce expenses related to this benefit, leading to potential cost savings for The City.
- **Public perception of fiscal responsibility:** Reducing the benefit could be seen as a positive step toward fiscal responsibility and fairness, particularly if the current benefit level is perceived as overly generous by the public.
- **Consistency across departure types:** The proposed change creates alignment between circumstances where Members of Council voluntarily leave office and where they are defeated, improving fairness for how benefits are applied across these different circumstances.
- **Alignment with municipal comparators:** No other comparable municipalities provided provide a differential transition allowance based on the reason for departure from office.

Accidental Death & Dismemberment Insurance

It was noted by the Committee that half of comparator groups offered AD&D to elected officials. The CCRC recommends the addition of this benefit, providing a reasonable safety net and protection in case of a catastrophic event.

The CCRC consulted City Administration about the feasibility of providing AD&D to elected officials, and City Administration provided the following information:

- Canada Life, the insurer for the Life coverage, provided a quote for AD&D coverage of 2 times annual salary. The annual cost based on current salaries is approximately \$2,500 to insure all Members of Council for AD&D coverage. On an individual basis, the annual cost for the mayor is \$256.80 and each councillor is \$145.20.
- The AD&D premiums can be paid either by the Councillors' and Mayor's offices or the Member of Council. If paid by the Councillors' and Mayor's offices, the premiums paid are a taxable benefit to the Member. (Note that the Basic Life Insurance premiums are 100% paid by the Councillors' and Mayor's offices.)

The CCRC recommends introducing this benefit and that these minimal costs be borne by the mayor and councillors.

Providing benefits to elected officials will help attract highly qualified individuals to run for election who might otherwise consider private sector opportunities.

Councillors' Assistants base pay

Given the unique needs of each ward, Councillors' Assistant positions capture a wide array of duties and skill levels, which entail the need for the current broadband salary structure. The Gallagher report did find that the compensation of these positions is broadly aligned with comparator municipalities. The City's approach offers guidelines that appear to be sufficiently wide from minimum to maximum to equitably compensate for similar skills in the marketplace and ensures a degree of continuity with City staff in similar roles.

However, the confidential survey of Councillors' Assistants spoke to perceived and actual inequities in titling and overall compensation. Though a broadband salary philosophy is good at capturing a breadth of duties and skills, it can be difficult to differentiate and compare different levels of administrative support within that pay band. This also makes it difficult to apply a fair mechanism for assessing staff and moving them through the pay band.

In addition, the CCRC noted on review that some policies pertaining to this staffing group and its compensation were outdated, falling outside The City's standard 4-year policy review cycle. An example of this is the *Councillors' Assistants Policy* PAC005, which in part references job descriptions.

Reviewing this, the Committee had two important discussion points:

1. Job Descriptions and/or common "job families" did not exist or reflect the reality of roles as they exist today. Councillors have a high degree of latitude to staff their office as they see fit to meet the needs of the ward and constituents. This lack of commonality and consistency is likely a main contributor to the concerns mentioned above.

As such, the Committee recommends doing comprehensive HR reviews of applicable policies, creating a job family classification framework, updating job descriptions and reviewing pay practices. This would provide:

- **Improved role clarity and efficiency:** A comprehensive HR review can lead to clearer job descriptions and more appropriate job classifications for Councillors' Assistants, resulting in better alignment of roles and responsibilities, improved performance and operational efficiency.
- **Improved equity:** This also creates an equitable foundation upon which a similarly comprehensive review of compensation can be built, helping to bring consistency of pay in comparison to peer groups.
- **Reflect current state in policies:** Updating outdated policies will ensure they accurately reflect the realities of the work completed by Councillors' Assistants. This will also allow the opportunity to confirm that they are in alignment with current applicable legislation.

2. Councillors can offer any salary they deem appropriate, provided sufficient funds are available in their Ward Budgets. Although this can provide great flexibility for councillors to structure their offices in a way that meets their unique needs, doing so in isolation can result in unintended inequities in compensation.

To address this, the CCRC recommends that when recruiting, councillors engage and consult with The City's Human Resources business unit when determining the placement of Councillor Assistants within salary bands and consult with the City Clerk's Office regarding budgetary capacity. This ensures councillors can leverage expert guidance to make informed and equitable staffing decisions. Administration has a broader picture of all Councillors' Assistants and their placements which individual Councillors would not necessarily have access to. This will provide:

- **Enhanced Fairness and Consistency:** Consulting with Human Resources when determining the placement of Councillors' Assistants within salary bands or the City Clerk's Office when determining availability of budget would lead to more consistent and equitable salary placements for Councillors' Assistants, aligning compensation with job responsibilities and market standards.
- **Improved Transparency:** This process would foster greater transparency for how salary decisions are made, increasing trust among Councillors' Assistants and the public regarding how taxpayer dollars are allocated.

ENGAGEMENT AND COMMUNICATION

Current compensation policies & practices

Administration staff provided a comprehensive overview during our initial meeting to inform CCRC members about The City's current compensation package for Members of Council and Councillors' Assistants. This presentation covered both the cash and non-cash elements of the Council's pay package and addressed various Committee inquiries. Additional information, including the following Council policies, was shared in subsequent meetings:

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

Survey of Members of Council

To gauge the perspectives of Members of Council on current compensation levels and practices, an online, internal survey was distributed to each Member of Council via email invitation. The survey was fielded from May 21 to June 7, 2024. The open-link survey was distributed to the Mayor and 14 Councillors, with nine respondents completing the survey in full.

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

- **Feel adequately compensated for their work.**
- **Believe the City's current policies regarding annual salary adjustments and Council pay reviews are appropriate.**
- **Feel current Council compensation levels are well-justified.**
- **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 extends its gratitude to the Members of Council who participated in the survey and contributed additional comments and suggestions.

Councillors' Assistants survey

To gauge the perspectives of Councillors' Assistants on current compensation levels and practices, an online, internal survey was distributed via email invitation. The survey was fielded from May 21 to June 7, 2024. A total of 30 assistants started the survey, and 28 respondents completed it in full.

Based on the survey results, the Committee finds that most respondents:

- **Feel the base pay influenced their decision to work in their role:** More than half (57%) of respondents indicated that the base pay offered influenced their decision to take on their role.
- **Have mixed understanding of how their base pay was determined:** Less than half (47%) agreed that they understand how their base pay was determined, with a notable proportion (43%) disagreeing.
- **Feel inadequately rewarded for their work:** Only 47% of respondents agreed that their base pay adequately rewards them for their work, while 43% disagreed, indicating a significant level of dissatisfaction with their compensation.
- **Have concerns about the lack of review/revision for base pay increases:** The most common concern among respondents (55%) was the absence of regular reviews or revisions for base pay increases. Other concerns included the base pay being too low for the work performed (48%) and discrepancies in pay among assistants (41%).

The Committee extends its gratitude to the Councillors' Assistants who participated in the survey and contributed additional comments and suggestions.

FINANCIAL IMPLICATIONS

Promoting Fiscal Responsibility

Our recommendations can be categorized as follows:

Recommendation	Financial Implications
The CCRC recommends maintaining the Alberta Average Weekly Earnings (AWE) calculation as the basis for determining the Council's annual pay adjustments.	No anticipated financial Impacts
The CCRC recommends adding accidental death and dismemberment (AD&D) insurance to Councillors' benefits.	No anticipated financial Impacts
The CCRC recommends that the maximum transitory allowance be set at 26 weeks regardless of whether an elected official leaves voluntarily or is defeated in an election.	Cost savings
The CCRC recommends that Administration conduct a comprehensive HR review of Councillor Assistants as a staffing group; The CCRC recommends that Councillors consult with The City's Human Resources business unit when determining the placement of Councillors' Assistants within salary bands and consult with the City Clerk's Office regarding budgetary capacity.	No anticipated financial Impacts

The recommendations put forward by the CCRC are either cost neutral or provide cost savings for Calgarians, demonstrating stewardship of public funds. Additional notes where required can be found below:

1. The CCRC recommends maintaining the Alberta Average Weekly Earnings (AWE) calculation as the basis for determining the Council's annual pay adjustments .

As this is the current index used as the pay adjustment mechanism, any increases or decreases would be accounted for in the budgeting for The City. Additionally, since the mechanisms utilized by other comparators resulted in, on average, a slightly higher percentage increase to salaries across the past two years, no opportunity cost is incurred by maintaining this option, while remaining in line with the Alberta economic context.

2. Adding accidental death and dismemberment (AD&D) insurance to the benefits package for Members of Council.

The CCRC recommends that this benefit be self-funded, meaning the cost would come out of the pay for the Mayor and Councillors, instead of from The City.

3. The maximum Transition Allowance be set equal to 26 weeks worth of pay, regardless of whether an elected official leaves voluntarily or is defeated in an election.

This alignment would reduce the risk of individuals running for election with financial motivations and ensure that benefits are distributed equitably. Consistency in benefit offerings supports fairness, enhances operational efficiency, simplifies HR management, and helps build trust with all stakeholders. This reduction would also result in a cost savings opportunity for The City of Calgary and the opportunity to deploy resources to other areas.

4. That Administration conduct a comprehensive HR review of Councillors' Assistants as a staffing group; Councillors consult with The City's Human Resources business unit when determining the placement of Councillors' Assistants within salary bands and the City Clerk's Office regarding budgetary capacity.

The review of job descriptions, compensation practices, and policies are considered a regular function for an HR department in any large organization. As such, it is not anticipated that this would require any additional resources to conduct, as it should be considered part of the normal course of business.

RISK

The CCRC has assessed the risks associated with each recommendation and determined no significant concerns in proceeding with the proposed recommendations.

The CCRC discussed maintaining current practices, specifically, the AWE method and agreed that using that methodology to adjust base salaries remains valid, particularly when a 12-month average is applied. We believe it is appropriate for the compensation of Members of Council to reflect the same economic realities as those experienced by their constituents. Our surveys and market data from Gallagher further reaffirmed that the current method is equitable and aligned.

The reduction in the Transition Allowance, which highlights fiscal responsibility and brings consistency in how benefits are applied across different circumstances is another recommendation that can be implemented without significant risk.

Additionally, our suggestions for a more robust review of Councillors' Assistants pay, job descriptions, and pay practices will provide a future committee with the time and resources needed to develop a well-informed recommendation. At this time, we see there being no risk with undertaking this review as a reasonable and normal part of HR duties.

Overall, our recommendations aim to maintain stability while promoting fairness and fiscal prudence in Councillor compensation practices and can be implemented without significant risk.

ACKNOWLEDGEMENTS

The CCRC would like to extend our sincere thanks to all those involved in this process. City Administration provided exceptional support and guidance to the CCRC and without their knowledge and support this the committee's work would not have been possible.

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