

This information was released to the public from the
Closed Council meeting of January 25, 2021.

CLOSED COUNCIL MEETING
MONDAY, JANUARY 25, 2021

Council Indemnity and Benefits Market Review

That Council:

Upon approval of recommendation No. 2, authorize staff to release a redacted version of this Corporate Report, with confidential information removed.

Carried.

NO: CC005

COUNCIL DATE: January 25, 2021

CLOSED COUNCIL

TO: Mayor & Council

DATE: January 21, 2021

FROM: City Manager
General Manager, Corporate Services

FILE: 0560-01

SUBJECT: Council Indemnity and Benefits Market Review

RECOMMENDATION

The City Manager and the General Manager, Corporate Services recommend that Council:

1. Receive this report for information;
2. Direct staff to update council indemnities to reflect current market conditions as outlined in this report; and
3. Upon approval of recommendation #2, authorize staff to release a redacted version of this Corporate Report, with confidential information removed.

INTENT

In accordance with Council Policy No. D-36 Council Indemnity and Benefits (the "Policy") (attached to this report as Appendix "1"), the City has conducted a market review of the council indemnity structure and benefits. The purpose of this report is to inform council of its findings and staff's recommendations.

BACKGROUND

The City of Surrey compensates its Council members equitably to the relevant comparator market for the service they provide to residents.

The City of Surrey's Council Indemnity and Benefits Policy defines indemnities and benefits provided to City Councillors and the Mayor. In accordance with the Policy, Council indemnities are adjusted in two ways:

1. Through a market review that occurs every 4 years (4-year market review); and
2. Through annual adjustments based on an approved formula (annual adjustment).



As per the Policy [REDACTED] an annual adjustment is made to Council's indemnity based on specific criteria. Accordingly, since 2016, Council's indemnity has increased annually, and the 2021 indemnity is as follows:

- Mayor's indemnity is \$153,211;
- Councillor indemnity is \$78,139; and
- Acting Mayor indemnity \$112.67 per day.

4 Year Market Review

As required under the Policy, every four years a comparison of the overall Council indemnity structure is conducted against Western Canada and Ontario municipalities of comparable size and complexity.

The previous market review was conducted in 2016 when the City comprehensively evaluated the competitiveness of its council indemnities. The following points summarize key outcomes of that review in 2016:

- Mayor's indemnity was increased from \$130,195 to \$140,510;
- Councillor indemnity was increased from \$65,874 to \$71,660;
- Acting Mayor indemnity was increased from \$95.03 to \$103.44 per day;
- Benefits – the City funded the cost of MSP, Extended Health and Dental premiums; and
- Vehicle Allowance – a councillor vehicle allowance was added (\$7,435 per year).

For the current market review, the City has employed a similar approach and methodology in carrying out its analysis and arriving at its recommendations.

DISCUSSION

To conduct this review, staff engaged Mercer Canada Limited, a global leader in compensation consulting, to undertake a market analysis of Council indemnities and benefits.

Working with Mercer Consulting, staff confirmed a suitable group of cities for council indemnity comparison. As specified in the Policy and noted previously in this report, the focus was on Western Canada and Ontario municipalities of comparable size and complexity. A total of 12 comparator cities were identified accordingly as listed below.

1. Brampton, ON
2. Burnaby, BC
3. Calgary, AB
4. Edmonton, AB
5. Kelowna, BC
6. Mississauga, ON
7. Ottawa, ON
8. Toronto, ON
9. Richmond, BC
10. Vancouver, BC
11. Victoria, BC
12. Winnipeg, MB

Mercer Consulting used the same comparator cities, methodology used to analyze the data, and comparison criteria as was used in the 2016 review.

In accordance with best practices, Mercer recommended comparing operating budget as the appropriate sizing criteria, using linear regression. Additional comparisons were also made on population and full-time equivalent city employees.

In order to appropriately determine changes to the City's current indemnity payment structure, the compensation data from the comparator cities was sized to ensure reasonable application to the City of Surrey.

Based on the above, Mercer's review concluded the following:

Indemnities

- Mayor Indemnity – Retroactive to January 1, 2021, increase the Mayor's indemnity from \$153,211 to \$156,800 to achieve better alignment with the market.
- Councillor Indemnity – Per the Policy, Councillor indemnity is set at 51% of the Mayor's indemnity. Retroactive to January 1, 2021, increase the Councillor indemnity from \$78,139 to \$79,968.

The above noted adjustments result in a 2.3% increase to both Mayor and Council indemnity. As per the Mercer review, no increase is recommended to the existing 2021 Acting Mayor Indemnity of \$112.67 per day.

Benefits

Mercer surveyed the comparator cities on all major health benefits and the following benefits were surveyed:

- Provincial health insurance
- Basic life insurance
- Dependent life Insurance
- Spousal life Insurance
- Accidental death and dismemberment
- Short-term disability
- Long-term disability
- Extended health

No changes have been recommended to Council benefits as the analysis determined that Surrey was well aligned to the market.

Vehicle Allowances

The City provides an annual vehicle allowance of \$14,580/year to the Mayor and \$7,425/year to Councillors. The survey determined that these amounts are well aligned to the market. No changes have been recommended.

CONFIDENTIAL INFORMATION AND PUBLIC RELEASE

The information contained in this report is confidential. Upon Council's approval of the report recommendations, staff will release a redacted version of this Corporate Report, with confidential information removed. [REDACTED]

CONCLUSION

In accordance with Council Policy No. D-36 Council Indemnity and Benefits, staff has conducted a market review of the council indemnity structure and benefits. This report recommends an update to council indemnities to reflect current market conditions and seeks Council's authorization for staff to release a redacted version of this Corporate Report, with confidential information removed.



Vincent Lalonde, ICD.D, P. Eng.
City Manager



Rob Costanzo
General Manager, Corporate Services

Appendix "I": Council Policy D36 – Council Indemnity and Benefits
[REDACTED]



City of Surrey Policy

No. D-36

REFERENCE:	APPROVED BY:	CITY COUNCIL
REGULAR COUNCIL MINUTES	DATE:	6 February, 2017 (Res.R17-380)
14 OCTOBER 1997	HISTORY:	14 FEB 2000 (RES.R00-349)
PAGE 12		14 OCT 1997 (RES. R97-2948)

TITLE: COUNCIL POLICY – COUNCIL INDEMNITY AND BENEFITS

Policy Statement

The City of Surrey compensates its Council members equitably to the relevant comparator market to appropriately remunerate Council members for the service they provide to residents.

Reason for Policy

The City of Surrey's Council Indemnity and Benefits Policy (the "Policy") defines indemnities and benefits provided to City Councillors and the mayor. For clarity, reference to Council in this Policy include the Mayor. The Policy is approved by Council , It may be periodically reviewed and updated by Council.

Definitions

Relevant Comparator Market: The relevant comparator market includes municipalities similar to the City of Surrey in Western Canada and Ontario,

Sizing: The remuneration data gathered in relevant comparator market indemnity surveys may require sizing to ensure comparability to the City of Surrey based on factors such as population, operating budget and capital budgets.

Tax-free component: One third (1/3) of the City of Surrey Council Indemnity and the Acting Mayor Pay is provided on a tax-free basis as permitted by the Canada Revenue Agency (CRA).

Indemnity Structure: The percentage difference between the base Mayor remuneration and the base Councillor remuneration is 51.0%.

Acting Mayor Pay: When a Councillor is assigned Acting Mayor responsibilities, the pay for the role is based on a 7 day work week and may increase in value to reflect any increase in either the indemnity structure and/or indemnity annual increase.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

Indemnity Annual Increase: The Council indemnity is reviewed annually, and will be updated annually, based on the simple average of the annual increases in exempt staff compensation (current year), union staff compensation (CUPE/IAFF) (current year), and the year over year change in the Vancouver CPI (previous year). It is calculated when the data becomes available and is implemented effective January 1 of each year.

Market Survey Timing: Staff will review the Council indemnity structure to market every 4 years and report the results of that review to Council for its consideration and approval of any updates to the indemnity structure. The next review and update would occur in 2020 for implementation in January 1, 2021.

Benefits: At the City's cost, Council members are provided with the following benefit coverages:

Basic Life Insurance: \$75,000

Accidental Death & Dismemberment Insurance: \$200,000

MSP: 100% City Paid

Extended Health: Exempt Staff Plan

Dental Care: Exempt Staff Plan

Periodically, the competitiveness of Council benefits are also compared to the relevant market.

Vehicle Allowance: To cover the costs related to Council providing service to the residents, an annual vehicle allowance is provided in the amount of \$14,580 for the Mayor and \$7,435 for each Councillor (51% of the Mayor's allowance). The amount of this allowance may be changed from time to time based on the comparator market and/or changes in the Canada Revenue Agency mileage rate. One-third of this allowance is provided on a tax-free basis.

Responsibilities:

The City Manager is accountable for implementing and maintaining Council indemnities based on the Council approved Policy. A third party compensation consultant may be employed by the City to provide the required compensation data from other municipalities and to provide advice under the Policy.

Council will be informed of indemnity annual increases, when and if determined and implemented per the Policy.

Staff will report to Council the results of the market survey conducted in accordance with the Policy for its consideration and approval of any updates to the indemnity structure.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.





