

Remuneration Review

**A Report Prepared
for
Fredericton City Council**

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August 21, 2019**

The Assignment

- Remuneration review to be *independent* of City Hall.
- Review and analysis of council remuneration in other *comparable* cities/municipalities *in this region*.
- Report to include advice on responding to the loss of *federal tax free allowance*.
- Report to include *citizen input*.
- Report to be delivered prior to 2020 budget process.

Methodology

- Selected comparable cities/municipalities: Saint John, Moncton, Dieppe, Charlottetown, Summerside, Cape Breton Regional Municipality.
- Looked at compensation levels and practices in these six Maritime municipalities plus Fredericton.
- Also looked at what these municipalities did regarding loss of federal tax free allowance.
- Researched compensation history of Fredericton City Council.
- Gathered input from Mayor and individual councillors on various remuneration issues.
- Gathered input from a cross-section of Fredericton citizens.

Compensation Bookends: Fredericton City Council

Year	Mayor	Deputy Mayor	Councillor
1974	\$12,000	\$4,000	\$3,000
2019	\$70,115	\$30,121	\$25,668

Maritime Cities: 2019 Compensation Related Comparisons

Total Budget/ employees	Saint John \$160.2M /631	Moncton \$157.4M /679	CBRM \$150.5M /840	Fred'ton \$120.2M /694	Char'town \$92.5M /NA	Summerside \$58M /120	Dieppe \$56.5M /220
Tax Base Per Capita	Fred'ton \$124,857	Dieppe \$124,445	Moncton \$116,446	Saint John \$102,480	Summerside \$59,875	CBRM \$59,169	Char'town N/A
Residential Tax Rate	CBRM \$1.99 - \$2.26	Saint John \$1.78	Summerside \$1.74	Char'town \$1.67	Moncton \$1.63	Dieppe \$1.63	Fred'ton \$1.42
Debt Service Ratio	Summerside 15.0%	Dieppe 14.8%	CBRM 14.3%	Moncton 13.9%	Char'town 13.8%	Saint John 13.6%	Fred'ton 4.9%

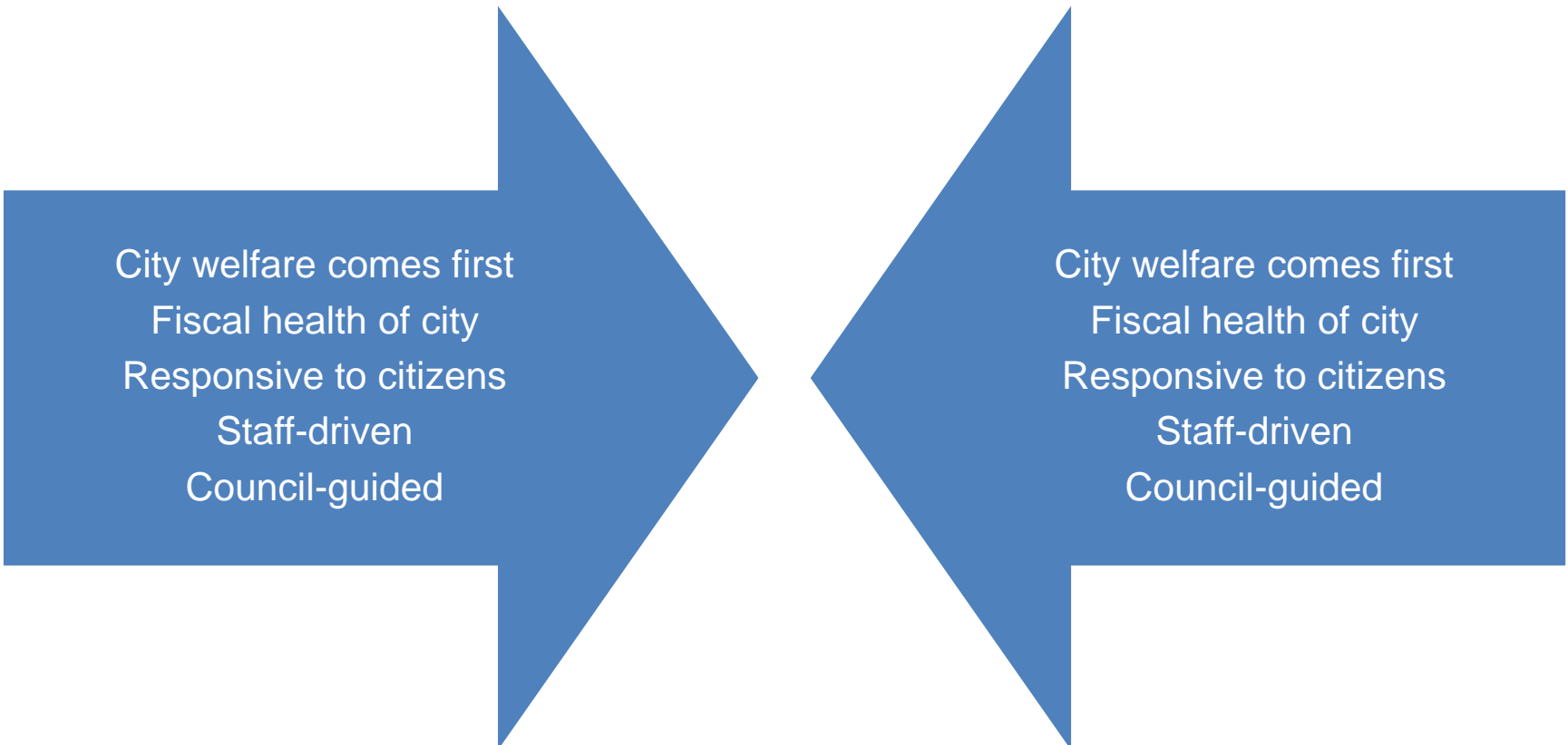
Maritime Municipalities: 2019 Compensation Compared

Mayor Remuneration	CBRM \$143,838	Saint John \$88,000	Moncton \$87,504	Charlottetown \$79,584	Fredericton \$70,115	Summerside \$52,131	Dieppe \$47,875
Dep. Mayor Remuneration	CBRM \$54,202	Charlottetown \$43,437	Saint John \$42,600	Moncton \$38,920	Summerside \$30,878	Fredericton \$30,121	Dieppe \$21,544
Council Remuneration	CBRM \$49,202	Charlottetown \$39,792	Moncton \$35,002	Saint John \$32,600	Summerside \$26,096	Fredericton \$25,688	Dieppe \$19,150

Input from Mayor and Council

- Mayor and Council were offered, on an individual basis, an opportunity to provide written or verbal input to the reviewer.
- Small majority of those contacted provided written input or agreed to be interviewed.
- Results of the written input and interviews aligned with notes from April 15th and April 29th meetings of council.
- Points of convergence and divergence among councillors.

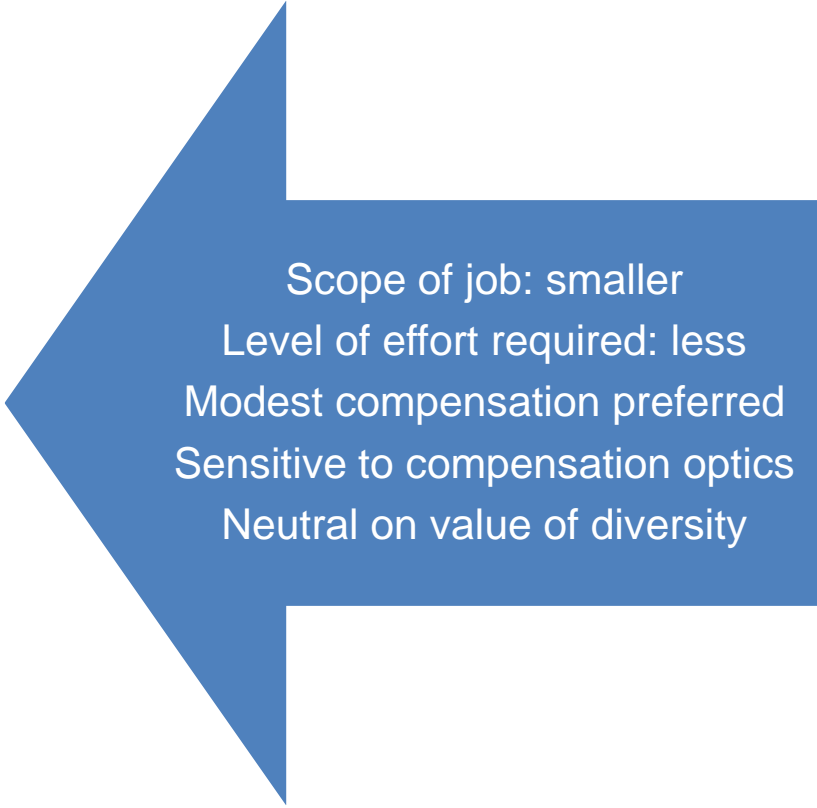
Convergence of Councillor Views




City welfare comes first
Fiscal health of city
Responsive to citizens
Staff-driven
Council-guided

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Divergence of Councillor Views



Scope of job: smaller
Level of effort required: less
Modest compensation preferred
Sensitive to compensation optics
Neutral on value of diversity



Scope of job: greater
Level of effort required: more
Fair compensation is best
Compensation optics not
determinative
Diversity is highly valued

Decision-Making Challenge

- Agreement on several key governance matters.
- But division of opinion on:
 - what the job requires (scope / effort / degree of guidance)
 - the appropriate level of compensation
 - the impact of compensation on diversity
 - the value of greater diversity around the table
- Differing views do not mean that council is polarized.
- This is a subject on which informed people of good will, can and do differ.
- But finding a consensus on compensation change will require compromise.

Questions About the Remuneration Decision Process

- Reviewing the remuneration decision-making practices of other municipalities raises five questions:
 - Regular mandated review v. occasional review?
 - Independent review v. in-house review?
 - Nature of citizen input?
 - Disclosure of report v. confidential report?
 - Timing of increase: before or after next election?

Citizen Panel

- Two instances of citizen input in survey group.
- 11 citizens from eight organizations met at city hall on August 14th to be briefed / assurance of anonymity in exchange for candor.
- After briefing, questions posed to the group:
 - Is a compensation increase warranted for city council?
 - If yes, why and to what level? If not, why not?
 - Is a reform of compensation decision-making required?

Citizen Panel Views

- Thoughtful and constructive discussion.
- Views on compensation levels:
 - favourable to increase w/o naming amount
 - phase-in if percentage increase is large
 - delay increase until after next election
 - do not tie an increase to loss of tax free allowance
- Views on compensation decision-making:
 - Review should be done every four years
 - Review should be directed by a well-supported group of citizens
 - Next review should look at variety of compensation options and ways to use compensation to increase diversity
 - All review related documents should be in the public domain

Advice for Fredericton City Council

- Compensation
 - no study since 1999 / no increase since 2010
 - Fredericton near bottom of survey group and falling
 - have financial capacity to handle pay increase
 - don't tie increase to loss of tax free allowance
 - Fredericton is middle to upper middle size enterprise
 - raise compensation to median city in survey group
 - if percentage increase too steep, phase-in the increase
 - start implementation January 1, 2020
- Revise decision-making process for remuneration reviews
 - independent citizen directed reports every 4 years
 - release report / delay increase until after next election