

CORPORATION OF THE COUNTY OF HURON

TO: Chair and Members of Council, Day 1
FROM: Meighan Wark, CAO
DATE: 11/7/2018
SUBJECT:

RECOMMENDATION:**RECOMMENDED MOTION:****THAT:**

The Council of the County of Huron [adjust / not adjust] the 2019 budget forecast to maintain the same net pay of the elected members of Huron County Council, effective January 2019;

AND FURTHER THAT:

The remuneration by-law be prepared for approval at the November 21, 2018 Council Day 2 meeting.

BACKGROUND:

Section 255 of the former Municipal Act, R.S.O 1990 provided that one-third of the salary paid to an elected member of council was deemed to be for expenses incurred in the discharge of a member's duties. As such, this portion of a councillor's salary was not subject to income tax.

Section 283(7) of the Municipal Act requires that each Council review the option to exempt one-third of the salary at least once during each four-year term of Council after a regular election.

In March 2017, the Federal Government announced through its budget that it would be removing the tax exemptions for expense allowances paid to municipal councillors effective January 1, 2019. The measure affects elected members of provincial and territorial legislatures, as well as municipalities. Elected officials of municipal utility boards, commissions and corporations will also be subject to the rule, as will members of school boards.

COMMENTS:

A County of Wellington staff report was used as a reference for this report and outlines the following excerpt from the 2017 Federal Budget:

"Remove the tax exemptions for non-accountable expense allowances paid to members of provincial territorial legislative assemblies and to certain municipal office-holders. This exemption is only available to certain provincial, territorial and municipal office holders, and provides an advantage that other Canadians do not enjoy."

This exemption has been in place since 1947. There will be an increased cost to municipalities whether elected officials maintain their same net or gross pay through mandated employer contributions to the Canada Pension Plan, Employer Health Tax and to OMERS.

In order for Councillor's net pay to remain the same as before the legislative change per diems would be increased in 2019 to offset the increased tax payments to maintain the current level of compensation.

OTHERS CONSULTED:

County of Wellington Report by County Clerk titled "One-Third Tax Exemption"
Michael Blumhagen, Treasurer

FINANCIAL IMPACTS

The estimated impact is \$35,000-\$40,000.

Current Honorarium and Per Diem rates are:

Full Day per diem – \$289.22

Councillor Honorarium – \$4,935.61

Warden Honorarium– \$14,189.89

To remain net income neutral, we would have to increase the following:

Daily per diem - 8.36% to \$313.40

Councillor Honorarium - 8.36% to \$5,348.23

Warden Honorarium - 40.40% to \$19,923.08

ATTACHMENTS:

Description	Type	Upload Date	File Name
Draft			<u>2018-</u>
<input type="checkbox"/> Remuneration By-law		10/17/2018	<u>xxx Draft Establish Rates of Remuneration for Warden and Council.doc</u>
By-law			

BY-LAW NO. 2018-XXX

**A BY-LAW OF THE CORPORATION OF THE COUNTY OF HURON
TO ESTABLISH THE RATES OF REMUNERATION FOR
THE WARDEN AND MEMBERS OF COUNCIL**

WHEREAS Section 283(1) of The Municipal Act, 2001, S.O. 2001, c.25 provides that "a municipality may pay any part of the remuneration and expenses of the members of any local board of the municipality and of the officers and employees of the local board";

AND WHEREAS Section 283(2) of The Municipal Act, S.O. 2001, c.25 provides that "despite any Act, a municipality may only pay the expenses of the members of its Council or of a local board of the municipality and of the officers and employees of the municipality or local board if the expenses are of those persons in their capacity as members, officers or employees, and if the expenses are in lieu of the expenses actually incurred, or the expenses are, in lieu of the expenses actually incurred, a reasonable estimate, in the opinion of the Council or local board, of the actual expenses that would be incurred";

AND WHEREAS Section 283(7) of The Municipal Act, S.O. 2001, c.25 states: "On or after December 1, 2003 a Council shall review a By-law under subsection (5) at a public meeting at least once during the four-year period corresponding to the term of office of its members after a regular election";

AND WHEREAS the Council of the Corporation of the County of Huron deems it necessary and desirable to enact a By-law to establish the rate of remuneration and expenses for the Members of Council;

NOW THEREFORE BE IT RESOLVED THAT the Council of the Corporation of the County of Huron enacts as follows:

1. That Schedule "A" attached to this By-law shall provide for the remuneration paid to the Warden and Members of Council; as amended from time to time.
2. That Schedule "B" attached to this By-law shall provide for the amount of payment for per diems, half day and full day to the Warden and Members of Council; as amended from time to time.
3. That Schedule "C" attached to this By-law shall provide for the amount of payment for conference registration fees, travel expenses which include mileage, meal allowance, accommodations, parking etc. to the Members of Council. These provisions do not apply to the Warden.
4. That by-law 2014-120 previously adopted is hereby repealed.

READ a first time this 21st day of November 2018.

READ a second time this 21st day of November 2018.

READ a third time this 21st day of November 2018.

Jim Ginn, Warden

Susan Cronin, County Clerk

BY-LAW NO. 2018-XXX
Schedule "A"

As per a motion approved at the Council Day 1 of November 7, 2018 Warden Honorarium, Council Honorarium, Per Diems (full day and half day) **are increased annually by the same percentage approved to the Non-Union staff.**

Honorariums are calculated for the term of Council from December 1st to November 30.

Honorarium

Warden \$14,189.89 (effective December 1st, 2017)
Council Member \$4,935.61 (effective December 1st, 2017)

BY-LAW NO. 2018-XXX
Schedule "B"

As per a motion approved at the Council Day 1 of November 7, 2018 Warden Honorarium, Council Honorarium, Per Diems (full day and half day) are increased annually by the same percentage approved to the Non-Union staff.

Per Diems (full day) - for County Councillors

Warden \$289.22 (effective January 1st, 2018)
Council Member \$289.22 (effective January 1st, 2018)

Per Diems (half day -less than 2-1/2 hours) - for other Committee meetings; not County Council

Warden \$165.26 (effective January 1st, 2018)
Council Member \$165.26 (effective January 1st, 2018)

BY-LAW NO. 2018-XXX
Schedule "C"

As per a motion approved at the Council Day 1 of November 7, 2018 Warden Honorarium, Council Honorarium, Per Diems (full day and half day) are increased annually by the same percentage approved to the Non-Union staff.

Conferences Expenses are calculated for the term of Council from December 1st to November 30.

Conference Expenses

Warden - unlimited Conference expense

Council Member - includes conference registration fee, mileage, meal allowance, accommodation, parking etc. Per diems are not included in the conference expense.

Council Member \$3,701.71 (effective December 1st, 2017)

Meeting Expenses

Mileage and per diems for meetings are **not** included in the Conference stipend per year.

The Warden and CAO are signing authorities for Councillor expense claims.

The most recent Past Warden and either the Chair of Huron County Accessibility Advisory Committee or the Chair of the Huron County Library Board are signing authorities for the Warden's expense claims.

**Mileage is paid according to the Huron County mileage rate.*