

Denise Holmes

From: James McLean
Sent: Wednesday, February 18, 2026 3:36 PM
To: Denise Holmes
Subject: Remuneration Report for Council
Attachments: Melancthon_Council_Remuneration_Report_2026 - February 2026.pdf

Hi Denise,

Attached is the draft Remuneration Report for Council.

I've aimed to synthesize the ideas and comments raised by various Council members throughout the year, adding data and research to help ground the conversation. This is really intended as a "conversation starter" to help us weigh different paths forward, so I look forward to hearing the team's thoughts on where we go from here.

Thanks,

James

REPORT TO COUNCIL

Remuneration Realignment

DATE: February 16, 2026

SUBJECT: Structural Adjustment to Council Salaries and Professional Governance Framework

1. Executive Summary

Over the past 3.5 years, Council has identified a critical need to transition toward a remuneration framework defined by transparency, consistency, and accountability. This need is in response to the largely arbitrary approach to compensation taken in previous years, as well as the failure to appropriately compensate members for the evolving demands of municipal office.

As the Township has experienced significant growth in workload over the past several years—driven by increasingly technical files and shifting legislative requirements—the status quo no longer reflects the professional commitment required of local representatives. With the coming term poised to bring even more complex governance challenges and with limited staff resource support, this structural realignment ensures that the Township is equipped with a stable, professional, and equitable foundation for decision-making and leadership. This report is intended to support Council deliberations on salaries using an evidence-based approach to inform decision-making.

The current compensation model for Melancthon Township's Council is currently anchored to a 'volunteer-stipend' philosophy that no longer aligns with the statutory, fiduciary, and time-intensive demands of modern municipal governance. Since the last major structural review in 2014, the legislative environment in Ontario has shifted significantly, placing increased legal and technical burdens on local elected representatives.

To maintain the Township's ability to attract qualified individuals and provide effective oversight of multi-million dollar corporate assets, this report proposes a transition to a 'Professional Salary' approach. Under this proposal, two models are examined that would increase the base salaries for the Mayor, Deputy Mayor and Councillors. Crucially, both include the strategic phase-out of extra compensation (per diems) for attending committee and board meetings, simplifying the budget while ensuring equitable pay for the total volume of work performed.

2. Benchmarking Analysis: The Regional Market Gap

Melancthon is a small, rural lower-tier municipality in Dufferin County that nonetheless faces a disproportionately high volume of complex, often controversial issues (aggregate mining, wind development, land use pressures, and agricultural policy). After a 2014 salary review, Melancthon's Council Remuneration Sub-Committee concluded that Council wages were comparable to similar-sized municipalities, and Council adopted a cost-of-living increase bringing remuneration to \$14,518.44 for the Mayor, \$10,063.74 for the Deputy Mayor and \$9,074.07 for Councillors. Since that time, no evidence-based review has taken place despite an arbitrary increase in the 2018-22 Council term that increased salaries for all members except the Mayor. Since the last professional review, responsibilities, public expectations, and the complexity of files have continued to grow, while remuneration has not kept pace with either inflation or contemporary comparators

in Ontario. As of 2024, the salary is \$19,758 for Melancthon’s Mayor, \$17,056 for the Deputy Mayor and \$15,796 for each Councillor.ⁱ

The "Orangeville Shift": A Regional Market Correction

Orangeville, our largest neighbor in Dufferin County, recently conducted a comprehensive market review for the 2026–2030 term. They adopted a 60th percentile target to remain competitive.

Table 1: Council salaries for Orangeville and Melancthon

Position	Orangeville (2026-2030)	Melancthon (Current)
Mayor	\$82,358	\$19,758
Deputy Mayor	\$49,454	\$17,056
Councillor	\$44,958	\$15,796

Council salaries in small rural municipalities

Evidence from comparable small municipalities in Ontario shows that councils performing similar or fewer responsibilities are remunerated at or above the levels now being proposed for Melancthon. In Tiny Township, the 2022 Council Remuneration By-law set annual remuneration at \$41,200.80 for the Mayor, \$30,901.02 for the Deputy Mayor and \$26,780.24 for Councillors, supplemented by per diem payments for additional meetings. This establishes that small, rural municipalities are already compensating councils at or near the proposed salary band for Melancthon (see sections below), even before considering Melancthon’s unique workload profile.

In Meaford, a small lower-tier municipality, base salary levels are \$45,400 for the Mayor, \$30,700 for the Deputy Mayor and \$24,500 for Councillors. More recent reporting shows that by 2024, Meaford’s Mayor earned \$48,292.80 in taxable remuneration (plus expenses), the Deputy Mayor \$32,656.08 (plus expenses), and Councillors \$26,061.24 each. These figures demonstrate that the current Melancthon salaries are outliers; they are outside of the evolving market range for small municipalities, particularly when recognizing Melancthon’s desire to attract and retain capable council members for increasingly complex policy and governance work.

Table 2: Small rural municipality council salaries by position

Municipality	Mayor	Deputy Mayor	Councillor
Meaford (2024) ⁱⁱ	\$48,292	\$32,656	\$26,061
Adjala-Tosorontio ⁱⁱⁱ	\$43,896	\$34,883	\$25,871
Tiny Township ^{iv}	\$41,200	\$30,901	\$26,780
Grey Highlands (2026) ^v	\$39,500	\$29,500	\$22,500
Melancthon (2024)	\$19,758	\$17,056	\$15,796

Table 2 shows that Melancthon's current remuneration is significantly below contemporary peers, and that the proposed salaries would align the township with the lower to mid-range of current small-municipality practice.

A data-driven analysis of neighboring municipalities reveals that Melancthon has become a significant statistical outlier. As surrounding jurisdictions professionalize their councils to meet modern demands, Melancthon's 2024-era rates have fallen into a 'governance gap'.

3. Professionalizing the Role: Growing Complexity & Fiduciary Responsibility

Council roles in small municipalities are formally part-time, but the actual workload has grown to approximate a full-time or near full-time commitment. In Meaford, while council positions are officially part-time, members spend many hours reading hundreds of pages of reports, attending meetings and responding to constant resident correspondence, making it "a full-time job, or close to it" for many. Melancthon council members face a similar or greater burden, dealing with contested land use applications, energy projects, provincial policy changes, and regional collaboration, often with limited staff resources compared to larger centres.^{vi}

The argument that small towns require only "part-time" oversight is a relic of the past. Melancthon Council now oversees a multi-million dollar public corporation facing technical challenges that mirror those of much larger urban centres.

a) Aggregate Management: The "Strada Quarry" Full-Time Mandate

The Strada Quarry application has fundamentally changed the scope of Council work. Unlike standard aggregate renewals, this below-the-water-table application has introduced a level of complexity that requires near-daily attention. Council is currently managing:

- **Constant Technical Oversight:** Regular consultations with hydrogeologists, lawyers, and noise/air quality peer reviewers to analyze thousands of pages of technical data.
- **Inter-Governmental Lobbying:** High-level meetings with provincial officials and MNRF representatives to protect local aquifers.
- **Community Coordination:** Acting as a bridge between specialized legal teams and concerned community groups (e.g., Melancthon Against Quarries, etc.).
- **Expansion Pressure:** With other major applications (e.g., Duivenvoorden expansion) also in the works, this is no longer a one-off file; it is a permanent, high-intensity regulatory role.

b) Renewable Energy Hub: The Fiscal Renewal Imperative

Melancthon is home to one of Canada's largest wind farms, which provides a significant portion of the Township's annual revenue. However, these Community Vibrancy Agreements are voluntary and are set for re-negotiation in the upcoming term.

- **Fiscal Risk:** The Township's financial health relies on these voluntary payments.
- **Negotiation Burden:** Successfully renewing these agreements will require a sophisticated, professionalized Council capable of high-stakes corporate negotiation. Failure to secure these revenues would result in an immediate and drastic tax burden on residents.

c) Provincial Legislative Burden: Navigating "Constant Change"

Recent and ongoing changes from the Government of Ontario (e.g., Bills 23, 97, and 185) have effectively moved land-use decision-making onto a "fast-track" system.

- **Resident Navigators:** In a rural municipality with limited planning staff, Council members have become the primary "navigators" for residents trying to understand new building rules and land-use permissions.
- **County-Level Advocacy:** The role now requires a full-time commitment to push for Melancthon's interests at the Dufferin County level, ensuring that provincial "one-size-fits-all" housing mandates do not destroy the Township's agricultural character or infrastructure capacity.

The Township of Melancthon is a multi-million dollar corporation. In 2026, the Council is responsible for an operating and capital budget around \$7.4M and infrastructure assets valued in the millions.

4. Two Models for Future Council Salaries

To ensure the professionalization of our governance, this proposal moves away from arbitrary honorariums and toward a Professional Salary approach. Two models are explored.

a) Model 1: The "CAO-Equivalent" Compensation Model

The CAO-Indexed model takes the CAO's annual salary¹ and allocates percentages of that salary to members of Council on a weighted basis proportionate to their respective responsibilities and title. This model removes the political friction of Council having to vote on its own pay raises by creating an automatic, indexed link to our professional staff's compensation structure.

To ensure that future compensation debates are grounded in math rather than optics, this proposal ties elected representative salaries to the CAO salary, ensuring Council pay keeps pace with inflation and professional standards without requiring annual manual adjustments. The formula ensures that the cost of the Council should not exceed the cost of the CAO.

Table 3: Council salaries as a percentage of the CAO salary

Position	Weighting	Annual Salary
CAO (2025 salary)	-	\$171,221
Mayor	24%	\$41,093.04
Deputy Mayor	22%	\$37,668.62
Councillor (x3)	18% each	\$30,819.78
TOTAL	100%	\$171,221

Strategic Advantages of This Model

- **Automatic Indexing:** By tying Council pay to a percentage of the CAO salary, the Township eliminates the need for Council to vote on their own raises ever again. When the CAO receives a Cost-of-Living Adjustment (COLA) or a performance increase, the Council "pool" increases proportionately. This removes the need for salary discussions in future agendas.
- **The "One-to-One" Ratio:** It creates a simple and predictable salary structure based on the premise that: The oversight of the entire municipality (The Council) should cost no more than the top executive (The CAO). It ensures that as the organization grows and executive pay increases to stay competitive, the Council's compensation keeps pace automatically.

¹ In Melancthon, the CAO also functions as the Clerk, consolidating two senior executive roles into one. This deviates from the standard municipal model, which typically requires funding two distinct executive salaries for these functions.

b) Model 2: Treating Council as Part-Time Employees

Rather than focus on peer municipality salary comparisons completely, this model accounts for administrative limitations and complexity inherent in the Township's unique operational structure. Melancthon's dedicated team of four professional staff operates with remarkable efficiency. However, given this lean structure, Council recognizes that staff bandwidth is fully committed to core operations. To safeguard staff capacity and respond to increasingly complex files, Council has stepped up to play a more integrated role in Township affairs. This ensures that major files move forward through a true partnership between elected officials and our professional team. This structural shift has been necessitated by high-intensity issues like aggregate applications, windmill negotiations, provincial advocacy and complex planning issues.

As such, Model 2 accounts for the more hands-on approach that Council members have taken on. It is not be tied to a specific benchmark per se, but would increase salaries on the higher end of some rural municipalities. Model 2 envisions salaries of \$45,000 for the Mayor, \$42,000 for the Deputy Mayor and \$39,000 for each Councillor.

If Model 2 is selected, Council will need to make decisions about how future salary increases (e.g., COLA) would be handled.

Table 4: Small rural municipality council salaries by position with two models for Melancthon

Municipality	Mayor	Deputy Mayor	Councillor
Meaford (2024) ^{vii}	\$48,292	\$32,656	\$26,061
Adjala-Tosorontio ^{viii}	\$43,896	\$34,883	\$25,871
Tiny Township ^x	\$41,200	\$30,901	\$26,780
Grey Highlands (2026) ^x	\$39,500	\$29,500	\$22,500
Melancthon (2024)	\$19,758	\$17,056	\$15,796
Melancthon (Model 1)	\$41,093	\$37,668	\$30,819
Melancthon (Model 2)	\$45,000	\$42,000	\$39,000

5. Fiscal Impact & Value for Money

Even in municipalities that have already moved to higher council salaries, the overall budget impact is modest in relation to the municipal tax levy. In Meaford, the total cost for all seven members of council in 2024, including remuneration and sundry expenses, was \$235,115—just 1.3 percent of an \$18.4 million tax-supported levy.

This example shows that even robust council remuneration packages remain a small fraction of municipal operating costs, while enabling more effective leadership and decision-making.^{xi}

The same logic applies in Melancthon: council functions as the board of directors of a multi-million-dollar public corporation, responsible for risk, compliance, financial stewardship and strategic direction.

Currently, Melancthon's total Council cost represents 1.42% of all of Township expenditures (\$7.4M). Increasing this to the proposed levels in Model 1 would move that figure to approximately 2.31%, a marginal investment for the oversight of the Township's largest financial risks. Put another way, it represents a 1.89% tax levy increase.

If Council adopted Model 2, total Council salaries as a percentage of total expenditures would be 2.76%, or 2.83% of the tax levy.

Providing competitive remuneration is consistent with the level of fiduciary responsibility and risk assumed, and supports professionalization and stability in municipal governance.^{xii}

When compared to the potential costs of missed meetings due to professional obligations, recruitment challenges, or suboptimal decision-making stemming from under-compensation, the investment in council remuneration is fiscally prudent. Council's decisions shape long-term infrastructure, land use, and service delivery outcomes that far exceed the incremental cost of salary adjustments.

While the percentage increase looks high, the absolute dollar impact on the taxpayer is minimal.

- **The "Price of a Coffee":** An increase of ~\$90,000 in total Council remuneration across the whole Township equates to approximately \$25.71 per resident per year or \$2.14 per month.²
- **Prevention of Costs:** One "bad" decision on a legal settlement, a poorly negotiated haul route agreement, or a missed provincial grant opportunity—often the result of a rushed or "part-time" Council—could cost the Township hundreds of thousands of dollars. Professional pay ensures professional focus.

6. Equity, Recruitment and Retention: Risk of Under-Compensation

Under-compensation can inadvertently limit who can realistically serve on council, favouring individuals with independent wealth, flexible employment or retirement income, and narrowing the diversity of voices at the table. Jurisdictions that have reviewed council remuneration, such as Tiny and Meaford, have framed adjustments as a way to ensure fair compensation and to recognize the true time and skill demands of the role. By aligning salaries with contemporary comparators, Melancthon can improve its ability to attract and retain qualified candidates from a broader range of backgrounds.^{xiii}

Higher, market-aligned remuneration also signals respect for the work undertaken by Council and may help mitigate burnout, particularly in small municipalities where

² Assumes a population of ~3,500 divided by \$90,000.

contentious, time-consuming files (e.g., aggregate, wind, and planning matters) are frequent. This, in turn, supports continuity of experience on Council, better long-term planning, and improved service to residents. The proposed salary framework therefore advances equity, institutional capacity, and democratic representation, while aligning Melancthon with the evolving standard among Ontario's small municipalities.

A Muskoka District 2025 report^{xiv} highlights that when "current rates for all positions are below all market comparison data points" this leads to:

1. **High Turnover:** Qualified individuals cannot afford to stay for multiple terms.
2. **Narrow Candidate Pool:** Only those with supplemental income can run (limiting diversity).
3. **Suboptimal Oversight:** If the pay reflects "volunteer" status, the accountability remains "volunteer" status.

Using the Ontario Living Wage Network rate (\$24.60/hr), a 25-hour work week equates to \$31,980 annually. The proposed \$30,819 for a Councillor salary in Model 1 is the minimum threshold to ensure a diverse Council including working farmers and parents.³

7. Fiscal Option: Phasing Out Per Diems

The Professional Salary Model could phase out all extra meeting compensation for internal committees. This removes administrative burden and provides total budget reliability and transparency to residents.

8. Discussion

To assist Council in navigating the proposed changes to the remuneration framework, the following decision-points have been identified. These options represent the various paths toward finalizing a compensation structure that balances fiscal responsibility with the professional demands of the office.

Option 1: Adopt the CAO-Indexed Model

Council may choose to approve a remuneration pool equivalent to the CAO's current salary (\$171,221). This model establishes a corporate-style "ceiling" where the total cost of the Board does not exceed the cost of the Chief Executive.

³ Tying Council salaries to the CAO's salaries generates a conservative number for Councillors that is modestly below the Ontario Living Wage Network rate.

- **Proposed Figures:** Mayor (\$41,093), Deputy Mayor (\$37,668), Councillors (\$30,819).
- **Impact:** A 1.89% tax levy increase.
- **Benefit:** Provides automatic indexing for future terms, removing the political friction of Council-voted raises.

Option 2: Adopt the Complexity-Based Model

Alternatively, Council may adopt a model that recognizes the "hands-on" role required of Council members with a small administrative team and large files facing the municipality.

- **Proposed Figures:** Mayor (\$45,000), Deputy Mayor (\$42,000), Councillors (\$39,000).
- **Impact:** A 2.83% tax levy increase.
- **Benefit:** Aligns more closely with regional municipalities with complex files and accounts for the lack of deep departmental support.

Option 3: Maintain Status Quo

Council may elect to remain with the current remuneration structure established after the 2018-2022 arbitrary adjustment, increased only by annual Cost-of-Living (COLA) increases.

- **Financials:** Total expenditure remains at approximately \$105,000 (1.42% of total budget).
- **Risk:** Potential for continued "governance gap," recruitment barriers for non-retirees, and absenteeism or lack of "ownership" over key files due to uncompensated workload volume.

Option 4: Examine Modified or Hybrid Models

Council may direct staff to explore modified versions of existing models. This could include:

- Phasing in increases over a multi-year period (e.g., reaching target levels by 2028).
- Indexing to a different benchmark (e.g., the average of the Dufferin County lower-tier municipalities).

- Applying different weighting percentages to the "pool" distribution.

Additional Considerations: Phasing Out Meeting Per Diems

Regardless of the salary model selected, Council must decide whether or not to move to an "All-In" salary. Two considerations are available:

- **A:** Phase out all per diems for internal committees and boards, consolidating all duties into the base salary for maximum budget transparency.
- **B:** Retain the current per diem structure for extra meetings, keeping base salaries at a lower threshold.

Timeline and Implementation

Council must determine the effective date for any approved changes to ensure compliance with the *Municipal Act*.

- **Direction to Staff:** Direct the Clerk and Treasurer to draft a new Council Remuneration By-law based on the selected decision-points.
- **Effective Date:** Typically, structural adjustments are set to take effect at the start of the next term (November 2026) to maintain public confidence and avoid the perception of a mid-term self-adjustment.

9. Works Cited & Data Sources

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ⁱ Township of Melancthon. "Council Remuneration Report 2024." <https://melancthontownship.ca/wp-content/uploads/2025/03/Council-Remuneration-Report-2024.pdf>

ⁱⁱ *The Meaford Independent*. "Small Town Councillors Take on a Huge Responsibility For Relatively Little Pay." <https://themeafordindependent.ca/small-town-councillors-take-on-a-huge-responsibility-for-relatively-little-pay/>

ⁱⁱⁱ *Collingwood Today*. "Grey Highlands council pay will increase next term." <https://www.collingwoodtoday.ca/the-blue-mountains-and-grey-highlands/grey-highlands-council-pay-will-increase-next-term-5152245>

^{iv} Township of Tiny. "Council Remuneration By-law 22-010." <https://www.tiny.ca/sites/default/files/2022-04/Council%20Remuneration%20By-law%2022-010.pdf>

^v *Collingwood Today*. "Grey Highlands council salaries, expenses \$370k last year." <https://www.collingwoodtoday.ca/the-blue-mountains-and-grey-highlands/grey-highlands-council-salaries-expenses-370k-last-year-83820388382038#:~:text=Grey%20Highlands%20council%20cost%20just,Coun.>

^{vi} *The Meaford Independent*. "Small Town Councillors Take on a Huge Responsibility For Relatively Little Pay."

^{vii} Ibid.

^{viii} <https://www.collingwoodtoday.ca/the-blue-mountains-and-grey-highlands/grey-highlands-council-pay-will-increase-next-term-5152245>

^{ix} Township of Tiny. "Council Remuneration By-law 22-010." <https://www.tiny.ca/sites/default/files/2022-04/Council%20Remuneration%20By-law%2022-010.pdf>

^x *Collingwood Today*. "Grey Highlands council pay will increase next term." <https://www.collingwoodtoday.ca/the-blue-mountains-and-grey-highlands/grey-highlands-council-pay-will-increase-next-term-5152245>

^{xi} [Small Town Councillors Take on a Huge Responsibility For Relatively Little Pay | The Meaford Independent](#)

^{xii} Ibid.

^{xiii} Township of Melancthon. "Council Remuneration Policy." [Council-Remuneration-Policy.pdf](#)

^{xiv} District Municipality of Muskoka. (2025). *Council Remuneration for the 2026 – 2030 Term of Council*. Finance and Corporate Services Committee Report. Retrieved from [Muskoka Ratepayers' Association](#).