

Report to City of Grand Forks Council

Prepared by the City of Grand Forks – Council Remuneration Committee

March 10th, 2022

1. Terms of Reference

The committee had been established by Council and were tasked to consider, inquire into, report and make a recommendation regarding the Council Remuneration to Council. The scope of the review was

- Timing of any recommended changes
- Salary for Mayor and Council
- Annual adjustments including Consumer Price Index
- Benefits
- Allowances
- Travel Expenses

Additionally, Council requested that information be provided to the committee regarding the 2019 changes to the 1/3 tax free benefit received by elected officials and the direct impact it has had on remuneration.

2. Members of the Committee

The committee was comprised of (alphabetical by surname):

Lynne Burch – (former Appointed Official) - retired Chief Administrative Officer, City of Grand Forks.

Amber Esovoloff – (Economic Development) – Community Futures

Sheri McGillivray – (Volunteer) – Rotary Club

John McNamara – (Business) - Downtown Business Association (*Committee's Deputy Chair*)

Barb Thate - (Tourism) - Chamber of Commerce (*Committee's Chair*)

The consultant was:

Patty Tracy, CPHR - Acumen HR Solutions Ltd.

3. Summary of Recommendations

That the following recommendations take effect at the beginning of the next term.

That the bylaw for Council Members Remuneration and Expenses provide the annual remuneration for the Mayor be increased to \$30,000, and the annual remuneration for each Councillor be increased to \$20,000.

That effective January 2024 an annual adjustment to the 10-year average of the Statistics Canada All Items Consumer Price Index (CPI) for the Province of British Columbia be applied to the current remuneration amount.

That Council consider adding an additional permitted expense of child/dependant care to be reimbursed at the rate of \$10/hr. to a maximum of \$100/month.

4. Considerations and Method of Review

The Consultant conducted research in accordance with the terms of reference and the best practices outlined in the Union of BC Municipalities, Council & Board Remuneration Guide (UBCM Guide). Information was gathered from various municipal websites and other recent council remuneration reviews undertaken by comparable municipalities and regional districts. The Committee selected nine (9) similar jurisdictions in terms of population, location, scope of services provided, growth rate, economic make-up, tax base, average house price, size of operating budget and number of staff (full time equivalents). The Consultant canvassed these organizations for more detailed information about additional remuneration, non monetary perquisites, benefits and allowances.

4.1 Timing for recommended changes

The UBCM Guide regarding implementation of changes to base remuneration states that *“it is preferable to have such changes take effect at the beginning of the following term.”* A decision to implement changes immediately, or even during the existing term, can create perceived conflicts of interest. In this regard, the UBCM Guide established a *“Best Practice”*: *“Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term.”*

4.2 Mayor’s Remuneration

The City of Grand Forks established Bylaw No. 2050 to provide for council members remuneration and expenses which was effective the first day of January 2019. The annual remuneration for the Mayor was set at \$24,000. This has been increased by the same percentage as the Consumer Price Index (CPI) for Canada for the calendar year 2020 and onward. For 2022 the Mayor’s annual remuneration is \$25,885 (the last year of this term).

The comparison of the Mayor’s annual remuneration with nine (9) similar sized jurisdictions revealed that the average is \$30,805 per annum and the median is \$29,448 per annum. Further, the Mayor’s annual remuneration was the second lowest of the group.

4.3 Councillor’s Remuneration

Bylaw No. 2050 set the annual remuneration for Councillors at \$18,000 effective the first day of January 2019. With the CPI increases the Councillors annual remuneration for 2022 is \$19,414.

The community comparison data revealed the median is \$16,133 per annum and that the City of Grand Forks is the third highest of the nine (9) municipalities.

The data also considers the percentage of the Councillors’ annual remuneration to the Mayor’s. The average Councillor’s remuneration in twenty (20) comparable municipalities was 51.7% of the Mayor’s remuneration. At the City of Grand Forks, Councillors’ remuneration is currently 75% of the Mayor’s

remuneration. The recommended increases will result in Councillors receiving 66% of the Mayor's remuneration. It is important to note that the Committee challenged this measurement in general. They did not accept that there was a link between the percentage difference in remuneration and the commitment as an elected official as either Mayor or Councillor.

4.4 Annual adjustments including Consumer Price Index (CPI)

The City's Bylaw No. 2050 states 2.b): *For the calendar year 2020 and onward, the annual remuneration set out in the subsection (a) shall be increased by the same percentage as the Consumer Price Index (CPI) for Canada (all items) published by Statistics Canada for the period January 1st to December 31st of the preceding year. In years of negative CPI, the percentage increase will be zero.*

The Committee examined why CPI instead of Cost-of-Living Allowance (COLA). CPI was significant this year (4.8%) as of December 31, 2021 and COLA was held at (2.1%).

The research supported what the UBCM Guide states: *"in years between remuneration reviews, it is common for council and boards with policies and/or bylaws in place to automatically adjust elected official pay to reflect changes in the cost of living. In almost every case, the previous year's Consumer Price index (CPI) for British Columbia, Vancouver, or Victoria is the adjustment factor applied by local governments, depending on their location within the province. * Other indices include annual increases to general wages in BC and increases to unionized or exempt staff wages."*

The Committee preferred the conservative direction that the Town of Golden has taken with respect to annual adjustments. Their Corporate Policy states: *"an annual adjustment equal to the 10-year average of the Statistics Canada All Items Consumer Price Index (CPI) for the Province of British Columbia shall be applied to the Core Remuneration amount."*

4.5 Benefits

The members of Council are currently entitled to health care benefits, including extended health and dental, accidental death and dismemberment, and life insurance with 100% of the premium paid by the City of Grand Forks.

The broad research revealed that the majority of municipalities offer Council members to join their benefit plans. Some require the Council member to pay 100% of the premium, some pay a portion of the premium however very few pay 100% of the premium, particularly in smaller municipalities. It is also noted that the benefit plans being offered are primarily extended health and dental only.

The Committee was of the opinion that a full health and welfare benefit package is not cost prohibitive and may be an enticement for potential candidates to run for office.

4.6 Allowances

The research revealed that individual municipalities offer various prerequisites to their staff and elected officials. This could include everything from free fitness passes, interest free loans for electric bikes and computers, vehicle allowances, home office expenses, expense accounts etc. However, one that is becoming predominant is child / dependant care.

4.61 Child / Dependant Care

It is often noted that reasonable compensation helps to attract a greater diversity of people to the role of mayor and council. The Committee identified that child or dependant care is one item that can put councillors on an uneven playing field in terms of compensation and detracts from the diversity that is desired on council. Child / dependant care represents an out-of-pocket expense that many single parents, young parents or people caring for elderly or other dependants incur and may present a barrier to seeking a position on council. The committee therefore respectfully asks council to consider adopting a policy of covering child/dependant care at a rate of \$10/hr to maximum of \$100 per month.

4.7 Travel Expenses

The Travel Expense Allowance Policy No. 112-A1 sets out the reimbursement of allowable travel expenses *“associated with City business and ensures expenditures are accountable, cost effective and practicable.”* It is applicable to an *“officer, an employee, a Council member and other authorized individuals.”*

The Committee was of the opinion that Policy No. 112-A1 is effective in setting out reasonable parameters for travel expenses.

4.8 Elimination of 1/3 tax free benefit

The UBCM Guide informs that *“changes to the Federal Income Tax Act were introduced by the federal government in 2017 to eliminate a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. This change resulted in substantial changes to the after-tax income for elected officials, and prompted many local governments to adjust elected officials’ 2019 pre-tax compensation in order to maintain after-tax 2018 remuneration.”*

The research revealed that many municipalities introduced the Consumer Price Index as an annual adjustment to balance the elimination of this benefit.

The Committee is of the opinion that this is now moot being three (3) taxation years in the past.

5. Final Notes

Committee’s Comments: The Committee would like to recognize that remuneration for public office and setting one’s own rate of compensation is a difficult issue and appreciate the approach of having an outside review. The Committee would also like to recognize that the remuneration provided in no way reflects the time, effort and loss of family time that is required to undertake the roles of mayor and councillor; particularly in this time of social media scrutiny and hostility.

Consultant’s comments: In accordance with the Council Remuneration Committee’s Terms of Reference, I confirm that the recommendations provided for Council’s consideration are informed, impartial, non-biased and well researched. I appreciate the opportunity to work with these dedicated citizens.

Respectfully submitted,

City of Grand Forks – Council Remuneration Committee (2022)