

Request for Decision



To: Committee of the Whole
From: **Corporate Services / Financial Services**
Date: May 9, 2022
Subject: Remuneration Committee Recommendation
Recommendation: **THAT the Committee of the Whole recommends to Council to give first three readings to the updated Council Remuneration Bylaw No. 2091 at the May 30, 2022, Regular Meeting of Council.**

Purpose

For the Committee of the Whole (COTW) to review and provide a recommendation to Council regarding the updated Council Remuneration Bylaw.

Background

At the regular meeting of Council on November 22, 2021, Council, via the following resolution established the terms of reference for the Remuneration Committee as well as directed Staff to contract Acumen HR to manage the Council Remuneration Review project:

THAT Council instructs staff to establish a Remuneration Review committee and to request one representative from each of the following areas to participate on the committee:

Tourism - Chamber of Commerce – Barb Thate

Business - Downtown Business Association – John McNamara

Volunteer - Rotary Club – Sheri McGillivray

Economic Development - Community Futures – Amber Esovoloff

Former Elected Official or person familiar with the role – Lynne Burch, retired CAO

AND FURTHER THAT Council directs staff to hire Acumen HR Solutions to complete all required project research as outlined in the attached terms of reference and to prepare the final report and recommendation on behalf of the committee at an estimated budget of \$5,000, plus any additional travel expenses required.

At the April 11, 2022, COTW meeting, the Remuneration Committee reported back regarding the findings of their research and provided the attached report.

The committee had been tasked to consider, inquire into, report and make a recommendation regarding 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.

The Committee determined that, based on comparisons to similarly-sized municipalities, the Mayor's compensation was below average, while Councillors compensation was above average.

The key recommendations were:

- remuneration increase to \$30,000 per year for the Mayor (currently \$25,885)
 - this increase is in-line with the average of 9 other comparable municipalities reviewed.
- remuneration increase to \$20,000 per year for each Councillor (currently \$19,414)
 - While higher than the average of 20 other municipalities reviewed, the Committee did not feel that setting Councils remuneration to a fixed percentage of the Mayor's fairly reflected a link to the commitment of an elected official to their role.
- 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, effective January 2024.
 - the Committee looked at both CPI and Cost-of-Living-Allowance (COLA) as adjustment factors; most local governments use the CPI for adjustment.
- available child/dependent care expense at a rate of \$10/hr to a maximum of \$100 per month.

The Union of BC Municipalities (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." The Committee recommends that these changes be implemented in November 2022 at the start of the next Council term.

At the Regular Meeting on April 11, 2022, Council supported these recommendations of the Remuneration Committee through resolution **R101/22/04/11**.

THAT Council direct Staff to prepare a Council Remuneration Bylaw Update to include the following recommendations from the Remuneration Committee:

- **effective as of November 2022 for the next term of Council**
- **the remuneration for the Mayor be increased to \$30,000**
- **the remuneration for each Councillor be increased to \$20,000**

- **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**
- **Child/dependent care at a rate of \$10/hr to a maximum of \$100 per month.**

Staff have included these items in the Remuneration Bylaw Update.

Other Updates

Staff also included several small housekeeping updates:

- updated effective dates (Section 2 and 12)
- added an eligibility provision regarding our life insurance provider (Section 3)
- allowed for amendment or replacement of linked Attendance / Travel policies (Section 6)

Remuneration Review (Section 8)

At this time, Staff is recommending to also remove the automatic “Remuneration Review”. Council deliberated various times throughout the current term of Council the remuneration, ultimately establishing an independent Remuneration Committee in the Fall of 2021 with a set terms of reference, a consultant to guide the Committee and 5 Committee members from key community stakeholder groups to undertake this task. This was a very effective process and resulted in a clear recommendation and as such it would be recommended that future Councils consider their own rules and terms of reference regarding a remuneration review.

Code of Conduct integration to Remuneration Bylaw (Section 7)

As part of the Procedural Bylaw Update, which Council gave final reading at the April 11, 2022, Regular Meeting, and the review of processes and guidelines surrounding the Bill 26 implementation with the Procedural Bylaw and the Council Code of Conduct update that Staff is currently working on, legal counsel have suggested including a new section in the Council Remuneration Bylaw going forward. This suggested section is in line with what other local government organizations are exploring and implementing. Staff have included this section in the Bylaw for discussion purposes.

Section 7 of the Bylaw Update, if implemented, would define a reduction in remuneration as a possible sanction if a member of Council has been found to have violated the Council Code of Conduct by a third-party investigation and Council supported the recommendation resulting from the investigation. The process of appointing an investigator, conducting the investigation, and types of appropriate resolution would be captured in the Code of Conduct Policy Update. The draft Code of Conduct that Staff are currently working on includes an extensive list of possible sanctions as derived from the UBCM Working Group on Responsible Conduct, which includes remuneration adjustment as one possible option.

In summary, this section defines the following:

- First violation, 10% reduction in compensation
- Second violation, 15% reduction
- Third violation, 25% reduction
 - Each reduction is applied for a 12-month period
- Section 7.4 explains that reductions would be additive if multiple violations occurred within the same 12-month period. (ie, two violations would be a 10+15 = 25% reduction, a third violation would be 10+15+25 = 50% reduction).

Summary:

The attached Draft Bylaw has the changes discussed above highlighted in yellow. Items that are highlighted in blue are recommended to be removed from the bylaw to keep in line with the updates or the City's current practices. The Committee of the Whole should now debate these items and amend sections, values, time frames, etc. as desired.

Benefits or Impacts

General

Best practice for the current Council to set the wages for the next Council and to implement potential reductions for violations of the Council Code of Conduct.

Finances

Budgets will be impacted in 2023 due to an increase in the wage column for the legislative budget based on the increase. If remuneration rates are approved and the child/dependent care option is added, then Staff would budget with an additional \$10,000 for 2023.

Strategic Impact

N/A

Risk Assessment

Compliance: Council Remuneration Bylaw

Risk Impact: Low

Internal Control Process: Staff to draft a bylaw which would include current best practices and approved recommendations from the committee

Next Steps / Communication

- Draft Bylaw to be presented for three readings at the May 30, 2022, Regular Meeting

Attachments

Draft Council Remuneration Bylaw No. 2091

Current Council Remuneration Bylaw No. 2050

April 11, 2022 - Report from the Remuneration Committee

Forging the Path to Responsible Conduct in your Local Gov't

– UBCM/LGMA/Ministry of Municipal Affairs

Recommendation

THAT the Committee of the Whole recommends to Council to give first three readings to the updated Council Remuneration Bylaw No. 2091 at the May 30, 2022, Regular Meeting of Council.

Options

1. The COTW could recommend a shorter timeframe for the CPI average. The Remuneration Committee recommended a 10-year average; however, given some of the often-sudden global economy changes, it may take a long time before the average was adjusted and Council could consider an average over a four or five year span instead.
2. The COTW could choose to amend the remuneration amounts and options provided for the Mayor and Councillors as detailed in the report.
3. The COTW could choose to postpone first three readings of this Bylaw until the Code of Conduct has been reviewed as some sections of the Bylaw directly reference the Code.
4. The COTW could choose to remove the Code of Conduct integration at this time and rather instruct staff to bring forward an amendment to the remuneration bylaw once the Code of Conduct has been reviewed.
5. The COTW could choose to retain the Remuneration Review section as is from the current Bylaw.
6. The COTW could choose to continue with the current remuneration formula and not implement a new Remuneration Bylaw at this time.
7. The COTW could choose to adjust section 7's sanctions for Code of Conduct infractions to include cost recovery for investigation-related expenses as part of, or instead of, fixed percentage penalties.