

Date: Tuesday, April 30, 2024
To: Elizabeth Tracy, Chief Administrative Officer
From: Emily White, HR Advisor
Subject: Council Remuneration

PURPOSE

The purpose of this report is to provide Council with a variety of approaches to review the compensation package for elected officials within the Village of Pemberton.

BACKGROUND

Bylaw No 704, 2012: defines an annual salary and expense allowance for mayor and an annual salary and expense allowance for councillors. It stipulates that wages will be paid in biweekly instalments throughout the year and that members of council shall receive an annual increase equivalent to the cost-of-living amount received by non-union staff.

Bylaw No 849, 2018: amends Bylaw No. 704, 2012 in response to changes to the *Federal Income Tax Act* of 2017 that eliminated a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. To compensate for the significant impact the federal legislation would have on remuneration of elected officials, the amendment removed a defined expense allowance and added slight increase to both mayor and councillor salaries.

No further amendments have been made to Council Remuneration Bylaw No. 704 since this point.

At Regular Council Meeting No. 1549, held Tuesday, November 2, 2021, Council rose with report from the In Camera meeting held earlier in the day with the following resolution:

***THAT** Staff be directed to research remuneration for Council members and bring forward a report for discussion during 2022 budget deliberations.*

At the Committee of the Whole Meeting No. 244, held Tuesday, February 15, 2022, the following request was provided by the Committee:

***THAT** Staff bring back tax implications of an increase to Mayor and Council remuneration of BC CPI plus 2% per year for the next four years.*

In 2022, independent consultant WCBC was hired by the Village to conduct a review of compensation for exempt staff. This resulted in the implementation of a new pay philosophy and salary ranges that were adopted in 2023.

As part of this review, WCBC guided the Village in the selection of twelve comparable organizations based upon population density, annual revenue generation, BC Assessment housing data and local competition for the job market. Once identified, these organizations were asked to provide their compensation data to WCBC and that data informed the compensation review process.

As part of this process, at In Camera Meeting No. 1568, held on October 4, 2022, Council passed the following resolution:

THAT Council remuneration be reviewed at the beginning of year three of each Council term.

Ahead of the noted review of Council remuneration scheduled for October 2024, staff obtained council remuneration data from 2022 SOFI reports for nine of the twelve comparable organizations used for the staff review and presented the information to Council at Regular Council Meeting No. 1590, held on November 21, 2023. Council passed the following resolution.

THAT staff return to a future meeting with a report comparing the remuneration with the Consumer Price Index remuneration to the P50 remuneration.

At Regular Meeting No 1593, staff presented 2023 salary information for elected officials from nine of the twelve comparable organizations used for the staff review and identified the P50 or median compensation amount from within that data. Council passed the following resolutions.

THAT Council directs staff to bring back a proposal for review of council remuneration.

THAT for 2024 budget deliberations, Council directs staff to establish mayor and council wages at P75 as shown in tables 4 and 7 of the staff report, retroactive to January 1st.

It is anticipated that upon completion of the 2024 budget process and adoption of an amendment to Council Remuneration Bylaw No. 704, an annual salary of \$41,691 for the position of mayor and \$20,846 as an annual salary for the position of councillor, retroactive to January 1, 2024 will be processed.

DISCUSSION & COMMENTS

How and why we complete compensation reviews

Many people who seek election to a municipal council are driven by a strong sense of public service and a desire to make their communities better. Dedicating time to this role may impact time spent on paid work. Also, it can be challenging to attract representation from a diverse population given the high level of responsibility and relatively low compensation provided for elected positions.

It is important to review compensation on a regular basis because changing circumstances, including shifts in cost-of-living, may become barriers to future candidates.

To complete a compensation review for Council in the absence of a defined policy or bylaw, several approaches need to be considered.

To achieve best practice, Council may consider conducting a formal remuneration review once per term, ideally concluding a year in advance of an election taking place, and establishing the timing of subsequent reviews in a council remuneration bylaw.

UBCM encourages annual adjustments as a best practice approach to reduce the need for more significant remuneration increases at the time of a formal remuneration review.

Most jurisdictions provide an annual adjustment for elected officials using CPI calculations. This is the approach established by Village of Pemberton Bylaw 704, 2012. However, Bylaw No. 704 refers to alignment with non-union staff cost-of-living increases rather than directly referencing CPI. Effective 2023, following recommendations from WCBC, non-union staff no longer receive increases based upon cost-of-living data, but rather job market data.

Categories of compensation:

Compensation as defined by WCBC can be categorized into different themes:

- Salary/wages and pay in lieu of benefits/vacation
- Short term incentives including bonuses or commission
- Long term incentives including stock or share options
- Perquisites, for example cell allowances, gym passes or paid parking
- Paid time off, for example vacation leave, personal days or birth/adoption leave
- Group benefits including extended health, accident coverage, disability coverage etc and
- Retirement saving plans or pensions

Current Council compensation:

Councillors and mayor are both currently compensated with an annual salary. In addition to an annual salary paid out biweekly, councillors are eligible to submit expenses used to conduct Village business for reimbursement and may have other expenses such as attendance at conferences or courses paid for directly by the Village.

At the beginning of each term and subject to budget approval, each member of council is provided an electronic tablet and keyboard to conduct Village business. The mayor is also provided a cell phone with a contract covered by the Village.

Benefit packages for elected officials:

The UBCM Council & Board Remuneration Guide (2019) indicates that practices across BC vary with respect to the provision of offering benefits to elected officials. Some governments provide full benefits to elected officials at no cost to the members; in some jurisdictions benefits are made available only to the mayor since this position is the only one considered full-time. In other locations councillors may be able to opt-in to benefit packages at their own cost or on a cost-share basis with the municipality.

Smaller jurisdictions that wish to provide some level of benefit coverage for their elected officials sometimes extend existing staff programs to include elected officials to minimize cost implications.

Potential approaches to review council compensation:

The following approaches could be considered for a full compensation review of wages, benefits and perks:

- **Total compensation review:** this would include identification of comparable organizations followed by reaching out to those organizations to obtain information on wages, benefits and perks. It concludes with some complex data analysis and recommendations. Although this approach would provide reliable comparison data, considerations include the following:
 - the process could take up to 6 months from start to finish;
 - the approach is costly: staff received a quote of \$10k for a consultant to complete this work; and
 - the process could take approximately 140+ hours of staff time if completed in-house.
- **Engaging a task force:** the task force may be comprised largely or entirely of local residents or may include previous members of council or business owners. This is both an independent and cost-effective approach to reviewing remuneration. Considerations include the following:
 - the process could take much longer to complete than a comparison study (above);
 - the process could take approximately 140+ hours of staff time to administer; and
 - the approach may attract candidates with no experience reviewing remuneration.

The following options are available for consideration of the introduction of benefits to the remuneration package:

- **Benefit comparison review:** this would include identification of comparable organizations, reaching out to those organizations to obtain information on benefits and perks. It concludes with some complex data analysis and recommendations. Considerations include the following:
 - the process could take up to 6 months from start to finish;
 - the process should cost slightly less than a total compensation review; and
 - the process could take approximately 105+ hours of staff time if completed in house
- **Exploring existing staff programs:** staff receive a variety of perks and benefits. A report could be compiled with further information on costs and implications of extending these benefits to Council. Some benefits will be easier to integrate than others, for example:
 - **Extended medical:** the Village uses Pacific Blue Cross as a benefit provider for staff. The option to add Council to the extended medical plan could be explored further, but based upon the rules of Pacific Blue Cross, would need to take effect from the start of the next council term and requires a minimum of 3 elected officials to be

enrolled. Cost implications will apply and there are a variety of coverage options to consider. Approximately five hours of staff time would be required.

- Health & wellness allowance: the Village provides staff with an annual allowance to spend towards health and wellness initiatives. This would be a very simple enhancement to extend to Council to elevate the total compensation package. Approximately three hours of staff time would be required.
- Access to Pemberton and District Community Centre (PDCC): the Village provides staff with access to the PDCC fitness facility; it would be a very simple task to extend to Council to elevate the total compensation package. Approximately one hour of staff time would be required.
- **Creating a customized package for Council:** staff would need to understand more about the needs and desires of current Council members and what they perceive as the benefits needed to entice future members. Staff would conduct research and obtain quotes to produce recommendations and cost implications:
 - approximately 70+ hours of staff time for research and recommendations and 21+ hours of staff time for implementation would be involved.

The following options are available for review of council member salaries or the process for reviewing council salaries:

- **Salary comparison review:** while this has been completed recently with results presented in Regular Meeting No 1590 and 1593, Council could create a new comparison group that they would like to benchmark against. Considerations include the following:
 - can take 5-6 weeks start to finish
 - could take approximately 105+ hours of staff time
- **Identifying a living wage:** some municipalities are using a living wage for their elected officials. Determining a living hourly wage for Pemberton is one component of this approach, but calculating how many hours per week each member of Council is working could potentially be the more challenging element of this review. Considerations include:
 - the review could result in Council having to track their hours; and
 - the review could take approximately 70+ hours of staff time
- **CPI increases:** if the resolution from Regular Meeting No 244 is no longer applicable, defining which CPI increases Council would like to adopt as part of an annual review process. The process could take approximately 3+ hours of staff time.

Updating the Council Remuneration Bylaw:

Following any updates to council remuneration, the final step is an update to Council Remuneration Bylaw No. 704. The bylaw should detail any compensation elements pertaining to council members and specifics of when and how reviews should take place.

A bylaw amendment following the salary adjustment recommended in Regular Meeting No. 1593 will be brought forward to Council at a future meeting.

Any further adjustments to compensation following this amendment should be reflected in an updated bylaw.

COMMUNICATIONS

This topic does not entail a communications element.

LEGAL CONSIDERATIONS

There are no legal considerations.

BUDGET & STAFFING

Assuming the adoption of an amendment to Council Remuneration Bylaw No. 704 to reflect the resolution of Regular Meeting No 1593, wage increases in line with the P75 data previously supplied will be accommodated for Council in the 2024 budget and adjusted retroactively to January 1, 2024.

Any other adjustments to council remuneration have not been identified or accounted for within the 2024 budget process.

INTERDEPARTMENTAL IMPACT

The content of this report will not impact other departments.

COMMUNITY CLIMATE ACTION PLAN

This matter has no impact on the Community Climate Action Plan strategies.

STRATEGIC PRIORITIES

This matter has no impact on the current strategic priorities.

IMPACT ON THE REGION

The content of this report has no impact on other jurisdictions.

ALTERNATIVE OPTIONS

There are no alternative options for consideration.

RECOMMENDATIONS

THAT Council provides direction on whether the previous resolution to conduct a council remuneration review at the beginning of year three of each council term still remains, and if it should be included in the upcoming bylaw amendment.

THAT Council provides direction on next steps regarding a review of council remuneration.

ATTACHMENTS:

There are no attachments to this report.

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