



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: City Manager (CAO)
Subject: Council Remuneration Options

File No.: 0530-00
Date: June 14, 2023

PURPOSE:

To seek Council direction on changes to the annual Mayor and Council remuneration and benefits.

BACKGROUND:

At their regular meeting on April 25, 2022 Council considered amendments to Council Remuneration Bylaw No. 2941, and passed the following motion:

THAT based on the April 25, 2022 staff report "Council Remuneration Review" Council approve option 1 and that Bylaw 2941 be amended to adjust the Mayor's remuneration to \$83,000 and Councillors' remuneration to \$33,200; and,

THAT following the 2022 municipal election, a review of the City of Courtenay Council Remuneration process and policy be undertaken and recommendations for an updated review procedure be considered.

In accordance with this motion, staff began the research to draft amendments for consideration in 2023. Following the municipal election in October of 2022 the formal on boarding process for Council (including the Council orientation and strategic planning process) began in November of 2022.

In addition to the above direction, there were discussions on removing barriers or providing incentives for members of the community to choose to participate and consider running for local government as well as exploring options available to support the potential to increase the diversity of members of the public that can make the choice to run for office. This has long been a topic of discussion at the Union of British Columbia Municipalities through various forums and their annual convention. Given the support for diversity and inclusion, many local governments in BC and across the country are contemplating these issues and looking at measures to support participation in this important level of elected office. In accordance with this additional discussion there are a number of remunerations items that may be implemented to encourage broad participation. These items may include:

- Extended health benefits
- Elected official compensation
- Councillor elect compensation
- Process for the review of remuneration
- Child/elder care
- Acting mayor pay
- 4-year remuneration schedule

DISCUSSION:

As outlined above, since the April 2022 direction from Council, staff have researched a number of items for consideration related to remuneration and benefits. It is well understood that the time commitments and related financial impacts related to taking on an elected position has an impact on the ability of some members of the public to consider taking on a local government elected roll. By removing barriers to participation on Council it is understood that the potential will increase that the City will be able to attract a more diverse population for elected office reflection broad representation of Courtenay residents.

Based on this principal of reduction barriers, the following discussion provides an overview of potential changes to Council remuneration for consideration. Note that this review has focused on related benefits for elected officials and given the recent review (prior to the 2023 election) the ratio of Mayor to Councillor pay has already been reviewed relative to comparator communities and has not been recommended for adjustment at this time. In addition to individual remuneration, the 2022 analysis addressed an inconsistent gap between Mayor and Council compensation that existed as an unintended consequence of previous reviews and adjustment related to the removal federal income tax exemptions for local government elected officials. ¹The following provides a discussion regarding potential changes to Council remuneration for consideration:

Extended Health Benefits

In December, the UBCM benefits package was brought forward as it provided competitive base line coverage. Since then, the City has had the opportunity to undertake a more fulsome review of Extended Health Benefits and identified that a plan that matches City of Courtenay employees. Best practice from UBCM indicates that benefits for elected officials should reflect that provided to municipal staff. This plan not only provides more wellness options for participants, it also allows City staff to deal with a single benefit provider resulting in efficiencies due to simplified administration, communication, and more streamlined reporting.²

Annual Group Cost	UBCM (current)	People Corp	Change
Extended Health	\$10,836	\$19,518	Up to \$8,682
Dental	\$13,440	\$14,676	Up to \$1,236
Total Annual Group Cost Change	\$24,276	\$34,194	Up to \$9,918

Child/Elder Care Allowance

Child care and elder care can result in a barrier to participation in local government and residents may have to choose between their family obligations and desire to represent their community in political office To decrease these barriers the City could offer an allowance to cover child/elder care.

¹ It is noted that as changes in responsibilities continue to evolve in local government with respect to the level of responsibilities (roles and time commitment) between Mayor and Councillors, staff will monitor developments for future considerations in order to reflect best practice that are developing in the province.

² Life Insurance, Accidental Death and Dismemberment (AD&D) - Life insurance will not be covered by the City due to this coverage not being offered to City staff and the personal income tax implications of employer paid life insurance benefits. The City current holds AD&D coverage for Mayor and Council and it has been in place for several years. The total cost for this coverage for 2023 was \$48 per participant for a total annual cost of \$336.

Since the cost of care and length of care is not easily determined a maximum annual allowance of \$3,300 is deemed to be reasonable. \$3,300 was arrived at as it represents care at \$30 per hour for 5 hours for the 22 regular council meetings that are scheduled. At times meetings are longer than 5 hours and more than 22 meetings might be required, however care might not be required for all meetings.

For simplicity the allowance would be requested quarterly as care needs change throughout the year. The allowance is considered a taxable benefit and is deemed to be subject to GST which is payable by the City not the recipient. The annual cost of a care allowance would be \$3,465 per council member taking part, if all mayor and council took part it would cost the City \$24,255. It is anticipated that not all mayor and council will require the care allowance therefore actual cost is expected to be lower.

Acting Mayoral Pay

A number of comparable communities have acting mayor pay, however the method to determine acting mayor remuneration is not consistent. Acting mayor pay ranges from various percentages of mayoral pay to a fixed monthly amount. Typically, an acting mayor schedule is adopted by council which rotates councillors through as acting mayor for a month at a time, remuneration would be paid monthly to align with this schedule.

Acting pay has been presented at 10% of mayors pay for an annual cost in 2023 of \$8,300. A councillor would see an additional \$691.67 in remuneration for each month they are the acting mayor.

Councillor Elect Compensation

During the period after the municipal election and prior to the swearing in of a new mayor and council there is a period when newly elected councillors might be asked to attend City business however due to the current remuneration framework, are unable to receive compensation for this time period. By implementing council elect compensation, the City is more reasonably equipped to ask council elect to attend orientation, training and other events prior to their swearing in and receipt of normal councillor remuneration.

Compensation would be based on a daily maximum of \$200 split into 4-hour increments paid at \$100 per increment. If the council elect is asked to attend an event and the event is less than 4 hours the council elect would receive \$100. If the event is longer than 4 hours the council elect would receive the daily maximum of \$200. Compensation would only be provided when the City requests the council elect attend City business. Council elect will not receive compensation for events they attend on their own accord.

Looking at the council orientation completed in 2022, it was 4 full days. In the case of 2022 there was one council elect, the orientation was 4 full days so total cost of council elect compensation would have been \$800. It is unlikely to request council elect attend orientation prior to inauguration if there are a greater number of new councillors as increases in new councillors reduces the desire for existing council to get a head start on the new term. Furthermore, council elect compensation becomes cost prohibitive because outgoing councillors are still receiving remuneration from the date they become unelected (election day) to the date of inauguration, this leads to the situation where the City is paying for two councillors that hold one position.

Four Year Remuneration Schedule

Historically mayor and council remuneration has been set and then not adjusted for inflation. This has led to perceived significant increase in remuneration as when remuneration is revisited the required increase to keep remuneration relevant grows. Council could choose to adopt a set remuneration increase tied to the annual CUPE cost of living adjustment. Some municipalities choose to use CPI, or BC CPI, or Vancouver CPI or a combination of other indicators to provide an annual adjustment to remuneration. This approach reduces the impact of requiring a large single year lift to catch up after years of fixed remuneration levels. For ease of administration, choosing to use the CUPE cost of living adjustment and adopting a clear remuneration schedule for the next several years has the potential ensure maximum transparency. Based on the current CUPE agreement 2023 and 2024 see a 2% cost of living adjustment

The table below identifies the proposed remuneration given a 2% for 2024 and 2025.

	Remuneration Schedule		
	2023	2024	2025
Mayor	\$ 83,000.00	\$ 84,700.00	\$ 86,400.00
Councillor	\$ 33,200.00	\$ 33,900.00	\$ 34,600.00

The remuneration should be revisited in 2025 for 2026 for two reasons. It is anticipated that a new CUPE agreement will be completed by 2025 and this agreement would help guide remuneration into the future. Furthermore, setting remuneration again in 2025 allows for objectivity as 2026 is an election year and it is a reasonable practice for outgoing councils to set remuneration for incoming councils as they will not be directly benefiting from changes to remuneration.

POLICY ANALYSIS:

The 2023-2027 Consolidated Financial Plan bylaw 3096, 2023 should be amended to include changes to remuneration if they will take effect for 2023. If Council chooses to have remuneration change for 2024, then no bylaw amendment is required.

FINANCIAL IMPLICATIONS:

The financial implications of the propose changes are not fixed as they depend on council members taking part in some of the offerings.

Table 1: Cost Summary below outlines the highest costs assuming all of council accesses all proposed offerings, actual cost is expected to be lower but is dependent on uptake. Table 1 assumes full year costs of proposed offerings.

Table 1: Cost Summary

Extended health (1)	\$	9,918
Child/Elder care (2)		24,255
Acting Mayor		8,300
Council Elect (3)		2,000
Total	\$	44,473

(1) Assuming 7 members taking part at the family rate
 (2) Assuming 7 members taking part at \$3,300+gst
 (3) Assuming 2 Councillors and 5 days attendance

ADMINISTRATIVE IMPLICATIONS:

Changes to Council remuneration and the tracking of various allowances have incremental impacts on payroll staff as each time a change occurs an action must be taken to ensure the required change is correct and then follow up to ensure the change ends when required. By adopting a static remuneration structure no additional staff time is required to manage remuneration as it is set for the year.

Council remuneration can be approved through a bylaw or policy.

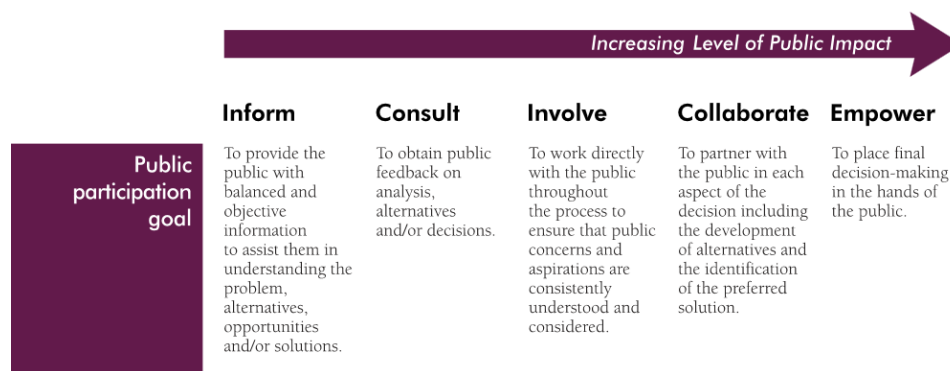
STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Financial Sustainability - Ensure capacity to accommodate big change
- Social Infrastructure - Review City operations with a social equity, reconciliation and anti-racism lens and develop corporate policy

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



© International Association for Public Participation www.iap2.org

OPTIONS:

- (1) THAT Council direct staff to update the Council Remuneration Policy to include the following:
 - a) To change benefits provider from UBCM to the City benefit provider in alignment with staff policy coverage,
 - b) To provide a child/eldercare allowance of up to \$3,300 per year,
 - c) To provide Acting Mayor pay equivalent to 10% of Mayor’s remuneration during the acting month,
 - e) To provide compensation to council-elect members up to \$200 per day for attending required City orientation and training sessions prior to the day of the Inaugural Meeting of Council,
 - f) To include an annual remuneration increase equivalent to the CUPE annual contract increase as negotiated starting January 1, 2024,
 - g)To consider amendments to the Council Remuneration Policy no later than July 31 in the year of the general local government election, and,

THAT staff be directed to bring forward any necessary amendments to applicable bylaws in regard to the approved Council Remuneration Policy updates.

(2) THAT Council provide alternative direction to staff.

Prepared by: Adam Langenmaier BBA, CPA, CA Director of Finance, Chief Financial Officer.

Concurrence: Geoff Garbutt, M.PI., MCIP, RPP, City Manager (CAO)

Attachments: Council Remuneration Review April 25, 2022