

**Date** 12/31/2019  
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**Subject** Board Remuneration Review Panel Recommendations

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### REQUEST

Establish rates for the Board remuneration bylaw and Board travel and accommodation allowances policy.

### OPTIONS

1. That the recommendations of the public Board Remuneration Review Panel, as outlined in the December 22, 2019 report from the CFO, be accepted; and further, that a new Board remuneration bylaw and an amendment to the Board travel and accommodation allowances policy reflecting these changes be prepared for Board consideration.
2. That a new Board remuneration bylaw and Board travel and accommodation allowances policy be prepared with the following rates:\_\_\_\_\_.

### RECOMMENDATION

Option 1

### BACKGROUND/ANALYSIS

As directed by the Board, an independent panel was established to review annual remuneration and meeting rates and travel and accommodation allowances for the RDEK Board for the period January 2020 to October 2022. The members of the Committee were:

Lee-Ann Crane	Cal McDougall
Mary Giuliano	Murray Floyd
Kathy Merkel	Wendy Booth – written comments, unable to attend meeting

The panel met on December 10, 2019. They reviewed a comparison of remuneration rates and travel and accommodation allowances paid by other regional districts (attached), and considered various options for adjusting RDEK rates.

The discussion and comments included:

1. The stipends being paid to all positions within the Board of Directors are appropriate in comparison to other regional districts at the present time. It is important to provide annual inflationary increases. The panel did not feel that increases should be tied to staff increases.
2. The current ratio of stipends, with Electoral Area Directors receiving two times (2X) the stipend of Municipal Directors, is appropriate and reflects the work the Directors do.
3. Board Meeting rates are appropriate.

4. Standing Committee Meeting rates should be increased to reflect the amount of preparation and work that goes into these meetings.
5. A new Standing Committee Meeting Chair rate should be established to reflect the amount of preparation and work that goes into chairing these meetings.
6. Appointed Committee Meeting rates should have some increases but not to the same extent as the Standing Committees over the three year period.
7. Travel and meal allowances are appropriate when comparing to other regional districts. However, the rate paid for dinner outside of the Kootenay Boundary (areas outside of the East Kootenay, Central Kootenay and Kootenay Boundary Regional Districts) should be increased. The \$20 per hour rate for travel time is still appropriate.
8. The panel strongly felt that the Director's annual stipend should continue to be paid separate from the rates for attendance at meetings. The panel did not support the suggestion from the UBCM Council and Board Remuneration Guide, that the Board and Standing Committee meetings be combined in the annual stipend.
9. The panel did not support adding stipends or allowances to reimburse Directors for the use of personal cell phones, laptops or desk top computers. The panel felt that the previous 1/3 tax free allowance was initially provided to relieve the Directors of these costs and that the adjustment to remuneration provided effective January 1, 2019 (as a result of the Canada Revenue Agency decision to discontinue the tax free allowance) ensured Directors were continuing to receive consideration for these costs.
10. The panel did not support adding stipends or allowances to reimburse Directors for increased ICBC insurance premiums for changing from personal to business use or for windshield repair or replacement. The panel felt that the current practice of paying the Canada Revenue Agency vehicle mileage rate (currently \$0.58 per km) adequately reimbursed Directors for these costs.
11. The panel considered that some of the organizations that Directors are appointed to may pay the Director a small stipend directly. The panel felt that a clause should be included in the Remuneration Bylaw that states that Directors should receive the appointed committee meeting rate less any amounts received directly from the group or organization.

#### **Board Remuneration Review Panel Recommendations:**

The Board Remuneration Review Panel recommended that the RDEK Board consider the following changes:

1. Increase all Director stipends by 2.5% in 2020 and to reflect BC CPI in 2021 and 2022.
2. Increase the Chair and Vice-Chair stipends by 2.5% in 2020 and to reflect BC CPI in 2021 and 2022.
3. Increase the Standing Committee meeting rate increase to \$110 per meeting in 2020; \$115 per meeting in 2021 and \$120 per meeting in 2022.
4. Establish a new per meeting rate for Standing Committee Chairs at \$25 in 2020, \$35 in 2021 and \$40 in 2022. This will be paid in addition to the Standing Committee meeting rate.

5. For meetings and events attended outside of the Kootenay Boundary area, increase the dinner allowance to \$50 (currently \$40) and increase the per diem to \$110 (currently \$100).

The following table shows the effect of the proposed changes:

	2019	2020	2021	2022
<b>Electoral Area Directors Annual Stipend</b>	\$27,282	\$27,964	\$28,365	\$29,322
<b>Municipal Directors Annual Stipend</b>	13,642	13,983	14,319	14,662
<b>Chair Annual Stipend</b> – to be paid in addition to regular Director's stipend	20,160	20,664	21,160	21,668
<b>Vice-Chair Annual Stipend</b> – to be paid in addition to regular Director's stipend	3,360	3,444	3,527	3,611
<b>Board Meetings</b>	210	210	210	210
<b>Standing Committee Meetings</b>	105	110	115	120
<b>Chair – Standing Committee Meetings</b> – to be paid in addition to meeting rate	-	25	35	40
<b>Appointed Committee Meetings</b>	100	100	105	110
<b>Strategic Planning Sessions</b>	100	100	105	110
<b>Public Hearings</b>	85	85	90	95
<b>Budget Impact (Increase over 2019)</b>	-	\$11,725	\$24,001	\$36,204
<b>Total Over Three Years</b>				\$71,930
<b>Tax Rate Impact (per \$1,000)</b>	-	\$0.0065	\$0.0068	\$0.0067
<b>Tax Increase for \$335,000 Property (over 2019)</b>	-	\$ 0.22	\$ 0.44	\$ 0.67

\* Stipends are based on an increase of 2.5% in 2020 and BC CPI (estimated at 2.4% - based on 3 year average) in 2021, 2022

## SPECIFIC CONSIDERATIONS

### Financial

Implementation of the changes recommended by the Board Remuneration Review Panel would result in estimated additional costs as shown in the above table.

### Financial Plan

An allowance for increases in Director annual stipends was built into each year of the 2019 – 2023 Financial Plan. The 2020 – 2024 Financial Plan will need to be adjusted for increases in meeting rates.

### Comparison to Other Regional Districts

Attached is a comparison of remuneration rates at other regional districts, a comparison of travel and expense rates at other regional districts and a copy of the memo that was provided to the Board Remuneration Committee members to provide background for their discussion.

Some regional districts provide annual remuneration that combines the annual stipend and total remuneration for meetings for the year. The attached comparison has estimated what the combined remuneration would be for each regional district.

The Canada Revenue Agency removal of the 1/3 tax free allowance was effective January 1, 2019. Given that this is a fairly recent change, not all of the regional districts in the comparison have adjusted remuneration rates at this time.

### **Process**

On October 4, 2019 the Board directed that a Board remuneration policy be prepared with recommendations from the CFO outlined in the September 25, 2019 report. The policy will be presented to Board in summer 2020.

Attachments