

**To:** Board Remuneration Panel  
**From:** Holly Ronnquist, CFO  
**Date:** December 3, 2019  
**Subject:** Board Remuneration, Meeting Rates, and Background Information

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Thank you for participating in the Board Remuneration Review Panel. This memo and the attached documents will provide some background information to assist with discussions on December 10<sup>th</sup>.

### **UBCM Council and Board Remuneration Guide**

The guide was released in September 2019 after conducting an extensive survey of the Municipalities and Regional Districts in BC. The guide recognizes that individuals serving as elected officials should be able to expect fair and reasonable compensation in recognition of the time commitment to do the work. Fair remuneration is also important in helping to reduce barriers and in attracting people from a variety of backgrounds.

The guide includes a number of best practices to consider in addressing remuneration for elected officials. On October 4, 2019, the Board directed that an independent committee be assembled to review Board remuneration rates and make recommendations for the 2020-2022 Board Remuneration Bylaw. The Board also directed that a Board Remuneration Policy be created for the RDEK based on best practice recommendations from the CFO's September 25, 2019 Request for Decision. The panel will review the best practices and will be asked to provide input on items 7 and 8 in the CFO's report. A copy of the UBCM's Council and Board Remuneration Guide and the September 24, 2019 Request for Decision from the CFO are attached for your reference.

### **RDEK Board Composition**

The RDEK Board is comprised of six Electoral Area Directors and nine Municipal Directors. The Chair is elected annually by the Directors. The current Chair is an Electoral Area Director. The current Vice Chair is a Municipal Director.

### **Remuneration**

Electoral Area Directors receive \$27,282 per year, and Municipal Directors receive \$13,642 per year. The Board Chair receives an additional \$20,160 over and above the regular Director pay. The Board Vice Chair receives an additional \$3,360 over and above the regular Director pay. These rates are exclusive of Board and Committee meeting rates. A copy of the current Board Remuneration Bylaw, which expires December 31, 2019, is attached.

### **Board Meetings**

The RDEK has 12 regular Board meetings per year each lasting from 2 to 3 hours. These meetings are held on a Friday morning. All Directors receive \$210 per Board meeting.

### **Committee Meetings – Regular**

On the Thursday prior to Board meeting day, regular Committee meetings are held. A list of the Committees is attached for reference. On the average, Directors attend at least 3 regular Committee meetings per month. The lengths of the meetings vary. All Directors receive \$105 per meeting to a maximum of 3 meetings in one day. Generally, the meetings run from mid-afternoon into the evening, and result in a payment of \$315 per month.

### **Committee Meetings – Special**

If a Director is appointed to a special committee, they receive the Committee meeting rate of \$100 for each meeting attended. A list of the Special Committees is attached for reference.

### **Public Hearings**

Directors receive \$85 per day for attendance at public hearings that they have been delegated by the Board. The public hearings usually last between 15 minutes and 2 hours.

### **Other Meetings**

Directors are not paid to attend public meetings, conventions, seminars, or special functions. The only meetings for which they are paid are board meetings, the regular and special committee meetings noted above and public hearings.

### **Travel Time and Vehicle Allowance**

Directors are paid \$20 per hour for travel to and from regular RDEK Board and Committee meetings if they live more than 30 minutes from Cranbrook. Travel time is not paid to attend any other meetings. Many other Regional Districts do not pay travel time, or deem it to be included in the stipend rate. The Directors are reimbursed for use of their personal vehicle at the Canada Revenue Agency mileage rate, which is currently \$0.58 per kilometer. The mileage rate is paid when traveling to any RDEK meeting or function.

### **Time and Out-of-Pocket Expenses**

On the average, excluding attendance at the regular monthly Board and Committee meetings, an electoral area director spends from 50 to 120 hours per month on RDEK business and a municipal director spends about 5 to 22 hours per month. In addition to regular director duties, the Board Chair spends about 30 to 40 hours per month on RDEK business and the Vice Chair spends about 4 hours per month on RDEK business.

Directors are reimbursed for most expenses related to RDEK business. Expenses for which directors are not specifically compensated include cell phone, email and computer and windshield repair. The additional ICBC premium for the upgrade from personal use to business use (vehicle used over 6 days per month for business) is also not compensated. A copy of the expense policy is attached.

### **Comparison to Other Regional Districts**

Attached is a table showing the remuneration and meeting rates for other regional districts. The number of services and level of activity vary among the regional districts, but provide relevant comparisons.

## Options

As a starting point, below are some options to consider for increasing the remuneration and meeting rates.

	2019	2020	2021	2022
<b>Electoral Area Directors Remuneration</b>				
1. 5% per year	\$27,282	\$28,646	\$30,078	\$31,582
2. BC CPI (Oct 2019 = 2.4%)		27,737	28,607	29,294
3. \$1,000 per year		28,282	29,282	30,282
<b>Municipal Directors Remuneration</b>				
1. 5% per year	\$13,642	\$14,324	\$15,040	\$15,792
2. BC CPI (Oct 2019 = 2.4%)		13,969	14,305	14,648
3. \$500 per year		14,142	14,642	15,142
<b>Board Meeting Rate</b>				
1. 5% (adjusted in 2020, and rounded)	\$210	\$220	\$220	\$220
2. BC CPI (Oct 2019 = 2.4%)		\$215	\$215	\$215
<b>Chair Remuneration</b>				
1. 5% per year	\$20,160	\$21,168	\$22,226	\$23,338
2. BC CPI (Oct 2019 = 2.4%)		20,644	21,139	21,647
3. Average of other Regional Districts?		24,513	?	?
<b>Committee Meeting Rate</b>				
1. 5% (adjusted in 2020, and rounded)	\$105	\$110	\$110	\$110
2. BC CPI (Oct 2019 = 2.4%)		\$108	\$108	\$108

- The UBCM guide recommends best practice of setting base remuneration in first year of bylaw and then inflationary increments based on BC CPI each year for the remainder of years in the bylaw.

## Electoral Area vs. Municipal Director Rates

In a majority of regional districts, the electoral area directors annual remuneration is higher than that of municipal directors. The reason for this is that electoral area directors spend more time on regional district business and this is their sole source of remuneration for those duties. Municipal directors also receive remuneration from their respective municipalities for their duties as councillors or mayors; however, municipalities do not compensate their representatives for performing RDEK business. Until January 1, 2019 one third of director remuneration was tax exempt. With the change Canada Revenue Agency policy, all director remuneration is now 100% taxable and subject to CPP. A 14% adjustment to director remuneration was made to mitigate the effect of the new taxation policy and is included in the 2019 rates provided.

## Budget and Tax Impact

Board remuneration is paid out of the General Government budget. All municipalities and electoral areas contribute to this function which is shared on the basis of property assessment. If we take the highest option presented on page 3 (option 1 for electoral area and municipal directors), the cost of the increase for 2020 would be \$16,362. This equates to a tax rate of \$0.001 per \$1,000 of assessed value or \$0.30 on the average residence valued at \$335,000 in 2019. There would be similar but slightly smaller increases for 2021 and 2022.

### **Travel Allowance Rates**

The Board has also asked that you review and compare their travel allowance rates. A summary of some comparative meal and mileage rates is included on the attached spreadsheet.

### **Other Reimbursements or Allowances for Consideration**

A survey of the Board was conducted to determine what new items they would like consideration of for expense reimbursement or allowance. Those items are:

- Cell phone costs
- Computer or laptop and software costs
- ICBC premium for upgrade from personal to business use (business use more than 6 times per month)
- Windshield Repair or Replacement Deductible (when damaged during RDEK business)

### **Conclusion**

On behalf of the Regional Board, thank you for taking the time out of your busy schedules to assist with the review of remuneration rates. Your final recommendation will be taken to the Regional Board for review at their Jan 9<sup>th</sup> and 10<sup>th</sup> meetings. Needless to say, the final decision rests with the Board; however, I know they will take your recommendations into serious consideration.

Holly Ronnquist  
CFO

Attachment(s)