

To: CAO for the Electoral Area Services Committee  
From: Mike Veenbaas, Director of Financial Services

Date: 2019-07-09  
File No: 1720-01

**Subject: Electoral Area Director's Remuneration**

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## RECOMMENDATION

**THAT** the Electoral Area Services Committee consider selection of one of the following two options pertaining to Committee remuneration:

### Option 1

**THAT** the Committee direct Staff to make no adjustments to remuneration levels.

### Option 2

**THAT** the Committee direct Staff to adjust the Board Director – Electoral Area, EASC Chair and EASC Vice Chair add-ons so that the total remuneration received by an Electoral Area Director is given wage parity with the net "take home" pay received in 2018;

**AND THAT** the increase to the electoral area add-ons be funded through the Electoral Area Administration Budget 102.

## BACKGROUND

At the direction of the Electoral Area Service's Committee, information has been gathered and presented to EASC, RACS and Board over the past 5 months regarding elected official remuneration rates and the impact of the elimination of the Municipal Officers Expense Allowance Exemption. At the April 25<sup>th</sup> Board meeting a motion was adopted directing Staff to increase all Board positions to have wage parity to the net pay level received prior to the income tax change. At the June 25<sup>th</sup> Board meeting a proposed remuneration bylaw to make the changes official was defeated and the issue of remuneration rates was referred back to Staff to bring forward to the July EASC meeting.

## DISCUSSION

Following the Board's decision at the June meeting, the members of EASC are left with a few options to consider as to next steps:

1. Status Quo – some local governments have not increased remuneration levels in response to the income tax changes. This was done in part to recognize that the 1/3 expense allowance exemption was a duplication of the option that elected officials have to claim reimbursement for expenses directly. As per FVRD's Travel and Other Expenses Policy, Directors have the ability to claim reimbursement for mileage incurred for a number of reasons, including travel within their electoral area while on FVRD business.
2. Wage Parity – some local governments have taken a decision to have 2019 remuneration levels increased so that the net "take home" pay is equal to that received in 2018, prior to the expense allowance exemption elimination. An analysis completed by Finance Staff suggests that remuneration rates for EASC positions would need to be increased 11.4% over 2018 remuneration rates in order to achieve approximately the same net "take home" pay. This analysis excluded any external income received by Directors and where that may place them in terms of effective income tax rates.
3. Remuneration Increase – the Committee could consider a remuneration rate adjustment beyond wage parity. Given the Board completed a full remuneration review in 2017 for all Board positions, and while electoral area position add-ons are paid fully by Electoral Areas, it would not be Staff's recommendation to adjust remuneration levels beyond wage parity. The remuneration bylaw must be adopted by the full Board and the past few months has shown a split in the level of support for remuneration increases.

Lastly, Staff wanted to update the Committee on a related change that has thus far been excluded from the discussion. As a result of the income tax legislation changes, the previously exempt 1/3 salary is now being recognized and included as pensionable salary and therefore included in the Canada Pension Plan.

## COST

Following the Board's defeat of the proposed remuneration bylaw and the comments made by those that spoke against the bylaw, Staff would recommend any EASC motion to increase remuneration should include having the increase fully expensed to the Electoral Area Administration budget.

If the Committee were to select Option 2 – Wage Parity, the estimated financial impact would be \$29,000 per annum or \$0.60 per \$100,000 of assessed value for all residential properties in the electoral areas.

## **CONCLUSION**

Following months of discussion regarding Board remuneration levels in response to income tax changes to the municipal officer's expense allowance exemption, the Board has defeated a bylaw to adjust all Board positions for wage parity leaving EASC to now consider options regarding next steps.

## **COMMENTS BY:**

<b>Jennifer Kinneman, Acting Chief Administrative Officer</b>	Reviewed and supported.
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