

Memo



Date: May 10, 2011
File: 0615-20
To: City Manager
From: Council Remuneration Review Task Force
Subject: 2011-2014 Council Remuneration Recommendations

Recommendations

THAT Council receives for information the report from the Council Remuneration Review Task Force, dated May 10, 2011 with respect to the 2011-2014 Council remuneration recommendations;

AND THAT the Mayor's annual indemnity remains at \$89,457.91 for 2012 and 2013;

AND THAT effective January 1st, 2014 the Mayor's indemnity receive an annual adjustment based on the Consumer Price Index (CPI) published by Statistics Canada for Vancouver for the twelve month period January to December of the previous year;

AND THAT the Councillor's annual indemnity remains at \$31,310.27 for 2012 and 2013;

AND THAT the linking of councillor's indemnity to 35% of the Mayor's indemnity is discontinued;

AND THAT effective January 1st, 2014 the Councillor's indemnity receive an annual adjustment based on the Consumer Price Index (CPI) published by Statistics Canada for Vancouver for the twelve month period January to December of the previous year;

AND THAT starting with the 2011-2014 term of office, the Mayor be provided the option of a benefits package for an elected official and his/her dependants, as found and offered through UBCM, the Central Okanagan Regional District, or other such comparative benefits package, with 50% of the premium coverage paid for by the City;

AND THAT for clarity, Section 5.5 of the Council Remuneration and Expense Bylaw No.7547 be amended to remove "special" when referring to training, and to read "actual receipted expenses" and "greater than \$100.00 per member per function or training;"

AND THAT Part 6 - Benefits of the Council Remuneration and Expense Bylaw No.7547 remain the same;

AND THAT Council appoint a Task Force in 2014 to review remuneration for the next Council term, following a similar process of inviting applications from members of the public interested in participating on a five member task force;

AND FURTHER THAT Council releases the 2011 Council Remuneration Review Task Force.

A handwritten signature in blue ink, appearing to be "M. ...", located at the bottom right of the page.

Purpose

The mandate of the Council Remuneration Review Task Force, composed of five members of the community at large who all live within the boundaries of the City of Kelowna, was to analyze and review the current remuneration, indemnity and therefore Total Compensation (both direct and indirect) of both the Mayor and City Councillors to determine if the current practices are reasonable and adequate for the next Council term 2011-2014, both in overall structure and in compensation.

Guiding Principles

The Task Force met eleven times since being appointed on February 21, 2011, and took on the responsibility to make recommendations in the best interests of the City-at-large. To ensure that the members fulfilled the mandate, the review was conducted using these guiding principles:

- Fairness to the elected positions of Council and taxpayers
The Task Force felt that elected officials should be adequately and fairly compensated. With that being said, the Task Force wanted to ensure that compensation levels must also be fair to all municipal taxpayers who pay the remuneration, benefits and expenses of the elected officials.
- Open Communication
Open and free discussion was encouraged. All opinions were respected and discussed equally.

Key Messages

There were key areas that the Task Force concentrated on during their deliberations:

- Overall accountability to the electorate and the elected positions of Council
Total compensation reasonability for the size and economic climate of the community
- The Mayor being a full time commitment
- Councillor being considered a part-time commitment.
- Structure of the remuneration package - formula for mayor and council indemnity
- Structure of the remuneration package - benefits package

Process

The Task Force decided on a broad interpretation of the term "Council compensation". For the purposes of the review a distinction was made between direct and indirect compensation.

Direct compensation refers to the basic monthly indemnity all council members receive from the City of Kelowna, including stipends or allowances paid to Council members for additional duties such as Deputy Mayor.

The task force considered indirect compensation to include the one-third tax free component of the monthly indemnity as the intent of the tax free portion is to cover various out of pocket and other expenses incurred while undertaking the duties of an elected official. Indirect compensation also included access to a computer, cell phone, office space, and administrative

support; provision of a 24hr downtown parking spot; WCB and CPP contributions, and Accident insurance coverage. Compensation related to Council appointments to Boards or Committees was also raised during the review which the Task Force considered as an opportunity for further indemnity or compensation to individual Council members, however, not to Council as a whole.

In order to fulfill Council's mandate, the Task Force reviewed written material supplied by the staff liaison, including the 2011 Task Force Terms of Reference; reports prepared for other municipalities which included comparable data of Council remuneration and benefit packages; existing Council Policies on out-of-pocket expenses, and the attendance at conventions and meetings; past practice information from previous Remuneration Review committees; and the current Council Remuneration and Expenses Bylaw No. 7547.

The Task Force also invited the Compensation Administrator from the City to provide information on health benefit packages and those available to the City. Additional benefits discussions included:

- Reviewing information regarding benefits plans offered by the Regional District of the Central Okanagan and the Union of British Columbia Municipalities;
- Researching and reviewing the merits of Health Spending Accounts as a means of providing benefits to Council;
- Contacting a local Health Benefit supplier to see whether a program could be designed specifically for our City Council;
- Considering the affect of the term nature of council positions and the impact individual usage would have on "experience ratings" after the term was over and minimizing long term impact on group rates
- Reviewing insurance that is currently offered by way of disability and accident

Financial Services Department staff met with the Task Force members to review budget allowances for Mayor and Council. Additional financial information considered by the Task Force included:

- Statistical information provided by Economic Development Commission, as well as the Kelowna Chamber of Commerce, with regards to projected growth within our regions both due to business and population
- Informal discussions with former Council members with regards to past practice, current practice and the political landscape in general
- Consideration of both the current and future status of the City of Kelowna economy and the impact of various scenarios
- Interviews with five of nine Council members

Eight comparative municipalities either froze or adjusted by just one percent, the base indemnity for their elected officials in 2010.

Background to Recommendations

The Task Force recommends that the 35% of the mayor's indemnity formula presently used to determine the indemnity for Councillors be abandoned and replaced with a fixed dollar amount or percentage.

In researching the formula-based Councillor Indemnity introduced in 2005 and continued in 2008, the task force considered the monetary imbalance due to the leverage effect and the merit of reviewing both the Mayor and Councillor Indemnity independently of each other, placing less emphasis on the simplicity of a formula.

The task force recommendations for the Mayor and Council indemnity are:

- 0% increase for the year 2012;
- 0% increase for year 2013 and;
- CPI percent increase year 2014

A primary consideration in reviewing benefits was the 1/3 of indemnity for Councillors that is provided tax-free. This savings, as well as the part-time status of the position, led to consensus that the premiums for extended health/medical/dental remain the responsibility of each individual Councillor. The following were considered and recommended by the task force:

- The nature of a benefits program and the experience rating nature of determining premiums; there is a significant negative potential to taxpayers in offering benefits to term officials (3 year terms)
- Elected Officials cannot be added to City of Kelowna employee benefits plans as elected officials are not considered employees
- Enhance the current “orientation” program for newly elected officials to ensure clear communication as well as to solidify both expectations and proper usage of available benefits programs.
- Supply information to councillors regarding the Canada Revenue Agency ruling for tax considerations of premiums/expenses paid for extended healthcare.
- Clearly identify the resources available to the councillors - e.g. RDCO for those sitting on the Board or UBCM, as options to access these benefits e.g. three elected officials within four months of appointment to council.

The Mayor’s duties and responsibilities were considered full time and the recommended remuneration must therefore take this under consideration. With this in mind, it is recommended that the City of Kelowna be responsible for fifty percent of the premiums for an extended health benefit package for the Mayor only.

The members of the task force recommend that the practice of inviting members of the general public to participate on this Remuneration Review Task Force continue, and that Council appoint a committee of five members. The Terms of Reference for the Task Force may want to include a bit more detailed direction to the committee insofar as importance of comparator data to ensure transparency of process.

The Task Force felt that Council should take a leadership role showing restraint and fiscal responsibility, indicated by the economic climate coming out of the recession. A conservative approach is recommended with respect to increasing any direct costs to tax payers and to therefore consider a modest and gradual increase schedule as the economy finishes ramping back.

Legal/Statutory Procedural Requirements:

Community Charter, section 168 requires the reporting, at least annually, of council remuneration, expenses and contracts.

Existing Policy:

Council Remuneration and Expenses Bylaw No. 7547, as amended

Council Policy 287, Council Reimbursement of Out-of-Pocket Expenses for Attending Functions or Special Training within the Region

Council Policy 337, Council Authorization to Attend Meetings and Conventions outside the Central Okanagan Regional District

Financial/Budgetary Considerations:

Should the recommended Mayor and Councillor Indemnities be adopted, there would be no increase in the Mayor and Council budget for 2012 and 2013, with an anticipated increase in the Mayor and Council budget based on CPI for 2014.

Should the recommendation to cost-share a Health Benefits plan for the Mayor be adopted, there would be an annual cost for the City portion of the premium of approximately \$1700.00.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

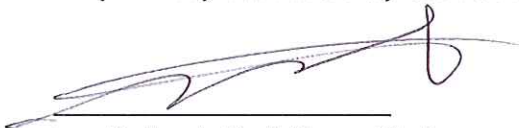
Personnel Implications:

External Agency/Public Comments:

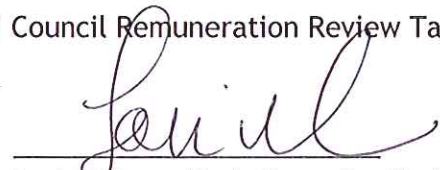
Community & Media Relations Comments:

Alternate Recommendation:


Respectfully Submitted by the 2011 Council Remuneration Review Task Force:



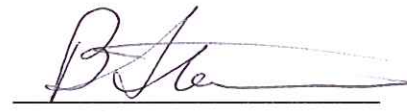
Len Pelland, Task Force Chair



Lori Dickson, Task Force Co-Chair



Shelley Gilmore



Bruce Stevenson



Lillian Moller