



Staff Report

DATE: September 10, 2019

FILE: H-BO

TO: Chair and Directors
Regional Hospital District Board

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Director Remuneration

Purpose

To provide an overview of Remuneration to the Directors of Comox Strathcona Regional Hospital District (CSRHD) Board with an option for remuneration adjustment.

Recommendation from the Chief Administrative Officer

THAT Bylaw No. 244 being “Comox Strathcona Regional Hospital District Remuneration and Expenses Bylaw 2008” be amended to reflect an adjustment to the meeting remuneration from \$125 per meeting to \$160 per meeting as outlined in the staff report dated September , 2019;

AND FURTHER THAT subject to adoption of an amendment to Bylaw No. 244, the Comox Strathcona Regional Hospital District Board authorize retroactive pay from January 1, 2019 for the difference of \$35.00 per meeting for meeting attendees.

Executive Summary

This report provides a brief summary of a statistical report submitted by an independent consultant who examined Director’s remuneration and expense rates on behalf of the Comox Valley Regional District (CVRD). It is being used as a comparative for the CSHRD to examine in determining whether any changes to the [CSRHD Bylaw No 244 being “Comox-Strathcona Regional Hospital District Board Remuneration Bylaw No. 244”](#).

- The statistical review provided was completed in July 2018 with changes implemented by the CVRD Board effective January 1, 2019.
- The review itself did highlight the necessity to increase the rate of pay provided to board members for meetings with this change being implemented on January 1, 2019 for all CVRD Board members, including members of the CSWM Board.
- The costs of the retroactive pay, if approved, total \$4,620.00 and this was not included in the financial plan for 2019 for the CSHRD Board. This action will require an amendment of the 2019 financial budget for the Board.

Prepared By:

J. Bradley

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Executive Manager of Human Resources

Background/Current Situation

A preliminary review of Director's Remuneration and expenses was completed and presented to the CVRD Board on April 19, 2018. Specific direction was provided to staff to ensure that Director's remuneration and expenses were in alignment with partnering local government practice as well as to secure an independent consultant to complete this work prior to the election cycle beginning in October 2018.

Julie Case was retained as the CVRD compensation consultant specifically for this task. The work included a survey of nine comparative regional districts (expenses, population and elected official count) and the report is attached as Appendix A for reference.

Of importance for the CSRHD Board was the data collective for remuneration of meetings and travel allowances for elected officials. From the staff report provided to the CVRD Board the following summary was made:

"Ms Case has highlighted two areas of remuneration where the CVRD is below the median of the nine regional districts surveyed: meeting and travel remuneration. Through data gathered in the report, Ms Case recommended an increase in the meeting remuneration from \$125 per meeting to \$160 per meeting..."

Travel remuneration remains a difficult area to draw equivalent comparisons between regional districts. Bylaw No. 244 provides for travel remuneration of \$20.00 per hour for meetings which are convened 60 kilometres distance, or one hours travel time, one way, from the director's home, In additional kilometrage to meetings is reimbursed as per Schedule B of the [Bylaw No. 244](#) to maximum distances as listed at the approved Canada Revenue Agency rate plus 20 per cent per kilometer. [Note: quantifiers limited as stated in Schedule B] Data gathered clearly indicates that there is no "normal" practice for travel remuneration and the recommendation made to the CVRD Board was to maintain the existing travel remuneration and reimbursement rates as stated in the report.

Based on the information received at the meeting and taking into consideration the statistical summary provided by Julie Case the meeting remuneration increased from \$125.00 to \$160.00 per meeting effective January 1, 2019 for all CVRD Board members and the CSWM Board members.

In alignment with this process in decision, this report provides recommendations that the CSRHD Board increase its meeting remuneration rate to \$160.00 retroactive to January 1, 2019 for all attending members of board meetings.

The current financial plan for the CSHRD does not include the additional cost for its 2019 budget and the \$4,620 additional cost would require an amendment to the financial plan to move forward. [This includes costs for meetings planned through to the end of December 2019]

Financial Factors

An estimate of the financial impacts to the CSHRD Board of the meeting remuneration increase is as follows:

- Increase in meeting remuneration from \$125.00 to \$160.00 for 2019 retroactive to January 1, 2019 is \$4,620.00.

Legal Factors

The main identified risk with the increase to meeting expenses are financial as outlined above.

Intergovernmental Factors

Although not directly relate to local government partners, methodology for achieving median expenses may impact other government rates for 2019 and beyond.

Interdepartmental Involvement

This report has been created with support from Human Resources, Finance and expertise from Julie Case & Associates.

Attachments: Appendix A – Directors Remuneration Review- Julie Case (July 4, 2018)

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Directors Remuneration Review Comox Valley Regional District

July 4, 2018

For questions about this report, please contact:

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INTRODUCTION

We are pleased to present our findings from the remuneration review for directors (elected officials) at the Comox Valley Regional District (the “District”). We look forward to discussing this report once you have had the opportunity to review it.

BACKGROUND & METHODOLOGY

The Comox Valley Regional District asked for assistance in conducting a review of annual remuneration for its director positions (chair, municipal director, electoral area director). The District wishes to review its current remuneration and compare it to other BC regional districts.

Based on the direction provided by the District, we conducted a custom survey of select BC regional districts based on size (i.e., population and annual expenses). The survey captured data on base remuneration, meeting stipends, mileage rates, travel costs, and whether any changes to elected officials compensation are anticipated in 2019 due to the CRA ending the one-third tax free allowance.

We contacted the identified regional districts by email and asked for their participation in this review. We reviewed all submitted data and followed up where necessary.

Data from the BC regional districts listed below are included in this report.

1. Cariboo
2. Central Kootenay
3. Cowichan Valley
4. East Kootenay
5. Fraser-Fort George
6. North Okanagan
7. Okanagan-Similkameen
8. Peace River
9. Sunshine Coast

We also invited Columbia Shuswap Regional District to participate; however, at the time of this report, we had not heard back from them.

All the findings are summarized and presented in tables. Specific definitions to assist with understanding the data are found in Attachment 1.

A summary of the data collected is presented in Table 1.

TABLE 1 – DATA SUMMARY OF COMPARATOR BC REGIONAL DISTRICTS

Regional District	2016 Annual Expenses (\$ millions)	2016 Census Population (thousands)	Chair – Current Annual Remuneration (\$)	Director Municipal – Current Annual Remuneration (\$)	Director Electoral Area – Current Annual Remuneration (\$)	Chair – Current Meeting Stipend (\$)	Director Municipal – Current Meeting Stipend (\$)	Director Electoral Area – Current Meeting Stipend (\$)
Comox Valley	38.8	66.5	31,109	12,686	32,709	125	125	125
Fraser-Fort George	36.5	94.5	16,774	12,147	18,750	None	None	None
North Okanagan	42.3	84.4	17,780	8,058	9,882	190	174	174
Cowichan Valley	50.3	83.7	26,973	17,552	30,685	None	None	None
Okanagan-Similkameen	33.3	83.0	32,265	6,220	21,515	232	232	232
Peace River	38.2	62.9	24,600	-	18,000	157	157	157
Cariboo	29.5	62.0	15,743	10,495	10,495	185	185	185
East Kootenay	26.9	60.4	18,000	11,680	23,359	185	185	185
Central Kootenay	41.3	59.5	32,400	13,212	34,056	128	128	128
Sunshine Coast	35.1	30.0	37,257	9,326	10,661	125	125	125
Summary – Not including Comox Valley Regional District								
P25	33.3	60.4	17,780	9,009	10,661	143	143	143
Median (P50)	36.5	62.9	24,600	11,088	18,750	185	174	174
P75	41.3	83.7	32,265	12,413	23,359	187	185	185
Average	37.1	68.9	24,644	11,086	19,711	172	169	169

Findings / Observations from Data in Table 1

The population measures and annual expenses were collected from the BC government website (www.cscd.gov.bc.ca/lgd/infra/statistics). The most recent data available is from 2016.

For the chair position, the annual remuneration shown is the annual remuneration for taking on responsibility for being chair. The chair will also receive the annual remuneration for being a municipal director or electoral area director.

At the Peace River regional district, the municipal directors are only paid for meeting attendance. There is no annual remuneration.

Neither Fraser Fort George nor Cowichan Valley regional districts pay additional compensation for board and committee meeting attendance for the three positions.

Peace River regional district pays for meetings depending on the length of time of the meeting: \$112 for a meeting up to four hours in length; \$157 for a meeting up to six hours; \$234 for a meeting up to eight hours; and, \$290 for meetings over eight hours.

TABLE 2 – OTHER COMPENSATION PRACTICES

Compensation Practice	Comox Valley Regional District Practice	Market Practices
What is the reimbursement rate for mileage?	<ul style="list-style-type: none"> • \$0.54 per kilometre 	<ul style="list-style-type: none"> • The range of mileage reimbursement is \$0.48 to \$0.57 per kilometre. • The median and average rate is \$0.54 per kilometre.
Do you pay travel time to and from meetings? If yes, what is the rate?	<ul style="list-style-type: none"> • Yes, \$20 per hour 	<ul style="list-style-type: none"> • Four regional districts indicated they do not pay travel time to elected officials. • Two regional districts indicated they pay a lump sum to electoral area directors only to cover time spent travelling to and from meetings: either \$5,500 or \$3,200 per year. • Two regional districts pay \$20 per hour for travel time (one only pays when travel time exceeds half an hour).
Do you plan to make any changes to elected officials compensation as a result of the CRA eliminating the one-third tax free allowance? If yes, please explain.	To be determined.	<ul style="list-style-type: none"> • Four regional districts indicated they are considering increasing the compensation of elected officials to offset the elimination of the one third allowance. • Three regional districts indicated they have no plans to make any adjustments at this time. • One regional district took this under consideration when conducting its last compensation review and made adjustments accordingly.

MOVING FORWARD

In terms of annual remuneration, the District is more than competitive when comparing to the median (or middle) of its defined market of similar sized BC regional districts for the three positions (i.e., chair, municipal director, electoral area director).

Position	Annual Remuneration Median Market Result (\$)	Annual Remuneration Comox Valley RD (\$)	Comox Valley RD as % of Median Market
Chair	24,600	31,109	126%
Municipal Director	11,088	12,686	114%
Electoral Area Director	18,750	32,709	174%

Most organizations target the median level of their defined market. They do not wish to be the top of the market, nor the bottom of the market, but want to be in the middle. The key to being competitive when using the median level of the market is to define the most relevant market. In addition, the median, **not** the average, is the preferred approach when using compensation data since the median, unlike the average, is not overly affected by extremely low or high data points in the sample.

In terms of meeting stipend, the District's stipend of \$125 per meeting is somewhat less than competitive.

Most regional districts do not conduct compensation reviews on a regular basis. Although most regional districts do make annual adjustments to compensation based on either the annual consumer price index (CPI) or the adjustments received by staff.

With respect to the expected 2019 CRA changes where the salaries of elected officials will no longer be one-third tax free, a few BC municipalities have made decisions on possible (if any) adjustments. Historically, the one-third tax free was in place to recognize the expenses elected officials incur while carrying out their duties. Moving forward, there appears to be three approaches for consideration: do nothing, increase the base remuneration to off-set the increased taxes, or permit expenses to be deducted.

The finance department of the District would be able to calculate the costs of increasing base remuneration to offset the increased taxes as well as the new proposed base salaries if the District wishes to explore this option.

SUMMARY

Our research would suggest compensation practices at regional districts have evolved to suit the culture and needs and expectations of their community. As such, there is very little consistency when comparing compensation for elected official positions amongst regional districts. Regional districts in BC approach their compensation very differently. There is no single right way. This can make comparisons between regional districts challenging.

In our experience, organizations that take the time to define an overall compensation philosophy which details their approach to compensation and outlines the process used to determine compensation find it easier to make decisions and reach consensus around compensation (this would apply to employees and to elected officials). Certainly there is no neutrality when discussing public sector pay: the levels are deemed to be too high or too low depending on the audience. We seldom here compensation is just right.

Therefore, defining and regularly reviewing a compensation philosophy greatly assists in bringing clarity to compensation discussions: it becomes both a guide for decision making and a communication tool to aid in determining fair and equitable compensation while balancing the needs for fiscal prudence and quality services to citizens.

It's important for local governments to ensure their elected official positions are compensated fairly and equitably to attract and encourage a variety of citizens from different economic and demographic backgrounds to want to run for office and represent their communities around our province.

ATTACHMENT 1 – DATA DEFINITIONS

The data in this report have been rounded, aggregated, and summarized using tables. Some definitions to assist with understanding the data follow:

- An average (mean) is the sum of all data divided by the number of observations included.
- A median value (50th percentile or P50) is the number that falls within the middle of a series of observations (e.g., if there are seven data observations and they are ranked in order of highest to lowest, the number or observation that is in the fourth position is the middle value and represents the median value). It is the most common percentile statistic included in survey data. It is the point at which half of the data fall below and half of the data fall above.
- The 25th and 75th percentiles (P25 and P75), also referred to as the first and third quartiles, offer an indication as to the “spread” or range of the data. At the 75th percentile, 75 percent of the observations are at this level or below. Similarly, at the 25th percentile, 25 percent of the observations are at this level or below.
- It is important to note that a minimum number of observations is required to report data and still maintain confidentiality. A minimum of three observations is required to report the average, four to report the median, and five to report the quartiles (i.e., P25 and P75) and P60.
- The number of observations (# obs) indicates the number of organizations that provided data.

ATTACHMENT 2 – CONSULTANT PROFILE

Julie Case has over 17 years in the compensation field. During her career, Julie has worked with a variety of private and public sector clients to develop compensation structures, implement job evaluation plans, conduct custom compensation market surveys, advise on general salary administration, conduct market pricing, and develop compensation philosophies.

Julie's work involves developing and implementing compensation strategies for a broad, cross section of employee groups including: executive, management and professional, technical, and unionized staff.

Over the course of her career, Julie has gained considerable compensation expertise in the public and private sectors. She specializes in defining strategic compensation philosophies that align to the business goals of the organization. Julie handles compensation projects from the strategic planning stage through to the collection and analysis of compensation data and finally to the recommendations and implementation stages. Julie has designed job evaluation plans for use in exempt and union environments. She has facilitated many job evaluation committees in their goal of creating and recommending new or revised job worth hierarchies.

Julie has considerable experience working with municipalities in British Columbia. She has worked with the largest cities in the province. Once upon a time, Julie worked for a municipal government: she spent four years working in the chief administrative officer's office at the city of Maple Ridge, B.C. This role included facilitating business planning sessions, defining corporate performance measures, and leading performance improvement reviews.

Julie holds a Bachelor of Arts degree from Simon Fraser University with a major in economics and a minor in biology. She also holds a Master of Arts degree in leadership and training from Royal Roads University. She is currently a member of WorldatWork and a certified compensation professional (CCP).

Julie worked for Watson Wyatt Worldwide in Vancouver as a compensation consultant where she was hired by senior consultant Tim Dillon. Tim open his own firm in 2006 and Julie worked as an associate of Case Dillon & Associates (formerly Tim Dillon & Associates) from 2006 until the end of 2017. Tim Dillon passed away at the end of 2017 and Julie continues to work with all the same associates but now independently while Case Dillon & Associates is in testate.