



Town of Lake Cowichan
Council Remuneration & Benefit Review
July 2022

The Chief Administrative Officer recommends that the attached report be accepted in its entirety.

The recommendations have been incorporated into Bylaw No. 1077-2022

Prepared by: C. Douglas Lang, CPA, CGA

July 29th, 2022



Town of Lake Cowichan

Council Remuneration & Benefit Review - 2022

Introduction

Council of the Town of Lake Cowichan has requested a review of Council Remuneration and Benefits with the recommendations to be effective no later than November 1st, 2022 and carrying forward for the next four years.

The comparator group used for this report consists of five communities that are smaller in population than the Town of Lake Cowichan and five communities that are larger in population. The communities selected are from around province so as not to get an urban skew to the survey. In addition three communities that are considered outside of the comparator group but within the geographic region, namely Duncan, North Cowichan and Ladysmith are included separately for information purposes only.

The 2021 census population range of the comparator group starts from 2,302 persons and goes to 4,140 persons, which is a population range of 1,838 people between the eleven communities compared within the survey. The communities used in the comparator group are the same communities used in the 2018 report with the exception of the removal of Bowen Island and Cumberland. This reduces the comparator group from twelve communities to ten. The rationale in reducing the number of comparator communities is to keep the population spread to less than 2,000 people as this helps to retain the data as relevant when comparing to Lake Cowichan.

When doing a review on Council Remuneration and Benefits it is useful to have some guiding principles to help inform the process. Good guiding principles should in general serve as an ethical compass. In preparing this report the following guiding principles have been used:

- Fairness
- Fiscally Responsible
- Easy to Understand
- Market Based

Council Remuneration

Schedule 1 (attached) provides details on council remuneration for the comparator communities. The schedule shows that there is no clear linear relationship between council remuneration and population size of the comparator communities. This lack of linear relationship is not totally surprising as each community has their own unique and varying degrees of challenges and opportunities that councils are required to address for the maintenance of assets, climate change challenges and social health of the community.

Applying the median test to the comparator communities (see Schedule 1), Princeton is the median for the Mayor's position at \$24,903 per annum and Lake Cowichan is the median for councillors at \$14,325 per annum.

When reviewing Schedule 1 the reader will see that of the five communities with a population less than Lake Cowichan, two communities pay the Mayor's position at a higher rate than Lake Cowichan and in the five communities larger than Lake Cowichan there are four communities which pay their Mayor at a higher rate. In fact all five of the larger communities will pay more than Lake Cowichan as Rossland will be paying the Mayor's position \$30,000 per annum starting in November 2022. For councillors in the five smaller communities we find no communities paying their councillors higher remuneration than Lake Cowichan and in the five larger communities, two communities pay a higher councillor remuneration.

Mayor's Annual Salary

The 2022 comparator community survey shows that the current remuneration for the Lake Cowichan Mayor's position is just under the market average for the comparator communities. Applying the guiding principles we can confidently say that the principles of fairness, fiscally responsible and market based have been met. Regardless of where council determines the Mayor's salary is to be set, strong consideration should be given to provide CPI protection in 2023 and the years beyond 2023. CPI protection is critical in times of high inflation, which we are currently experiencing. Schedule 1 indicates that out of the eleven communities only two do not currently provide for an annual CPI increase, with one of the communities being Lake Cowichan.

Councillor's Remuneration

Lake Cowichan has historically chosen to set the councillors remuneration at 60% of the Mayor's salary, therefore the councillors actual remuneration comparison is somewhat irrelevant, subject to council being satisfied that the Mayor is being compensated appropriately. What is more important than the actual remuneration paid to a councillor is how Lake Cowichan's councillor remuneration ratio to the Mayor's annual salary compares with

the comparator communities. Looking at Schedule 1 the reader can see that two of the comparator communities are at 60%. However when one considers the workload and responsibility of the Mayor's position there is a case for a lower ratio for councillors who almost certainly put in fewer hours and do not have the same level of leadership responsibility, which brings the guiding principle of "fairness" into question. A lower ratio of 55% would help to address the guiding principle of "fairness" and bring Lake Cowichan nearer to the average. For the new remuneration bylaw it is recommended that the remuneration for each councillor be cited as being fixed ratio to the Mayor's annual salary. This recommended change will meet the guiding principle of "easy to understand".

Annual CPI Adjustment

Looking at Schedule 1 it is clearly evident that Lake Cowichan is out of step with most of the comparative communities when it comes to an annual CPI adjustment of council remuneration. In this regard I have provided three options for council's consideration with respect to CPI.

Option One

Schedule 1 reveals that eight of the comparative communities use some form of CPI adjustment for council remuneration. The most common CPI measure in the comparative group is the change in CPI for Victoria or CPI British Columbia over the previous year. Using CPI Victoria does have a risk in that it is a small geographic area, compared to the rest of Canada, and therefore subject to more volatility either up or down. Using CPI British Columbia would likely have less volatility than CPI Victoria. To reduce volatility in the CPI a better measure is CPI Canada because as a national measure it will tend to smooth out regional volatility and furthermore it is easy to find and apply.

Option Two

Alternately to option one Council may prefer a fixed annual increase of 4% for the Mayor's Annual Salary (Councillor's remuneration gets automatically adjusted to maintain the salary ratio between the Mayor and the rest of Council). A fixed increase is easier to implement and budget for each year; however council does run the risk of falling behind other communities that use CPI should the annual inflation rate move above 4%, which currently is the case.

Option Three

Under this option council makes no annual adjustment to their annual remuneration. This option is not recommended as this would eventually move council remuneration to a non-market based situation and require significant catch up in future years.

The preferred option is option one with option two being the next best choice. Option one allows Lake Cowichan to maintain their remuneration for council at or near to market with respect to the comparative communities.

Acting Mayor

Schedule 1 indicates little appetite in the comparator communities for an additional payment when a member of council is Acting Mayor. For larger municipalities payment for Acting Mayor is common place. A slight exception does occur in our comparator group with Lantzville. Lantzville will pay the Acting Mayor an additional 15% for a period longer than 30 consecutive days in a year. Outside of our comparator group, Duncan and North Cowichan do pay additional remuneration when a member of council is performing the duties of Acting Mayor. Applying the principle of “Fairness” it is reasonable to pay for the services of the Acting Mayor when the Mayor is absent from the community and there is appointed a member of Council to fill the role of Acting Mayor. I recommend that Council include in its Council Remuneration and Expense Bylaw payment for Acting Mayor where the absence of the Mayor is ten consecutive days or greater and that the payment be an additional 15% added to the Council member’s remuneration pro-rated for the period of time as Acting Mayor.

Recommendations on Council Remuneration

Recommend that:

- The Mayor’s annual salary is increased to \$26,000 per annum effective November 1st, 2022. (This is an adjustment to \$25,000 plus a 4% inflation adjustment for 2023.)
- The remuneration ratio for Councillors is reduced from 60% to 55% of the Mayor’s annual salary. (Annual salary for a Councillor would be \$14,300.)
- Payment for the role of Acting Mayor be included in the new Council Remuneration and Expense Bylaw to occur when the Mayor is absent or unable perform their duties as Mayor; provided the absence is 10 consecutive calendar days or greater, then the Council member performing the role as Acting Mayor will receive an additional 15% remuneration pro-rated for the period of time serving as Acting Mayor.
- Starting in November 2023 the Mayor’s annual salary to be increased annually by CPI Canada (All Items) unless the CPI number is negative, in which case no adjustment will be made.
- A new Council Remuneration and Expense Bylaw to be adopted effective from November 1st 2022 and going forward the remuneration adjustment is done on an annual basis.

- The new Council Remuneration and Expense Bylaw provide for the next review of council remuneration and benefits in the year 2026 to be completed by April 30th of the said year.

Mayor and Councillor Benefits

Extended Health Benefits

No recommended changes to current plan.

Meal Per Diem

For Council Per Diem, Lake Cowichan is one of the lower paying communities. It is recommended that the daily per diem be increased to \$85.00 with the Vancouver/outside BC rate being increased to \$100.00 effective November 1st, 2022.

Technology

No change recommended for the supply of tablets once every four years. Recommend that after the four year term, Council members may retain the original device, subject to the device being fully reformatted and cleaned of any Town related software and/or network connections. If a Council member ceases to be in office prior to the end of their four year term, their issued device must be returned and will be given to the newly elected member of Council.

B/L 1043 - Section 9(e). Suggest that this be reworded into a “Technology Allowance” for telecommunications/internet and that this be an annual amount of \$600.00 per year. This would fairly recognize the corporate use of each individual’s internet and cell phone. Section (i) to be deleted.

Other Benefits for Consideration

A least two of the comparator communities are encouraging the use by council of E-bikes. One of the communities pays for kilometers used (this seems to potentially be administratively burdensome). Another community allows members of council to finance the purchase of an E-bike with the maximum loan being \$5,000.

Recommendations on Council Benefits

- Provide an annual technology allowance for telecommunications/internet of \$600.00 per year.
- Increase per diem to \$85.00 per day on the island and to \$100.00 per day for Vancouver/outside of BC travel.

- Amend the Council Remuneration and Benefits Bylaw to allow Council members to retain their original issued tablet (replacement tablet not eligible), subject to the device being fully reformatted and cleaned of any Town related software and/or network connections. If a Council member ceases to be in office prior to the end of their four year term, their issued device must be returned and will be given to the newly elected member of Council.
- Provide for a loan to members of Council up to a maximum of \$5,000 for the purchase of an E-bike. Interest rate to be set at what Lake Cowichan receives on its investments. Loan would be fully repayable when a member of Council retires or is not re-elected. Loan to be supported by a purchase receipt and the Council member should provide evidence of insurance coverage for loss or theft.

Concluding Comments

In regard to the recommendations outlined in this report, the actual cost implications to *the* Town of Lake Cowichan are beyond the scope of this engagement.

Because of the state of flux in council remuneration and benefits it will be important for council to conduct another remuneration and benefits review in four years' time.

Finally, I thank staff for their help and support. It has been a pleasure to be of service to the Town of Lake Cowichan.

A handwritten signature in black ink, appearing to read "C. Douglas Lang". The signature is written in a cursive, flowing style with large loops and a long tail.

C. Douglas Lang, CPA, CGA