

Board Remuneration 2023 - 2026

RECOMMENDATION(S)

1. That the Board receive the Staff Report dated July 26, 2022, entitled "Board Remuneration Review 2023 – 2026" for information purposes.
2. That the Board provide direction on whether the "Regional District of Nanaimo Board Remuneration, Expenses and Benefits Bylaw No. 1770.02" should be amended with Option 1 Base Rate Not Including Meeting Fees, Option 2 Salary Only (Annual Amount) or an alternate Option effective November 8, 2022.
3. That the "Regional District of Nanaimo Board Remuneration, Expenses and Benefits Bylaw No. 1770.02" be amended to increase Meals, Overnight Per Diem and Private Dwelling reimbursement rates to \$20 for Breakfast, \$25 for lunch, \$40 for dinner, \$75 for overnight per diem and \$40 for private dwelling reimbursement effective November 8, 2022.

BACKGROUND

On July 27, 2021, the Board directed staff to prepare a report regarding board remuneration, with options for a "base rate not including meeting fees" (as it is now) and "salary only" (annual amount), for consideration by the Executive Committee in the first quarter of 2022.

As per "Regional District of Nanaimo Board Remuneration, Expenses and Benefits Amendment Bylaw No. 1770, 2017", an overall review of Board remuneration shall be conducted in the third year of each term.

The Board's remuneration was last reviewed generally during the term of the previous Board in 2017. In 2019, additional adjustments were made per a decision by the Federal government stating that, effective January 1, 2019, the one-third non-accountable expense allowance would be eliminated. The bylaw was amended to ensure net earnings remained unchanged after the loss of the tax-free expense allowance.

To ensure equity for the current Board members, and to minimize impediments to prospective candidates for the next election in October 2022, on December 12, 2017 the Board directed that prior to the 2022 election an independent, qualified consultant review and report on the Regional District of Nanaimo's Director Remuneration and how it compares to the remuneration in the RDN's target comparator group.

Accordingly, an independent compensation review was conducted by Kathy Sainas, Sainas Consult Inc. (Attachment 1). The following summary of the consultant's findings for the comparator group for estimated total remuneration for 2022 (base rate not including meeting fees) are set out below:

Table 5 - Comparison of 2022 Estimated Total Remuneration

| POSITION | AVERAGE OF MUNICIPALITIES AND REGIONAL DISTRICTS | RDN CURRENT REMUNERATION APPROACH |
|----------------------------|--|--|
| AVERAGE MUNICIPAL DIRECTOR | \$24,501 | \$22,731 |
| AVERAGE EA DIRECTOR | \$48,595 | \$48,934 |
| BOARD CHAIR | \$100,746 | \$77,854 ¹ \$97,564 ² |

¹ *Municipal Director*

² *EA Director*

The consultant's report noted that "The RDN projected 2022 total remuneration presented in Table 5 is based on 2021 actual information for RDN and 2020 SOFI information for the other regional districts, updated by average market adjustments..."

The consultant's report recommends that in order to compensate the Directors and Board Chair to the average of the target comparator group, an adjustment as well as a CPI adjustment to the base rate for all Directors is recommended effective January 1, 2023 along with a separate annual CPI adjustment in years 2024-2026. The Board may determine an alternative amount as the consultant data is provided for guidance to the Board in making its determination.

Option 1: Base Rate Not Including Meeting Fees is the current compensation model where Municipal and Electoral Area Directors receive a base remuneration that covers up to four Board or Committee of the Whole meetings per month plus an additional \$150 per meeting for other meetings identified in 'Schedule A' of Bylaw 1770.02. Under this option, the Board Chair receives Salary Only (Annual Amount) rather than a Base plus per Meeting amount.

Option 2: Salary Only is the option that the Board requested that we provide where Municipal Directors and Electoral Area Directors receive a Salary Only (Annual Amount) rather than a Base plus per Meeting Amount.

COMPARISON OF OPTIONS

| POSITION | OPTION 1: BASE RATE NOT INCLUDING MEETING FEES | OPTION 2: SALARY ONLY |
|-------------------------|--|-----------------------|
| Municipal Director | \$22,000 | \$24,500 |
| Electoral Area Director | \$44,000 | \$49,000 |
| Board Chair (Municipal) | \$80,143 | \$80,143 |
| Board Chair (EA) | \$102,143 | \$102,143 |

Note: These rates should be adjusted for 2023 based on 2022 change in CPI

On June 14, 2022, the Board directed that a Staff Report be provided to the Board demonstrating a summary of what the Board-approved comparison organizations [City of Nanaimo, City of Delta, City of Kamloops, City of Kelowna, District of North Vancouver, City of Prince George, Capital Regional District, Cowichan Valley Regional District and Comox Valley Regional District] and the City of Parksville are paying for Director's travel expense allowances for meals, overnight per diem and private dwelling accommodation. And further, that staff review the current policy regarding Board members' equipment and expense claims and review how the policy is administered to Electoral Area Directors and Municipal Directors to ensure internal equity.

Among the comparator group, Breakfast allowances ranged from \$10 to \$20, Lunch from \$15 to \$25, Dinner from \$20 to \$40, Overnight Per Diem from \$63 to \$80 and Private Dwelling from \$35 to \$50 with 3 of the other members of our comparator group not providing this particular allowance.

| | Current | Recommended |
|--------------------|----------|-------------|
| Breakfast | \$ 15.00 | \$ 20.00 |
| Lunch | 20.00 | 25.00 |
| Dinner | 30.00 | 40.00 |
| Overnight Per Diem | 75.00 | 75.00 |
| Private Dwelling | - | 40.00 |

During the review process, it was determined that some Municipal Directors receive reimbursement for internet expenses from their Municipalities while other Municipal Directors do not. In order to ensure internal equity between Electoral Area Directors and Municipal Directors, Municipal Directors not receiving this reimbursement from their respective municipality will need to submit claims for reimbursement.

FINANCIAL IMPLICATIONS

The following table details Actual Board Remuneration costs for 2020 of \$624,111 and 2021 of \$656,800 and Projected Board Remuneration costs for 2022 of \$670,422:

| | | | | | 2022 Per Sainas Consulting Report Table 5 (Projected) | Option 1: 2023 Base Plus Per Meeting Amount (Projected) | Option 2: 2023 Only Annual Amount (Projected) |
|---------------------------|----|-------------------|-------------------|-------------------|---|---|---|
| Base Per Director | | 2020 Actual | 2021 Actual | 2022 (Projected) | | | |
| Municipal | | \$ 19,058 | \$ 19,230 | \$ 19,711 | \$ 22,731 | \$ 22,990 | \$ 25,603 |
| Electoral Area | | 38,117 | 38,460 | 39,421 | 48,934 | 45,980 | 51,205 |
| Chairperson | | 75,277 | 75,955 | 77,854 | 77,854 | 83,749 | 83,749 |
| | | | | | | | |
| Total Cost/Projected Cost | | | | | | | |
| Municipal | 11 | \$ 209,642 | \$ 211,528 | \$ 216,816 | \$ 250,041 | \$ 252,890 | \$ 281,628 |
| Electoral Area | 7 | 266,816 | 269,218 | 275,948 | 342,538 | 321,860 | 358,435 |
| Chairperson | 1 | 75,277 | 75,955 | 77,854 | 77,854 | 83,749 | 83,749 |
| Additional Meeting | | 72,376 | 100,099 | 99,814 | | 65,313 | |
| | | \$ 624,111 | \$ 656,800 | \$ 670,433 | \$ 670,433 | \$ 723,812 | \$ 723,812 |

Details related to Option 1 and Option 2 are as follows:

Option 1: For the **Base Rate Not including Meeting Fees** option, using the assumption that the CPI adjustment is 4.5%, the annual remuneration would be \$22,990 for Municipal Directors, \$45,980 for Electoral Area Directors and \$83,749 for Chair (Municipal) or \$106,739 Chair (Electoral Area)¹. Directors would continue to claim additional meeting amounts for each meeting attended in addition to the four Board or Committee of the Whole meetings per month. Allowing \$65,313 for Additional Meeting amounts, the estimated annual cost would be \$723,812 for all 19 Board members. The total cost will depend on the number of additional meetings claimed as well as the actual BC CPI change at November 2022.

Option 2: For the **Salary Only** option, using the assumption that the CPI adjustment is 4.5%, the annual remuneration would be \$25,603 for Municipal Directors, \$51,205 for Electoral Area Directors and \$83,749 for Chairperson which would result in projected annual cost of \$723,812. The total cost will depend on the actual BC CPI change at November 2022. There would no longer be a requirement to track and submit remuneration forms for additional meetings as the base remuneration is adjusted to reflect the additional meetings.

Subsequent CPI adjustments in 2024 to 2026 are projected to cost \$22,000 to \$24,000 per year assuming CPI of 3%.

The cost of changes in Meal and Private Dwelling allowances will be dependent on future Board travel.

¹ Chair (Municipal) is used in this report for consistency in financial implication comparatives. The actual budgeted amount for 2023 and future will reflect the cost of either the Municipal or Electoral Area Chair cost dependent on the direction of the Board.

STRATEGIC PLAN ALIGNMENT

People and Partnerships - Improve the governance and awareness of RDN activities for citizens throughout the Region.

REVIEWED BY:

- T. Moore, Acting Director of Finance
- D. Wells, General Manager, Corporate Services
- D. Holmes, Chief Administrative Officer

ATTACHMENT(S)

1. Report from Kathy Sainas, Sainas Consult Inc. dated May 4, 2022