

# **Remuneration and Allowances Commission Report**

**Rural Municipality of West River**

**December 2021**

**COMPENSATION PLAN**  
**FOR MEMBERS OF WEST RIVER COUNCIL**  
**Final Report**

**RECOMMENDATIONS:**

1. That the Office of the Mayor receive an annual stipend of **\$3,000** commencing on January 1<sup>st</sup>, 2022, and an increase to **\$4,000** effective taking office following the 2022 elections, prorated as needed.
2. That the Office of the Deputy Mayor receive an annual stipend of **\$2,000** commencing on January 1<sup>st</sup>, 2022, and an increase to **\$2,500** effective taking office following the 2022 elections, prorated as needed.
3. That Members of Council receive an annual stipend of **\$1,200** effective January 1<sup>st</sup>, 2022, and an increase to **\$2,000** effective taking office following the 2022 elections, prorated as needed.
4. That an annual increase beginning January 1<sup>st</sup>, 2024, be applied to each position based upon the PEI Cost of Living Index and be applicable each year until a new survey is completed.
5. That the Compensation Plan be reviewed again prior to the 2026 municipal election with any alteration to the stipend applied to the new Members of Council following the Municipal Elections in 2026
6. That all citizen appointees to committees receive an annualized flat rate of **\$200**, prorated as needed, payable based on such factors as 75% attendance minimum, compliance with the terms of reference, and fulfillment of responsibilities and expectations AND further that Council determine an additional means of indicating appreciation for said appointees

**REPORT**

In August, Council commissioned a review of the compensation paid to the Mayor and each member of Council.

Section 82 of the Municipal Government Act (MGA) stipulates that compensation for a Member of Council must be addressed in a bylaw enacted by the Council. This Section has several pertinent requirements with regard to compensation:

1. Council must enact as bylaw to establish the compensation for attending meetings, carrying out municipal duties reimbursing expenses, payment for other purposes relating to municipal duties and may also include pensions and severance payments
2. Council to appoint a Remuneration and Allowances Commission to make recommendations on matters addressed in 1 above prior to enacting a bylaw, and
3. Any compensation provided to a Council member, excluding expenses, who is a representing the municipality on a board, commission or the like shall be included in the bylaw

The initial compensation for the Mayor and Councillors was established under Section 13(e) of the Order in Council (OIC) that created West River which states as follows: ***Until such time as the Council for the Rural Municipality of West River adopts a remuneration bylaw pursuant to section 82 of the Act: i. Interim councillors shall be entitled to \$750 and the interim mayor shall be entitled to \$1,000. This entitlement shall be paid annually by fiscal year and prorated as needed.***

It is my understanding from discussions with Ministry staff that the amounts set by the Province in the Order in Council were established without the benefit of any analysis and assuming the new municipality would undertake its own study.

## **BASIC PRINCIPLES**

The fundamental principles for a Compensation plan are:

- that it be simplistic, logical, transparent and defensible
- that it demonstrates a sense of fairness for the task performed by the Mayor, Deputy Mayor and Councillor
- that it has an element of comparability with what others are paying for similar roles,
- that it be valid for at least a 5 year timeframe
- that it provides for an automatic annual increase so that it remains current
- that it be easily administered by the CAO

## **CRITERIA**

It is acknowledged that there are a number of key criteria for establishing a Compensation Plan that satisfies the Principles set forth above.

For this study, a relatively straightforward approach was applied taking into consideration the following criteria:

- Population

- Services provided by the municipality
- Operating budget

While the above three criteria are fundamental considerations, other matters considered included the size of municipality in area, the assets under control of the Council (utilities, arenas, halls, parks, equipment, etc.), and the size and responsibilities of Administration.

## **PROCESS**

The starting point for preparation of the Compensation Plan is to

1. Survey of “comparable” municipalities for stipend and expenses
2. Identifying “comparable” municipalities which considers both operating budget and services provided

When considering comparable municipalities, West River is a unique community in many ways and identifying a true comparison is difficult. West River must abide by the same Acts, regulations and procedural matters as every municipality. It is extremely large in terms of area (4<sup>th</sup> largest in PEI). Resources include buildings and parkland. In the coming year, planning will place a huge demand on both Council and the Administration. At present, there is no utility and fire protection is contracted.

Following a general review of Island municipalities the Rural Municipality of North Shores is the only other municipality that is relatively similar. A Ministry staff member agrees with this conclusion. Other “similar” municipalities have been identified however to guide the recommendations being made in this report.

**Schedule A** provides a listing of “similar” municipalities and **Schedule B** provides a summary of all municipalities.

## **OPTIONS**

Given the premise that a suitable Plan should be relatively straightforward and having regard for criteria noted above, a number of options were identified:

1. a flat rate for the Mayor, Deputy and Councillor
2. payment based upon # of meetings attended
3. base rate and then additional compensation for chairing a committee

Based upon the above stated principles of simplicity, ease of administration, and defensibility, option #1 above is recommended.

A per meeting rate is a viable option but requires record keeping. This approach does not factor in such matters as preparation for the meeting, review of topic material or unavoidable

absence that may be beyond the control of the Member. It is understood that this system was used by at least one previous municipality now within West River. The use of this system by other municipalities may exist but the writer could not find any. Given all of the above, this approach is not recommended.

A base rate and an additional fee for Chairing is also a viable option. This system would be relatively easy to administer. The Council has appointed committees and it can be argued that this adds a burden on the individual councillor. The Finance and Planning committees are two committees where this could be justified. It is not recommended however as serving on a committee should place an equal burden on every member. This is based on the reasonable assumption that each member carries their own "weight". Given the above, this system is not recommended as well.

### **STAGED IMPLEMENTATION**

It is recommended that the increase be in two stages, with the first increase being applicable on January 1<sup>st</sup> and the second after the Municipal Election next November. This is being recommended for affordability reasons while at the same time achieving the goal of getting the Stipend into a reasonably comparable "ballpark" with other municipalities.

### **BENEFITS**

Council has passed By Law #2021-1 addressing Travel and Expenses. This comprehensive bylaw clearly identifies what expenses are eligible, the mileage rate for travel (CRA rate) and the process/forms for claiming expenses. Consequently, the need for a recommendation on these matters is not necessary.

There are other possible benefits that are offered. The two Cities for example offer benefits for their Council Members such as an RRSP (Charlottetown) or adding the option for Members to opt into health and dental coverage, both on a co-pay basis. This is not being recommended at this time. This may be worthy of consideration in the future however as the municipality matures and additional responsibilities are added.

### **ADDITIONAL INVOLVEMENT BY MEMBERS/CAO**

While beyond the scope of the task, a commentary on this topic is included based upon the experience and recognized benefit to the Member, the Council and the Administration. There is an intrinsic value for the Municipality when Members and/or the CAO participate on outside Boards, Associations and the like. It is the opinion that Members should be encouraged to participate with the understanding that their expenses be covered by the Municipality. Organizations such as the Federation of PEI Municipalities or the Federation of Canadian Municipalities are two examples where the Council and the CAO should consider involvement. The value returned to the municipality far outweighs the cost.

## **COMPENSATION FOR CITIZEN APPOINTMENTS**

From time to time the Council may decide to utilize citizens to assist with various tasks. These individuals should be compensated for giving of their time, expertise and energy. It is recommended that an annual rate of \$200 be provided for citizen appointees prorated as necessary subject to that citizen fulfilling certain criteria such as attendance and active participation. It is further recommended that Council consider an additional form of recognition. Suggestions might include a certificate, a plaque, recognition at a council meeting, or a recognition event.

## **COST OF COMPENSATION PLAN**

The current direct compensation for members of Council is **\$8,500** (expenses additional). The Mayor earns \$1,000, and councillors earn \$750.

Effective January 1<sup>st</sup> the recommendation would result in a cost of **\$15,800** with a Deputy Mayor (expenses additional). The Mayor at \$3,000, a Deputy Mayor (if appointed) at \$2,000 and each Councillor at \$1,200

Effective the date of taking office in 2023 the recommendation would result in a cost of **\$16,500** with a Deputy Mayor (expenses additional). The reduction in the number of councillors will place an additional burden on those fewer numbers.

From time to time, the situation may arise where Members resign or are unable to continue serving. In such situations, the recommendation refers that the compensation be prorated.

It is important that the compensation be kept current and relevant and is therefore recommended that the rate be adjusted annually by the PEI Cost of Living (CoL).

## **BYLAW**

A draft bylaw has been prepared for consideration of the Council that implements the compensation. It will be completed and provided to the CAO once the compensation is settled.

Respectfully submitted,

## SCHEDULE A

### SALARY SURVEY OF COMPARABLE MUNICIPALITIES

<u>Municipality</u>	<u>Pop'n*</u>	<u>Budget**</u>	<u>Mayor</u>	<u>D/Mayor</u>	<u>C'llor</u>
<b>West River</b>	<b>2,300</b>	<b>\$470,000</b>	<b>\$1,000</b>	<b>\$ 750</b>	<b>\$ 750</b>
North Shores	2,150	\$625,000	\$4,000	\$3,000	\$2,000
Belfast	1,700	\$236,000	\$2,200	\$1,360	\$1,160
Miltonvale Park	1,150	\$310,000	\$55/2hr \$110 >2hrs	\$45/2hr \$90>2hrs	\$45/2hr \$90>2hrs
Borden-Carlton	770	\$1,130,000	\$3,000	\$2,365	\$2,365
Crapaud	380	\$485,000	\$4,000	\$2,600	\$2,600
Kinkora	360	\$498,000	\$ 600	\$ 450	\$ 450
Kensington	1,620	\$2,900,000	\$6,000	\$4,200	\$3,000
Souris	992	\$1,560,000	\$5,500	\$3,850	\$3,850

\*Population is from 2016 census and rounded

\*\* Budget is 2021 and rounded

**SCHEDULE B**  
**REPRESENTATIVE STIPENDS FOR**  
**RURAL MUNICIPALITIES AND TOWNS**

**RURAL MUNICIPALITIES\***

Average Mayor Stipend	\$1,173
Average Deputy Mayor Stipend	\$ 781
Average Councillor Stipend	\$ 730

**TOWNS\*\***

Average Mayor Stipend	\$8,228
Average Deputy Mayor Stipend	\$5,037
Average Councillor Stipend	\$4,334

**\*Caution should be taken when considering Rural Municipality averages as there is a majority of small municipalities in PEI with limited budgets and service delivery**

**\*\*Caution should be taken as the Town's deliver additional services such as Utilities and Fire Protection**

**Source of data...Provided by CAO**

**N. Roy Main**

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