



Alberni-Clayoquot Regional District

COMMITTEE OF THE WHOLE

WEDNESDAY, DECEMBER 12, 2018, 9:30 AM

Regional District Board Room, 3008 Fifth Avenue, Port Alberni, BC

AGENDA

PAGE #

1. **CALL TO ORDER**

Recognition of Traditional Territories.

2. **APPROVAL OF AGENDA**

(motion to approve, including late items required 2/3 majority vote)

3. **PRESENTATION**

a) Treaty and Reconciliation – Chair, John Jack

4. **INFORMATION REPORTS**

a) Employee Compensation Framework – Douglas Holmes

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THAT the Committee of the Whole receive the report for information.

5. **ADJOURN**



INFORMATION REPORT

To: Committee of the Whole
From: Douglas Holmes, Chief Administrative Officer
Meeting Date: December 12, 2018
Subject: Employee Compensation Framework

Recommendation:

THAT the Committee of the Whole receive the report for information.

Background:

The purpose of this report is to present employee compensation information as part of our ongoing Board orientation.

For unionized employees, the terms and conditions of employment are negotiated through collective bargaining. The employees instruct their bargaining team and the Board sets a bargaining mandate for the employer's bargaining team. By way of update, collective bargaining is currently underway and your bargaining team will bring proposed terms of a settlement when an agreement has been reached. Those proposed terms of settlement will be subject to both Board approval and employee ratification.

For non-unionized employees, (also referred to as exempt employees), the Board has adopted an Exempt Compensation Policy which is attached for your review along with the cover report for context. The Board has engaged Julie M. Case, Compensation Consultant, at the joint recommendation of Chair Jack and CAO Holmes pursuant to an RFP process. The recommendations that come from Ms. Case will be reviewed by Chair Jack and CAO Holmes with the goal of providing an implementation strategy for the recommendations that is consistent with the exempt compensation policy. This will likely take place in January 2019

A further piece of background relates to the form of employment agreement that each exempt employee enters into with the employer. The Board took considerable care working with legal counsel to develop the CAO's employment agreement with the aim to use that agreement as the model for other exempt employees. There are a number of long term employees who have employment agreements that have either expired or have terms and conditions of employment that are inconsistent with the Board-developed employment agreement or both. These "legacy" agreements will be negotiated with the affected exempt employees in concert with the implementation of the compensation consultant's recommendations in accordance with the policy.

Submitted by: _____

Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer



REQUEST FOR DECISION

To: Board of Directors
From: Douglas Holmes, Chief Administrative Officer
Meeting Date: June 27, 2018
Subject: Exempt Compensation Policy

Recommendation:

THAT the Alberni-Clayoquot Regional District Board of Directors:

- 1. Rescind the 2005 Exempt Employee Vacation Policy (attached);**
- 2. Adopt the Exempt Compensation Policy (attached).**

Background:

There was an inherent conflict of interest in the Board's previous policy that mandated management compensation being tied to the raises in the collective agreement, given management negotiates the collective agreement with the union. Accordingly, on March 14, 2018, the Board passed the following resolutions:

THAT the Alberni-Clayoquot Regional District Board of Directors:

- 1. Rescind the resolution from 2007 tying changes in exempt compensation to CUPE increases (attached as "Appendix A"), and;**
- 2. Instruct the CAO to draft an exempt compensation policy that includes periodic market testing of comparable exempt positions in comparable organizations with interim adjustments tied to change in the consumer price index.**

It is generally accepted that exempt compensation should:

- be periodically looked at by an independent party;
- be consistently and predictably administered;
- not be a distraction (by being far below market or by being inconsistently administered) so as to be a disincentive;
- not be relied on to single out the ACRD as an excellent employer
- not prohibit the ACRD from being a competitive employer.

Staff has prepared the attached policy for the Board's consideration that is intended to meet the above criteria while insuring transparency and excellent value for communities we serve.

Time Requirements – Staff & Elected Officials:

Some time to retain a compensation consultant and prepare a report to summarize the results to the Board of Directors once each electoral term. A further negligible amount of time to adjust the exempt pay grid for any CPI changes.

Financial:

Approximately \$10,000 to retain a consultant once each electoral term.

Conclusion:

An exempt employee compensation policy is an important element of the employment relationship. The establishment of such a policy is timely given the pending standardization of management employment contracts.



Submitted by:

Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer



Alberni-Clayoquot Regional District

EXEMPT COMPENSATION POLICY

Policy Issued by: Board of Directors
Date Adopted: June 27, 2018
Date(s) Amended:

1.0 PURPOSE

With the objective of providing excellent and efficient public service, the ACRD must establish and consistently administer exempt compensation in order to attract and maintain qualified and engaged employees.

This policy establishes the guidelines for administering exempt compensation.

2.0 POLICY

ACRD is committed to providing compensation that is competitive and guided by the following principles:

- ✓ Aligned with and supportive of ACRD's short and long term strategies and objectives
- ✓ Competitive to the external market in which the ACRD competes for talent
- ✓ Equitable internally to the organization
- ✓ Accountable to tax payers and rate payers in that it is cost effective
- ✓ Easy to administer and understand
- ✓ Clearly and consistently communicated

2.1 APPLICATION

This policy applies to ACRD employees (typically managers) whose terms and conditions of employment are not covered by a collective agreement.

2.2 RESPONSIBILITY

The ACRD Board is responsible to:

- Familiarize themselves with this policy;
- Periodically review this policy to ensure it remains current in serving the best interests of the ACRD
- Approve the salary ranges for Exempt Compensation administration

- Approve a financial plan that reflects the administration of salaries
- Administer the compensation of the Chief Administrative Officer in accordance with this policy

The CAO is responsible to:

- Provide orientation to the Board in relation to exempt compensation;
- Administer the compensation for exempt employees in accordance with this policy; and
- Engage an independent compensation specialist to garner the relevant data to inform the salary range for exempt salary administration in accordance with this policy

3.0 DEFINITIONS

Compensation: The sum of salary, benefits and paid time off.

Salary: The pay earned by an employee for working the standard workweek, usually expressed as an annual pay figure.

Benefits: include pension, life insurance, medical/dental benefits, STD/LTD, and other programs that support the health and long-term well-being of an employee and his/her family.

Paid time off: includes vacation, sick days, time-in-lieu, and other holiday allocations.

The Board: The Board of Directors of the Alberni-Clayoquot Regional District.

4.0 PROCEDURES

1. Staff will engage a compensation consultant to gather comparative data for exempt positions that are comparable to those at the ACRD once per electoral term.
2. Comparative organizations will include Local Governments (municipalities and regional districts) in British Columbia that contain positions of similar scope, complexity and responsibility as those exempt positions at the ACRD.
3. Comparative data will be collected at the median (i.e., the middle or 50th percentile) level of our defined external market and will be used to establish the upper limit (maximum salary) of exempt positions which the ACRD will administer in 3 steps.
4. The maximum salary range represents the maximum amount the ACRD is willing to pay incumbents who continually meet or exceed performance expectations for the jobs that are classified at that range.
5. Stated another way, the maximum of the salary range is a proxy for the median level of market and considered sufficiently competitive with the external market to attract and retain qualified employees. This target level of competitiveness may need to be considered and adjusted if/as service and market conditions change.
6. Newly hired exempt employees would typically start on the first step for his/her position, (the CAO may approve starting an employee at the 2nd or 3rd step if

circumstances warrant).

7. Exempt employees will, with good performance, move to the next step on each work anniversary, (the CAO may, in exceptional circumstances, delay or accelerate an employee on his/her steps)
8. The ACRD will maintain the steps with CPI increases in years that are not market tested. The CPI increase will be calculated as the greater of Zero (0.0%) and the percentage change of the CPI from the last two (2) years. CPI shall mean the Consumer Price Index for Victoria, BC, All Items, annual average, not seasonally adjusted, as published by Statistics Canada.
9. Adjustments (by market data or CPI) to the steps will be effective July 1st of each year
10. Vacation will be based on **Schedule “A”**. The CAO may vary the basis of vacation accumulation with bona fide reasons such as recruitment.
11. Statutory Holidays will be based on **Schedule “B”**
12. Exempt employees will typically be eligible to participate in the standard group benefit plan(s) the ACRD makes available from time to time to its exempt staff, subject to the waiting periods, eligibility requirements and other conditions set out in such plan(s) as set out in the attached **Schedule “C”** (current as at the adoption of this policy). The ACRD’s obligation under the benefit plans shall be limited to payment of the employer’s share of the premiums. The ACRD reserves the right to amend, alter or vary the terms of the Plans, including the employer’s share of the premiums, and/or change benefit carrier(s), from time to time in its sole discretion.

5.0 REFERENCES / POLICY INTEGRATION

- ACRD Officers Delegation Bylaw A1058
- *Local Government Act*, Part 6: Division 8 – Officers and Employees (attached for convenience, current as at 2018 June 27)
- Employment agreements between exempt employees and the ACRD
- Exempt Flex Time Policy

SCHEDULE “A”

Exempt Employee Vacation

- Staff shall accumulate vacation credit on the following basis:
 - four weeks per annum during each of the first four years of employment
 - five weeks per annum during the fifth to the tenth year of employment
 - six weeks per annum during the eleventh to the twentieth year of employment
 - seven weeks per annum after the twentieth year of employment
- Vacation credit may be taken in whole or in part as it is earned dependent upon the approval of the supervisor and subject to operating requirements.
- Vacation credit is normally to be taken during the year in which it is earned. Unused vacation credit of two weeks may be carried over to the next year. Unused vacation credit in excess of two weeks will be paid out on December 31 in the year in which it is earned.

SCHEDULE “B”

Exempt employees are entitled to the following statutory holidays:

- New Year's Day
- Family Day
- Good Friday
- Easter Monday
- Victoria Day
- Canada Day
- B.C. Day
- Labour Day
- Thanksgiving Day
- Remembrance Day
- Christmas Day
- Boxing Day

SCHEDULE “C”

Benefits Plans

The ACRD will pay 100% of the premiums for all health and welfare benefits included in the Plans, with the exception of long-term disability insurance, the premiums for which are paid 100% by the Employee.

The current Plans include the following:

- Medical Services Plan (MSP)
- Extended Health Benefits
- Dental – 100% of Plan A and 50% of Plans B and C
- Vision Care - \$400.00 per employee and each of his dependent family members in any consecutive 24-month period
- Group Life Insurance and AD & D for 2 times annual salary up to a maximum of \$200,000
- Employee and Family Assistance Plan
- Long Term Disability Insurance (100% of premium paid for by the Employee)

The benefits provider(s) will determine eligibility for benefits. In the event that the benefit provider determines that the Employee is not eligible for one or more of the benefits outlined above, the ACRD will deposit into an RRSP account in the name of the Employee an amount equal to what the Employer’s cost of that benefit would have been had the Employee been eligible for that benefit.

CHAPTER #1 [RSBC 2015]**LOCAL GOVERNMENT ACT**

Part 6: Division 8 – Officers and Employees

Part 6: Division 8 – Officers and Employees**Officers and employees for regional district**

- 233.** (1) Without limiting section 263 [*corporate powers*], a board may
- (a) provide for the appointment of **officers** and other employees for the regional district, and
 - (b) subject to the *Labour Relations Code* and the *Employment Standards Act*, establish the terms and conditions of their employment, including terms and conditions respecting their remuneration, benefits, expenses, hours of work and manner of appointment, promotion, discipline and dismissal.
- (2) In the event of a conflict between terms and conditions of employment established by bylaw, resolution or policy and those established by contract of employment or collective agreement, the contract or agreement prevails.
- (3) A board may, by an affirmative vote of at least 2/3 of the votes cast, provide for the inclusion of its regional district in an employers' organization under the *Labour Relations Code*.

RS2015-1-233 (B.C. Reg. 257/2015).

Officer positions

- 234.** (1) A board
- (a) must, by bylaw, establish officer positions in relation to the powers, duties and functions under sections 236 [*corporate administration*] and 237 [*financial administration*], with titles it considers appropriate,
 - (b) may, by bylaw, establish other officer positions for its regional district, with titles it considers appropriate, and
 - (c) may, by bylaw or resolution, assign powers, duties and functions to those officer positions.
- (2) For certainty,
- (a) a board may assign to an officer position powers, duties and functions in addition to those required or permitted to be assigned by this Act or another enactment, and
 - (b) the same person may be appointed to 2 or more officer positions.

RS2015-1-234 (B.C. Reg. 257/2015).

Chief administrative officer

- 235.** One of the officer positions established under section 234 may be assigned the chief administrative responsibility, which includes the following powers, duties and functions:
- (a) overall management of the administrative operations of the regional district;
 - (b) ensuring that the policies and directions of the board are implemented;
 - (c) advising and informing the board on the operation and affairs of the regional district.

RS2015-1-235 (B.C. Reg. 257/2015).

Corporate administration

- 236.** One of the officer positions established under section 234 must be assigned the responsibility of corporate administration, which includes the following powers, duties and functions:
- (a) ensuring that accurate minutes of the meetings of the board and board committees are prepared and that the minutes, bylaws and other records of the business of the board and board committees are maintained and kept safe;

- (b) ensuring that access is provided to records of the board and board committees, as required by law or authorized by the board;
- (c) certifying copies of bylaws and other documents, as required or requested;
- (d) administering oaths and taking affirmations, declarations and affidavits required to be taken under this or any other Act relating to regional districts;
- (e) accepting, on behalf of the board or regional district, notices and documents that are required or permitted to be given to, served on, filed with or otherwise provided to the board or regional district;
- (f) keeping the corporate seal, if any, and having it affixed to documents as required.

RS2015-1-236 (B.C. Reg. 257/2015).

Financial administration

- 237.** One of the officer positions established under section 234 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions:
- (a) receiving all money paid to the regional district;
 - (b) ensuring the keeping of all funds and securities of the regional district;
 - (c) expending and disbursing money in the manner authorized by the board;
 - (d) investing funds, until required, in authorized investments;
 - (e) ensuring that accurate records and full accounts of the financial affairs of the regional district are prepared, maintained and kept safe;
 - (f) exercising control and supervision over all other financial affairs of the regional district.

RS2015-1-237 (B.C. Reg. 257/2015).

Oath of office for officers

- 238.** Before taking on the duties of office, a person appointed to an officer position for a regional district must swear or affirm an oath of office in the form prescribed by regulation or established by bylaw.

RS2015-1-238 (B.C. Reg. 257/2015).

Chair to direct and inspect officers and employees

- 239.** (1) The chair must inspect and direct the conduct of officers and employees of the regional district.
- (2) So far as the chair's power extends, the chair must see that negligence, carelessness and violation of duty by an officer or employee is prosecuted and punished.

RS2015-1-239 (B.C. Reg. 257/2015).

Suspension of officers and employees

- 240.** (1) The chair must suspend an officer or employee if the chair considers this necessary.
- (2) A suspension under subsection (1) must be reported to the board at its next meeting, and the board may
- (a) reinstate the officer or employee,
 - (b) confirm the suspension,
 - (c) confirm and extend the suspension, or
 - (d) dismiss the officer or employee.

2003-52-214 (BC Reg 465/03, repealing BC Reg 428/03).

Termination of officer

- 241.** (1) Subject to a contract of employment and subject to providing the officer with an opportunity to be heard, the appointment of a regional district officer may be terminated by the board as follows:
- (a) in the case of termination for cause, by immediate termination without any period of notice;
 - (b) in any other case, by termination on reasonable notice.

- (2) A termination under subsection (1) (b) may be made only by the affirmative vote of at least 2/3 of all directors.

RS2015-1-241 (B.C. Reg. 257/2015).

Prohibition against interfering with regional district officials

- 242.** A person must not interfere with, hinder or obstruct a regional district officer or employee in the exercise or performance of his or her powers, duties or functions.

RS2015-1-242 (B.C. Reg. 257/2015).

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CHAPTER #1 [RSBC 2015]

LOCAL GOVERNMENT ACT

Part 6: Division 8 – **Officers** and Employees