



# Request for Decision

REGULAR MEETING OF COUNCIL – JUNE 15, 2022

## Council Remuneration Analysis Report

**Recommended Action:** That Council consider implementing the changes to remuneration as recommended by Improve Consulting Group for the 2023 budget year.

### Proposal & Background

At the August 18, 2021 meeting of Council motion was made to have a third party benchmark analysis completed on Council Remuneration. Improve Consulting Group was engaged to conduct a 3rd party independent review of the compensation and benefits offered to elected officials in the rural municipal market. Eleven rural municipalities were selected representing a neighboring municipality or a municipality within +/- 15% of equalized assessment. Wage and benefits information was collected from each.

After conducting a thorough analysis of compensation and benefits offerings for elected officials, Improve has recommended applying a ten percent increase to both the annual salaries and per diem rate to bring compensation levels closer to the median market level.

### Strategic Plan Alignment

Responsible & Transparent Leadership and Governance

### Financial/Policy Consideration

Implementing the recommendations made by Improve Consulting would allow for Vulcan County Councillors to be more equitably compensated. While it is identified that this would have an additional annualized cost of \$22,151 over 2021 expenditures.

Implementing the 10% increase to both the Annual Salary and Per Diem Rates the following remuneration would be paid:

Item	Proposed 2020 Rate
Per Diem Day Rate	\$310
Annual Councillor Base Pay	\$8,315
Reeve Base Pay	\$14,642

### Implementation/Communication

Administration will proceed as directed by Council on this matter.

### FOIP Consideration

N/A

Respectfully Submitted by:

**Nels Petersen, Chief Administrative Officer**



### Attachments:

Council Remuneration Review  
2022 Report by Improve Consulting.

6/1/2022

# Vulcan County

Council Remuneration  
Review 2022



Report Provided by:  
IMPROVE CONSULTING GROUP INC.

## Contact Information

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## **Executive Summary**

Improve Consulting Group was engaged to conduct a 3<sup>rd</sup> party independent review of the compensation and benefits offered to elected officials in the rural municipal market. Leveraging the relationships established in the Vulcan County Council Wage and Benefits Review project in 2019, compensation information was collected from eleven neighbouring rural municipalities.

After conducting a thorough analysis of compensation for elected officials among comparators, Improve has developed one recommendation related to the remuneration of Vulcan County Council.

### ***Recommendation***

1. Apply a 10% increase to both the annual salaries and per diem rate to bring compensation levels closer to the median market level.

## Project Approach

Improve's approach to council remuneration analysis is represented in the accompanying Work Plan graphic. The analytic methods deployed in this research provide a comprehensive analysis that The County can reflect on and confidently use to make decisions.

In addition to the analysis and recommendations found in this report, Vulcan County will receive analytic spreadsheets that will enable the completion of additional modelling based on future needs.

This report is the result of a collaborative approach between Improve and Vulcan County senior leadership, with the coordinated goal of ensuring The County is in a position to be competitive, enticing, and fair for current and future council members alike.



## Comparators

The first step in the project was the identification and selection of Municipal Districts to compare council remuneration information. Vulcan County had pre-selected 12 comparators based on total assessment value from Alberta Municipal Affairs, Municipal Financial & Statistical Data.

These comparators were:

1. County of Newell
2. County of Northern Lights
3. County of Stettler
4. Flagstaff County
5. Foothills County
6. Lethbridge County
7. MD of Bighorn
8. MD of Lesser Slave River
9. MD of Pincher Creek
10. MD of Taber
11. MD of Willow Creek
12. Wheatland County



## Data Collection

Building on existing relationships, Improve successfully made contact with 11 of the 12 comparators and either validated existing information or captured additional compensation information for the Reeve, Deputy Reeve, and Councillor positions.

The information requested included:

- the number of council members,
- overall annual gross pay for all Council,
- base salary and per diems by role,
- benefits and allowances by role,
- per diem rate, and
- regular/required meetings

Our sincere thanks go out to all of the Municipal Districts and their staff who took the time to provide the information that made this analysis possible.

## Council Salary Analysis

### Compensation Structure

When examining compensation levels for elected officials among the market comparators, a blending of annual salary and per-diems is noted across all comparators. The ratio of salary/per diems and benefits/allowances was fairly consistent in the municipal district market. The following table exhibits the proportions of salary and per diems as a % of gross salary:

Category	Councillor Role	Vulcan County	Market Median	Market Min	Market Max
Salary as a % of Gross	Reeve	86.25%	86.06%	50.75%	92.38%
	Deputy Reeve		85.42%	49.47%	93.90%
	Councillor (Avg)	77.13%	84.22%	43.34%	91.15%
Benefits as a % of Gross	Reeve	13.75%	13.94%	7.62%	53.39%
	Deputy Reeve		14.58%	6.10%	55.30%
	Councillor (Avg)	22.87%	15.78%	8.85%	67.23%

At Vulcan County, the total of fixed salary and per diems represents 86.25% of the total gross pay for the Reeve, and 77.13% of the total gross pay for Councillors. This leaves the remaining 13.75% and 22.87% of compensation originating from benefits and allowances.

When examining market compensation, the percentage of compensation from salary and per-diems ranges from 50.75% to 92.38% for Reeves and 43.34% to 91.15% for Councillors. Similarly, the percentage of compensation from benefits and allowances is noted at anywhere from 7.62% to 53.39% for Reeves and 8.85% to 67.23% for Councilors.

Examining the median values noted in the market comparisons, **Vulcan County is in line with the proportion of salary/per diems and benefits/allowances.** There is no precedent or benefit to altering the current basic structure of compensation for Vulcan County Councillors, and we do not recommend altering this structure.



## Market Comparisons for Annual Gross Pay

There are several ways to examine and compare compensation levels in the municipal district market.

The first comparison is a simple ranking of all overall annual gross pay levels. Vulcan County ranks 9<sup>th</sup> when compared against the 11 selected comparators.

This puts Vulcan County at the 27<sup>th</sup> percentile of the comparative organizations, which is on the low end of the middle 50<sup>th</sup> percentile.

When further summarizing the annual gross pay levels in the market, the median annual gross pay was used as one measure of

Municipal District	Overall Annual Gross Pay
Foothills County	\$567,678
Wheatland County	\$491,623
Lethbridge County	\$340,343
MD Willow Creek	\$327,169
Flagstaff County	\$323,205
Newell County	\$299,237
Stettler County	\$284,526
MD Bighorn	\$253,108
Vulcan County	\$213,164
MD Taber	\$192,097
County of Northern Lights	\$161,929
MD Pincher Creek	\$120,525

comparison. The median value represents the middle value in a set of numbers, so 50% of the comparative pay levels are above the median, and 50% are below the median. Median is used in lieu of the average (mean) to avoid the data being skewed by particularly high or particularly low comparative values.

Additional factors are also examined closely, such as the job rate ratio. This is a measure of how closely Vulcan County compensation levels are when compared to the market levels. 100% job rate ratio indicates equal comparative pay levels, below 100% indicates that Vulcan County pays below market levels, and over 100% indicates that Vulcan County pays above market levels.

Finally, the various levels of annual gross pay in the market can be summarized and presented as a range which is labelled as Lower Bound and Upper Bound. If the annual gross pay of Vulcan County is within the upper and lower bound, this means that the compensation at Vulcan County is within the acceptable limits of the market. If the annual gross pay of Vulcan County is outside of the upper and lower bound, the position is outside of the acceptable limits of the market, and the position would be red-flagged and require attention.

The table below summarizes the total annual gross pay for Vulcan County Council (overall and by role) compared to the rural municipal market.

Category	Councillor Role	Vulcan County	Market Median	Market Min	Market Max	Job Rate Ratio	Lower Bound	Upper Bound	Red Flag?
Overall Annual Gross Pay	Council	\$213,164	\$298,238	\$120,525	\$567,678	71%	\$165,459	\$431,017	No
Total Annual Gross Pay	Reeve	\$39,464	\$51,391	\$28,625	\$103,223	77%	\$29,019	\$73,763	No
	Deputy Reeve		\$38,882	\$21,100	\$93,280		\$14,017	\$63,747	
	Councillor (Avg)	\$28,950	\$44,999	\$21,011	\$88,368	64%	\$24,513	\$65,485	No

Of particular interest are the following highlights related to the annual gross pay:

- Compared to the median market levels, the overall annual gross pay for all of Vulcan County council exhibits a job rate ratio of 71% (29% lower than median market levels)
- A wide range of overall annual gross pay levels is noted, from \$120,525 up to \$567,678. While Vulcan County fits within the acceptable levels of the market, this range is very accommodating due to the large variation or spread of the comparative values.
- Job rate ratio's for the Reeve and Councillors are 77% and 64%, respectively, when compared against market levels.

The annual gross pay for the Reeve and Councillors at Vulcan County are within the acceptable limits of the market, but at the 27th percentile, on the lower end of market pay levels.

If the objective of this analysis was to bring compensation levels up to market levels, Vulcan County Council would need a significant increase in annual gross pay to close the current gap with the market.

However, compensation levels for council are not subject to the same market factors as administrative and unionized positions, and therefore a shift to market pay levels is not appropriate. The following section on Proportionate Compensation provides an alternative to council compensation analysis.

## Proportionate Compensation

In theory, compensation alone should not be the primary consideration of an individual who wishes to join a rural municipal Council. The primary consideration should be a desire to serve the community, and the wages provided should reflect a fair level of compensation that is proportionate to the overall budget of the organization.

The table below exhibits 2021 budget information for Vulcan County and the eleven participating comparators, sorted by the overall annual gross pay provided to Council. Details on 2021 Operating Expenses and 2021 Salaries, Wages and Benefits for each comparative municipality are also exhibited.

Municipal District	Overall Annual Gross Pay	2021 Operating Expenses	Annual Gross Pay as a % of Operating Expenses	Percentile	2021 Salaries, Wages and Benefits	Annual Gross Pay as a % of Salaries, Wages and Benefits	Percentile
Foothills County	\$567,678	\$52,781,295	1.076%	36%	\$18,073,677	3.14%	18%
Wheatland County	\$491,623	\$44,455,728	1.106%	45%	\$12,212,224	4.03%	45%
Lethbridge County	\$340,343	\$26,457,239	1.286%	64%	\$8,046,411	4.23%	64%
MD Willow Creek	\$327,169	\$20,925,470	1.563%	91%	\$6,214,870	5.26%	91%
Flagstaff County	\$323,205	\$23,533,757	1.373%	73%	\$7,304,546	4.42%	73%
Newell County	\$299,237	\$26,382,673	1.134%	55%	\$7,722,815	3.87%	36%
Stettler County	\$284,526	\$19,563,524	1.454%	82%	\$7,043,236	4.04%	55%
MD Bighorn	\$253,108	\$13,798,348	1.834%	100%	\$2,978,319	8.50%	100%
Vulcan County	\$213,164	\$21,770,374	0.979%	27%	\$6,470,017	3.29%	27%
MD Taber	\$192,097	\$22,204,866	0.865%	9%	\$7,157,598	2.68%	0%
County of Northern Lights	\$161,929	\$18,733,890	0.864%	0%	\$3,335,331	4.85%	82%
MD Pincher Creek	\$120,525	\$13,897,424	0.867%	25%	\$3,944,303	3.06%	8%
		<b>Median</b>	<b>1.120%</b>		<b>Median</b>	<b>4.033%</b>	

As a proportion of 2021 operating expenses, the gross pay of Vulcan County Council represents 0.979%. Amongst the comparators, the proportions of 2021 operating expenses range from 0.864% to 1.834%, and so Vulcan County is in the 27<sup>th</sup> percentile.

The annual gross pay for Council can also be examined as a proportion of 2021 Salaries, Wages and Benefits. Vulcan County Council compensation currently represents 3.29% of the organization's salaries, wages and benefits, which puts Vulcan County in the 27<sup>th</sup> percentile of comparative organizations where a range of 2.68% up to 8.50% is noted.

### ***Salary Analysis Conclusions***

When considering external equity, it makes sense to determine the appropriate level of pay by reviewing the compensation provided in the market as a proportion of expenses. This leaves larger and more economically vibrant communities with the ability to compensate their Councils with what may be a relatively higher level of pay, but one that is proportionately fair and equal when compared to smaller communities with a lower tax base.

It should, therefore, **not** be the goal of Vulcan County to adjust compensation levels to the median market level, but rather to ensure that the proportion of annual gross pay for Council is as close to the 50<sup>th</sup> percentile of the market proportions for operating expenses (1.120%) and salaries, wages, and benefits (4.033%) as possible.

## Current and Future State Modelling

A base salary and per diem approach is appealing because a higher total gross annual pay is commensurate with the level of effort expended (the more you work, the more you make). When recommending adjustments for Council compensation, the tables below provide an outline for the current and future model that would place compensation levels more in line with a proportionate level of external equity.

### Current State Model

Current				Per Diem Rate	\$282.00				
Role	Monthly Salary	Annual Salary	Required Meetings	Full Day Equiv (Est.)	Annual Per Diems	Benefits and Allowances	Total Remuneration	Comparative Median	JRR
Reeve	\$1,109	\$13,311	22	74	\$20,727	\$5,426	<b>\$39,464</b>	\$51,391	77%
Councillor	\$630	\$7,560	22	25	\$6,911	\$5,109	<b>\$19,580</b>	\$44,999	44%
Councillor	\$630	\$7,560	22	53	\$14,947	\$6,826	<b>\$29,333</b>	\$44,999	65%
Councillor	\$630	\$7,560	22	78	\$21,947	\$8,334	<b>\$37,840</b>	\$44,999	84%
Councillor	\$630	\$7,560	22	42	\$11,768	\$7,180	<b>\$26,507</b>	\$44,999	59%
Councillor	\$630	\$7,560	22	50	\$14,178	\$5,260	<b>\$26,998</b>	\$44,999	60%
Councillor	\$630	\$7,560	22	67	\$18,858	\$7,024	<b>\$33,442</b>	\$44,999	74%
<b>Total</b>							<b>\$213,163.84</b>		

In the current state model, 2021 compensation information was used, including fixed values such as the annual salary, required meetings, and per diem rate. An estimate of the Full Day Equivalent was generated by subtracting the annual salary, and benefits and allowances from the overall gross pay, and then dividing the remainder by the per diem rate.

Using this information as a baseline, a future state model was developed using the following assumptions:

- The level of effort will remain fairly consistent in the coming year
- The benefits and allowances will remain consistent in the coming year
- Salary and/or per diems will be increased to move Vulcan County closer to the median market proportions of gross pay to the operating expenses (1.120%), and gross pay to salaries, wages and benefits (4.033%)

**Future State Model**

Future				Per Diem Rate	\$324.00	% Increase	10%	Total Remuneration	Comparative Median	JRR
Role	Monthly Salary	Annual Salary	Required Meetings	Full Day Equiv (Est.)	Annual Per Diems	Benefits and Allowances	Total Remuneration	Comparative Median	JRR	
Reeve	\$1,220	\$14,642	22	74	\$23,814	\$5,426	\$43,882	\$51,391	85%	
Councillor	\$693	\$8,315	22	25	\$7,940	\$5,109	\$21,365	\$44,999	47%	
Councillor	\$693	\$8,315	22	53	\$17,173	\$6,826	\$32,315	\$44,999	72%	
Councillor	\$693	\$8,315	22	78	\$25,216	\$8,334	\$41,865	\$44,999	93%	
Councillor	\$693	\$8,315	22	42	\$13,521	\$7,180	\$29,016	\$44,999	64%	
Councillor	\$693	\$8,315	22	50	\$16,290	\$5,260	\$29,865	\$44,999	66%	
Councillor	\$693	\$8,315	22	67	\$21,667	\$7,024	\$37,006	\$44,999	82%	
<b>% Increase</b>						10%		<b>Total</b>		<b>\$235,314.84</b>
						<b>Additional Annualized Cost</b>				<b>\$22,151</b>

In the future state model, a 10% increase to annual salary has been added, as well as a 10% increase to the per diem rate.

With the assumptions noted on the previous page in mind, applying these changes increases overall annual gross pay by \$22,151 and now exhibits a more externally equitable and proportional level of compensation:

Municipal District	Overall Annual Gross Pay	Operating Expenses	Annual Gross Pay as a % of Operating Expenses	Percentile	Salaries, Wages, and Benefits	Annual Gross Pay as a % of Salaries, Wages, and Benefits	Percentile
Current State - Vulcan County	\$213,163.84	\$21,770,374	0.979%	27%	\$6,470,017	3.295%	27%
Future State - Vulcan County	\$235,314.84	\$21,792,641	1.080%	36%	\$6,492,168	3.625%	27%
		Median Market Proportion 2021	1.120%		Median Market Proportion 2021	4.033%	

Note that the \$22,151 has been added to the gross annual pay, as well as to the operating expenses and salaries, wages and benefits to ensure the proportions are properly calculated. The future state proportions noted are now closer to median market levels in 2021, which should ensure compensation levels are competitive for the next few years.

**Recommendation**

1. Apply a 10% increase to both the annual salaries and per diem rate to bring compensation levels closer to the median market level.

## **Additional Considerations**

The future state modelling included in this report makes the assumption that the level of effort (full day equivalent) and benefits/allowances will remain consistent with levels noted in 2021. As previously stated, the salary and per diem model is attractive because it results in a “fair wages for fair work” compensation system. However, there is the potential for the level of effort to change, either requiring more or less time from Councillors.

Any major shifts to the level of effort will have a large impact to the overall gross annual pay, which in turn will shift the proportion of pay against the operating expenses or the expense of salary, wages and benefits.

If there is an anticipated shift in the level of effort expended by Councillors, simply adjusting the fixed elements of this system (such as annual salary and per diem rates) puts Vulcan County at risk in two ways:

- If more effort is required – Council may move from under-compensated to over-compensated
- If less effort is required – Council will move from under-compensated to extremely under-compensated.

If the levels of effort to be expended by Council are anticipated to change, this should be considered before approving any other adjustments to the levels of compensation. The analysis provided to Vulcan County Administration in Excel format is dynamic and can be used to model not only increases to fixed elements, but also to account for levels of effort.

If there are no major changes to the level of effort anticipated in the coming year, then the future state model above will provide Vulcan County Council with a level of remuneration that is competitive with the rural municipal market.

## Appendix

A digital appendix has been provided and includes the analytic tables created for the purposes of analyzing wage information for elected officials in the municipal district market. One Excel file containing all comparative data and the detailed analysis has been provided to Vulcan County:

1. Vulcan County Council Remuneration Analysis – June 1, 2022