

# **COUNCILLOR EXPENSES**

**General Committee October 6, 2008**

# AGENDA

- Purpose of the Review
- MFOA Report Highlights
- Municipal Comparison
- Mileage
- Cell Phone / Blackberry
- Conferences
- Travel Expenses
- Reporting Requirements
- Vacation Coverage for Councillor Assistants
- Councillor Newsletters
- Summary
- Next Steps

# PURPOSE OF THIS REVIEW

- To ensure the Town's current practices meet the business needs of Council
- To review references to Council expenses in the Town's Business Expense and Conferences Policy and clarify/modify where appropriate
- To Streamline / Simplify the expense submission process (E3)
- To compare the Town's current business practices with regards to Council expenses to "A framework to formulate a Municipal Council expense policy" , which is a guideline report prepared by the Municipal Finance Officers Association (MFOA)

# MFOA REPORT HIGHLIGHTS

## MFOA Guiding Principles

1. The Council expense policy must ensure that the elected official is appropriately reimbursed for legitimate and reasonable expenses while carrying out the performance of the duties of their office
2. The elected official should not be unduly encumbered in the effective and efficient performance of their responsibilities by the rigor of the expense policy / practice
3. In developing the policy a careful weighting of the previous point against the spending of taxpayer dollars and the requirement of public transparency and accountability in so doing, should be contemplated

# MFOA REPORT HIGHLIGHTS

## MFOA Guiding Principles (Cont)

4. The policy should be developed with ample consideration for materiality and cost effectiveness of administration
5. Budget limits compatible with the relative size of the municipality and the method by which the elected official is expected to operate should be set appropriately
6. Each municipality differs in population, geography and operational approach. Accordingly, the policies will differ as these local differences are incorporated

# MFOA REPORT HIGHLIGHTS

## MFOA Definitions

- **Non-discretionary Expense** - all items by which the Council member is entitled to by virtue of their office and have equal access to (excluding general office expense).
- **Discretionary Expense** - expenses deemed to have been incurred in their capacity as Council members.
- **Corporate Expenses** - in house office space, furnishing, communication equipment (standard for the corporation) and in house administrative support.

# MFOA REPORT HIGHLIGHTS

## MFOA Guidelines state non-discretionary expenses can include

- a) Car allowance/mileage (for purposes "at the direction of Council")
- b) Home Office communication equipment i.e. computer, cell phone / Blackberry, internet service, fax line & machine
- c) Travel expenses for travel at the direction of Council
- d) Community or Charity events at the direction of Council

## Current Town Policy

- a) Mileage is a discretionary expense when not "at the direction of Council"
- b) Cell phone are discretionary expenses, Blackberry data charges are corporate

Items c & d are currently defined as non-discretionary

# MFOA REPORT HIGHLIGHTS

## MFOA Discretionary Expenses Guidelines

- a) Communications expenses in excess of what was identified as non-discretionary
- b) Conference/seminars/training sessions not at the discretion of Council but pertinent to their office (including meals)
- c) Community or Charity events not at the direction of Council (including meals)
- d) Souvenirs, promotional items
- e) Production costs for mass mailing, ward news letters (including postage)
- f) Incidentals

## Current Town Policy

Items a,b,c,d & f are currently defined as discretionary

Item e, "news letters" the first two ward news letters are corporate expenses (not included in Council expenses), any additional news letters are discretionary expenses

# MFOA REPORT HIGHLIGHTS

## MFOA Reporting Requirement Guidelines

- a) Original Receipts required for all expenses – to avoid duplication, copies are not acceptable
- b) Expenditures that exceed the annual Councillor budget will not be reimbursed unless approved by Council.
- c) Expenses authorized by the individual Councillor are to be submitted to the Finance department for reimbursement/payment within 30 days of incurring the expense. The Finance department will prepare a quarterly expense report for Councillors for their review.
- d) A Councillor's budget surplus cannot be transferred to another Councillor and/or carried forward to a following year.
- e) One Councillor's expense cannot be transferred to another Councillor

## Current Town Policy

Town policy and practices align with MFOA guidelines

# MFOA REPORT HIGHLIGHTS

## Summary of MFOA vs. Current Town Practices

- Mileage expenses are generally charged as discretionary expenses by the Town whereas MFOA identifies them as non-discretionary when "at the direction of Council"
- Cell Phone are identified as discretionary items by the Town whereas MFOA identifies them as corporate
- Newsletters first two ward newsletters are corporate any additional newsletters are discretionary whereas MFOA identifies them as discretionary

# MUNICIPAL COMPARISON HIGHLIGHTS

- Nine Municipal policies were reviewed  
(London, Burlington, Markham, Oshawa, Brampton, Richmond Hill, Pickering, Mississauga, Vaughan)
- Four of the nine Municipalities identify mileage expenses as non-discretionary
- Two of the nine Municipalities identify Cell Phone/Blackberry expenses as corporate

# MUNICIPAL COMPARISON

## Regional and Ward Councillors

	Markham	Oshawa	Richmond Hill	Pickering	Mississauga	London	Burlington	Brampton	Vaughan
<b>Mileage</b>	Disc.	\$5,200 allowance Non Disc.	\$7,200 allowance Non Disc.	\$9,760 allowance Non Disc.	\$16,800 allowance Non Disc.	Disc.	Disc.	Disc.	Disc.
<b>Cell Phone / Blackberry</b>	Blackberry Data Corporate Charge, Cell Usage is Disc.	Blackberry Data Corporate Charge, Cell Usage is Disc.	Corporate	Disc.	Disc.	Corporate	Disc.	Disc.	Blackberry Data Corporate Charge, Cell Usage is Disc.

\* **Disc.** = Individual Councillor Discretionary Budget requiring expense claims

# MILEAGE

# MILEAGE HISTORICAL COSTS (Actuals)

## Annual \$ Expensed

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Four Year Average</u>
Total Annual Expenses	\$8,392	\$7,483	\$10,198	\$13,282	\$9,840
Average / Regional Councillor	\$1,065	\$ 802	\$1,252	\$1,493	\$1,150
Average / Ward Councillor	\$ 517	\$ 535	\$ 649	\$ 914	\$650

## Annual KMs Expensed

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Four Year Average</u>
Total Annual Expenses	19,981	17,504	20,396	26,564	21,110
Average / Regional Councillor	2,535	1,875	2,504	2,985	2,470
Average / Ward Councillor	1,230	1,250	1,298	1,828	1,400

# MILEAGE

## Current Policy

- Each Councillor tracks mileage & submits for re-imbusement at current km rate
- Mileage is generally a discretionary expense charged to Councillor's \$6,500 budget

## Municipal Comparison

- Four of the Nine Municipalities pay allowance, the other five pay mileage
- Allowances range from \$5,200 to \$16,800 annually

## MFOA Guidelines

- Identifies mileage as non-discretionary expense

## Options

- Status Quo
- Mileage charges become non-discretionary
- Implement a monthly non-discretionary allowance (no need to track mileage)
  - 407 fees are to be included in monthly allowance (407 fees will not be reimbursed)
  - Each year Councillors will have the ability to opt out of any mileage reimbursement
  - Allowances are a taxable benefit and pensionable

# MILEAGE RECOMMENDATION

- **Implement an allowance for annual mileage costs**
  - \$1,800 annually per Regional Councillor (four year average \$1,150)
  - \$900 annually per Ward Councillor (four year average \$650)
  - Allowances are considered benefits and are taxable
  - Allowance is pensionable
  - No mileage reports required (**More efficient / streamlined process**)
  - Aligns with all 6 MFOA Guiding Principles
  
- **Discretionary & Non-Discretionary Budget Impact**
  1. Discretionary Budget to remain at \$6,500 per Councillor  
Non Discretionary Budget to be increased by \$14,400
  
  2. Reduce Discretionary Budget by proposed annual mileage allowance (no Budget increase required)

# CELL PHONES

# CELL PHONE HISTORICAL COSTS (Actuals)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Four Year Average</u>
Total Annual Expenses	\$10,168	\$12,540	\$9,968	\$11,338	\$11,000
Average / Regional Councillor	\$1,031	\$1,178	\$1,061	\$1,259	\$1,130
Average / Ward Councillor	\$ 756	\$ 979	\$ 716	\$ 788	\$810

Costs associated with voice charges of a Cell Phone or Blackberry

# CELL PHONE

## Current Practice

- Not currently mentioned in the Town's Business expense policy
- Councillor's Cell Phone usage expenses are charged to their individual discretionary budgets, Blackberry data fees are charged to a corporate budget
- Business use only - all costs related to personal calls will be reimbursed to the Town

## Municipal Comparison

- Seven of the nine Municipalities charge cell phone expenses to the Councillor's discretionary budget

## MFOA Guidelines

- Identifies cell phones as a corporate expense

## Options

- Status Quo
- Cell Phone expenses become a corporate expense

# CELL PHONE RECOMMENDATION

- **Cell Phone costs become a corporate expense**
  - Personal use - reimbursed to the Town (honour system)
    - \$1,130 annually per Regional Councillor (four year average)
    - \$810 annually per Ward Councillor (four year average)
  
- **Discretionary & Corporate Budget Impact**
  1. Discretionary Budget to remain at \$6,500 per Councillor  
Non Discretionary Budget to be increased by \$11,000
  
  2. Reduce Discretionary Budget by the 2007 average expense  
(no Budget increase required)

# Other Expenses

# CONFERENCES

## ■ **Attending Conferences – Current Practice**

- Currently all Council Members can attend both the AMO and FCM conferences, the cost of these two conferences are considered a Corporate expense
- All other conferences are charged as a Councillor's Discretionary expense unless otherwise pre-approved by Council "Council directs"

## ■ **Overnight Accommodation – Current Policy**

- Council must approve the attendance for any member of Council at any conference or seminar and for other business travel that requiring overnight accommodation before the attendance at the conference or seminar unless approved through the budget process (AMO & FCM)

# CONFERENCES RECOMMENDATION

- **Limit attendance to AMO & FCM conferences**
  - 3 Councillors per conference  
(rotational basis once every 4 year term)
  - Additional attendees to be funded from their discretionary budget
  - Councillors attending conferences to report back to Council
  
- **Overnight Accommodation**
  - Status Quo- Council must approve the attendance for any member of Council
  - Standard for Accommodation – a single room with private bath in a business class hotel
    - Councillors should request the Government rate or the lowest available rate at time of booking

# Travel Expenses

## ■ Transportation – Current Policy

- Economy Airfare will be used
- Ground travel where appropriate
- Car rental, including gas purchases to be used if more economical than public transportation or taxis
- Unless exceptional circumstances apply, the charges for the use of a personal automobile shall not exceed the equivalent cost of an economy airfare

## ■ Per Diem

- Councillors may chose to accept a “per diem” in lieu of submission of specific receipts (only when overnight required)
- The Town’s current Per Diem amount is \$100 (if no meals are provided during conference)
- Per Diem is paid in Canadian funds for domestic travel and U.S. funds for international travel

# TRAVEL EXPENSES RECOMMENDATION

- **Transportation**
  - Status Quo – Aligns with MFOA Guiding Principles
- **Per Diem**
  - Status Quo – Aligns with MFOA Guiding Principles

# REPORTING REQUIREMENTS

# REPORTING REQUIREMENTS

## Current Policy

- Expense reports/Amex statements to be approved and submitted monthly
- Back-up documentation is required for all expenses
- Original receipts/invoices are required, copies are not acceptable

## Recommendation

- All expenses are to be submitted by the end of the following month of which the expense was incurred – benefit of more timely reporting and accurate reflection of budget status

# VACATION COVERAGE FOR COUNCILLOR ASSISTANTS

## ■ Recent Issue

- Need for additional part time funding to cover off Councillor's Assistants during vacation days

## Scenarios\*

### Two weeks of coverage per Councillor (16 weeks total)

(4 Regional Assistants + 4 Ward Assistants)

- Hire a Student  
16 weeks x 35 hours x \$13.00 = \$7,280
- Utilize the Contact Centre resource pool  
16 weeks x 35 hours x \$23.00 = \$12,880

\* Additional Budget Required

# NEWSLETTERS

## Current Practice

- Town of Markham covers as a corporate expense printing and mailing costs for 2 Ward Councillor newsletters/year,
- Average annual actual cost \$8,000
- Not all Ward Councillors produce newsletters (potential annual cost of \$20,000 for all Ward Councillors)

# NEWSLETTERS RECOMMENDATION

- Provide e-Solutions electronic newsletter template for use by all Councillors in place of the current paper based solution
- One time total cost of \$2,000 to develop template, train newsletter authors

## Benefits

- Template adapted to identify individual Councillor and Ward
- Potential for links to Markham and/or Councillor websites
- Subscriber lists automatically up-dated
- Environmentally friendly
- Annual Operating Budget savings of \$8,000
- Available to Regional Councillors as well

# Publication of Councillor Remuneration and Expenses

## Proposed Process Improvement

- The Municipal Act requires the Treasurer to submit on or before March 31 of each year a statement of remuneration and expenses paid to each Member of Council. Staff also circulate a report to Councillors setting out detailed information on their expenses on a monthly basis
- As a result of a best practice researched by the Town's Auditor General, staff recommend that a web page be developed that contains easy access links to the "official" annual Council Remuneration and Expense report, as well as quarterly reports on Council remuneration and expenses during the year.

# Summary of Recommended Changes

- Annual car allowance
- Cell Phone costs to be charged to corporate account with Blackberry data charges
- 3 Councillors per year to FCM and AMO charged to non-discretionary
- Electronic Newsletters for Regional and Ward Councillors
- Develop a web page on the Town's Internet site with links to the annual Council Remuneration and Expense report, as well as informal quarterly reports on Council remuneration and expenses

# Items with Potential Budget Impact

(if not transferred from individual Councillor \$6,500 discretionary budget)

- Car Allowance – additional funding of \$14,400
- Cell Phone charged to Corporate – additional funding of \$11,000
- Part-time salaries for Councillor Assistant's vacations – additional funding of \$7,280 to \$12,800
- Electronic Newsletters – saving of \$8,000
- Total of \$30,200 additional costs annually

# NEXT STEPS

- Discussion by Council
- Report back to Council on recommended Policy changes, based on discussion today