# COUNCILLOR EXPENSES

## Special General Committee Meeting
## April 3, 2013

# AGENDA

1. **Background**
2. **Goals**
3. **Regulations & Guidelines**
4. **MFOA Guiding Principles**
5. **Markham Expense Definitions**
6. **Municipal Comparison**
   - Mileage / Car Allowance
   - Smart Phones
   - Newsletters
   - Conferences & Business Travel
7. **Expense Reimbursement**
8. **Next Steps**

# 1. BACKGROUND

- In September 2012 Committee approved the following recommendations:

  **1) That** the annual expense report to Council as legislated by the Municipal Act recommendation: report will remain the same; and,

  2) **That** the monthly expense reporting to Councillors recommendation: report will remain the same and emailed to Councillors for review; and,

  3) **That** reporting on the Internet recommendations:
  · That a link to existing annual Council expense reports be placed on the City of Markham portal as soon as possible; and,
  · Post current monthly Council expense report; and further

  4) **That** the presentation regarding Council Expenses Report be deferred to a future General Committee meeting.

- Recommendations 1 to 3 have been implemented
- The September presentation identified that "The comparison of allowances for Members of Council between Markham and other comparable GTA municipalities will be addressed at a future Workshop" which this presentation will address.

# 2. GOALS

- To compare the reimbursement of expenses for members of Council between Markham and other comparable GTA municipalities.
- To review the current regulations and guidelines pertaining to the reporting of Municipal Council Expenses.
- Compare Council expense reimbursement practices to Markham Staff reimbursement practices.
- Recommend changes

# 3. REGULATIONS & GUIDELINES

**Municipal Act**
Section 284:

- “The treasurer of a municipality shall in each year on or before March 31 provide to the Council of the municipality an itemized statement on remuneration and expenses paid in the previous year…”
- As approved in September, Council expenses are posted monthly on the City’s website. This practice exceeds the *Municipal Act* requirements.

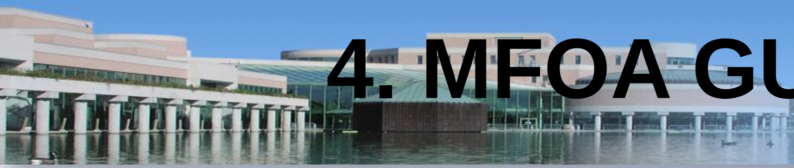
# 3. REGULATIONS & GUIDELINES

## Municipal Finance Officers' Association (MFOA)

- MFOA is the professional association of municipal finance officers in the Province of Ontario. Municipalities look to the MFOA for standard practices and/or guidelines.
- In 2007, the MFOA developed a guideline report entitled “A framework to formulate a Municipal Council expense policy”, including six guiding principles.

# 4. 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.



# 4. MFOA GUIDING PRINCIPLES

## 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.

# 5. MARKHAM EXPENSE DEFINITIONS

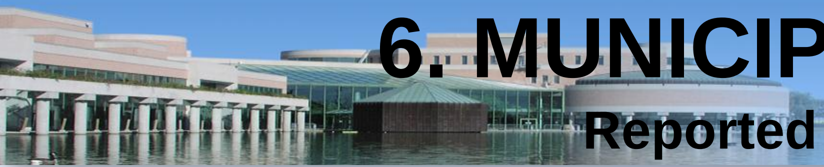
- **Discretionary Councillor Expenses -** includes expenses that have been charged to the individual Councillor's discretionary account.
- **Non-discretionary Councillor Expenses (Council Directed Expenses) -** includes expenses that have been pre-approved by Council resolution.
- **Corporate Expenses -** includes expenses that have been charged to a corporate account.

# 6. MUNICIPAL COMPARISON

## Reported Expenses Summary

### Adjusted for Comparison Purposes

| | Markham | Newmarket | Burlington | Oakville | Brampton | Mississauga | Richmond Hill | Vaughan |
|---|---|---|---|---|---|---|---|---|
| **Population (2011)** | 301,709 | 79,978 | 175,779 | 182,520 | 523,911 | 713,443 | 185,541 | 288,301 |
| **Mayor** | $24,300 | $25,800 | $26,900 | $20,700 | $75,600 | $47,000 | $36,100 | $57,500 |
| **Regional Councillor** | $6,500 | $4,650 | $4,600 | $3,700 | $11,850 | $23,250 | $16,650 | $76,450 |
| **Ward Councillor** | $6,500 | $0 | $0 | $3,700 | $4,850 | No Ward Councillors | $16,650 | $45,450 |



# 6. MUNICIPAL COMPARISON

## Reported Expenses Summary

- Four Municipalities have expense budgets after adjustments that are less than Markham's – Burlington, Newmarket, Oakville & Brampton (Ward Councillors only)

- Three Municipalities have expense budgets after adjustments that are more than Markham's – Mississauga, Richmond Hill & Vaughan.

Markham's Councillor expense budgets are positioned in the middle of the seven Municipalities surveyed.

# 6. MUNICIPAL COMPARISON

## Markham Reported Expenses

| | | |
|---|---|---|
| Section 1 | **Mayor** | $24,300 |
| | **Regional Councillor** | $6,500 |
| | **Ward Councillor** | $6,500 |
| Section 2 | **Mayor's Car** | Capital & Operating costs included in Section 1 |
| | **Regional Councillor Car Allowance** | Do not receive |
| | **Ward Councillor Car Allowance** | Do not receive |
| | **Mileage** | Included in Section 1 |
| | **Highway Tolls** | Included in Section 1 |
| | **Meetings** | Included in Section 1 |
| | **Smart Phones (voice & data)** | In addition to Section 1 |
| | **Promotion and Advertising** | Included in Section 1 |
| | **Newsletters** | Two Ward Councillor newsletters are in addition to Section 1 (All other newsletters are included in Section 1) |
| | **Conferences** | Conferences approved by Council (including AMO & FCM) are in addition to Section 1, all other conferences are included in Section 1) |

**Section 3 Adjustments**

A) Mayor’s Car
B) Mileage
C) Smart Phones
D) Newsletters
E) Conferences
F) Office Supplies
G) Mayor Part Time Salaries

# Comparison of Reported Expenses
## Excludes Council Salaries & Benefits

| Section | Annual Reported Expenses | Markham | Newmarket | Burlington | Oakville | Brampton | Mississauga | Richmond Hill | Vaughan |
|---|---|---|---|---|---|---|---|---|---|
| Section 1 | **Mayor** | $24,300 | $12,000 | $31,300 | $3,700 | $80,000 | $51,800 | $19,500 | $118,000 |
| | **Regional Councillor** | $6,500 | $6,600 | $9,000 | $3,700 | $15,000 | $26,800 | $15,800 | $80,000 |
| | **Ward Councillor** | $6,500 | $5,500 | $9,000 | $3,700 | $15,000 | No Ward Councillors | $15,800 | $40,000 - $56,000 |
| Section 2 | **Mayor's Car** | Capital & Operating costs included in Section 1 | **Capital & Operating costs in addition to Section 1** | Capital & Operating costs included in Section 1 | **Capital & Operating costs in addition to Section 1** | Capital & Operating costs included in Section 1 | Capital & Operating costs included in Section 1 | **Capital & Operating costs in addition to Section 1** | Capital & Operating costs included in Section 1 |
| | **Regional Councillor Car Allowance** | Do not receive | **$5,830 (In addition to Section 1)** | Do not receive | Do not receive | **$12,000 (In addition to Section 1)** | **$17,300 (In addition to Section 1)** | **$7,200 (In addition to Section 1)** | **$9,200 (In addition to Section 1)** |
| | **Ward Councillor Car Allowance** | Do not receive | **$5,830 (In addition to Section 1)** | Do not receive | Do not receive | **$12,000 (In addition to Section 1)** | **$17,300 (In addition to Section 1)** | **$7,200 (In addition to Section 1)** | **$9,200 (In addition to Section 1)** |
| | **Mileage** | Included in Section 1 | Do not receive | Included in Section 1 | Included in Section 1 | Do not receive | Do not receive | Do not receive | Do not receive |
| | **Highway Tolls** | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 |
| | **Meetings** | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 |
| | **Smart Phones (voice & data)** | In addition to Section 1 | **In addition to Section 1** | Included in Section 1 | **In addition to Section 1** | Included in Section 1 | Included in Section 1 | **In addition to Section 1** | Included in Section 1 |
| | **Promotion and Advertising** | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 | Included in Section 1 |
| | **Newsletters** | Two Ward Councillor newsletters are in addition to Section 1 (All other newsletters are included in Section 1) | Included in Section 1 | Included in Section 1 | **Two Corporate newsletters are in addition to Section 1 (All other newsletters are included in Section 1)** | Included in Section 1 | Included in Section 1 | **Standard Newsletters are in addition to Section 1 (Additional Newsletters are included in Section 1)** | Included in Section 1 |
| | **Conferences** | Conferences approved by Council (including AMO & FCM) are in addition to Section 1, all other conferences are included in Section 1) | Included in Section 1 | Included in Section 1 | **AMO & FCM Conferences are in addition to Section 1 (All others conferences are included in Section 1)** | Included in Section 1 | Included in Section 1 | **AMO & FCM Conferences are in addition to Section 1 (All others conferences are included in Section 1)** | Included in Section 1 (overseas trips are in addition to Section 1) |
| Section 3 | | A) Plus Mayor's Car N/A<br>B) Plus Mileage N/A<br>C) Less Smart Phone N/A<br>D) Less Newsletters N/A<br>E) Less Conferences N/A<br>F) Less Office Supplies N/A<br>G) Less Mayor P.T. Salaries N/A | A) Plus Mayor's Car $17,000<br>B) Plus Mileage $1,250<br>C) Less Smart Phone N/A<br>D) Less Newsletters ($7,000)<br>E) Less Conferences ($3,200)<br>F) Less Office Supplies N/A<br>G) Less Mayor P.T. Salaries N/A | A) Plus Mayor's Car N/A<br>B) Plus Mileage N/A<br>C) Less Smart Phone ($1,200)<br>D) Less Newsletters ($7,000)<br>E) Less Conferences ($3,200)<br>F) Less Office Supplies N/A<br>G) Less Mayor P.T. N/A | A) Plus Mayor's Car $17,000<br>B) Plus Mileage N/A<br>C) Less Smart Phone N/A<br>D) Less Newsletters N/A<br>E) Less Conferences N/A<br>F) Less Office Supplies N/A<br>G) Less Mayor P.T. Salaries N/A | A) Plus Mayor's Car N/A<br>B) Plus Mileage $1,250<br>C) Less Smart Phone ($1,200)<br>D) Less Newsletters ($7,000)<br>E) Less Conferences ($3,200)<br>F) Less Office Supplies N/A<br>G) Less Mayor P.T. N/A | A) Plus Mayor's Car N/A<br>B) Plus Mileage $1,250<br>C) Less Smart Phone ($1,200)<br>D) Less Newsletters N/A<br>E) Less Conferences ($3,200)<br>F) Less Office Supplies ($400)<br>G) Less Mayor P.T. Salaries N/A | A) Plus Mayor's Car $17,000<br>B) Plus Mileage $1,250<br>C) Less Smart Phone N/A<br>D) Less Newsletters N/A<br>E) Less Conferences N/A<br>F) Less Office Supplies ($400)<br>G) Less Mayor P.T. Salaries N/A | A) Plus Mayor's Car N/A<br>B) Plus Mileage $1,250<br>C) Less Smart Phone ($1,200)<br>D) Less Newsletters ($7,000)<br>E) Less Conferences ($3,200)<br>F) Less Office Supplies ($400)<br>G) Less Mayor P.T. Salaries ($55,700) |
| | **Mayor** | $24,300 | $12,000+A-E=$25,800 | $31,300-C-E=$26,900 | $3,700+A=$20,700 | $80,000-C-E=$75,600 | $51,800-C-E-F=$47,000 | $19,500+A-F=$36,100 | $118,000-C-E-F-G=$57,500 |
| | **Regional Councillor** | $6,500 | $6,600+B-E=$4,650 | $9,000-C-E=$4,600 | $3,700 | $15,000+B-C-E=$11,850 | $26,800+B-C-E-F=$23,250 | $15,800+B-F=$16,650 | $80,000+B-C-E-F=$76,450 |
| | **Ward Councillor** | $6,500 | $5,500+B-D-E=($3450) | $9,000-C-D-E=$2,400 | $3,700 | $15,000-+B-C-D-E=$4,850 | No Ward Councillors | $15,800+B-F=$16,650 | $56,000+B-C-D-E-F=$45,450 |

**The costs stated in Section 3 are from the following sources:**
**Items A to E are the average annual Markham costs for the years 2011 & 2012**
**Items F and G are the 2012 costs from the surveyed Municipality**

# 6. MUNICIPAL COMPARISON

## Reported Expenses Summary

- Four Municipalities have expense budgets after adjustments that are less than Markham’s – Burlington, Newmarket, Oakville & Brampton (Ward Councillors only)

- Three Municipalities have expense budgets after adjustments that are more than Markham’s – Mississauga, Richmond Hill & Vaughan.

Markham’s Councillor expense budgets are positioned in the middle of the seven Municipalities surveyed.

# 6. MUNICIPAL COMPARISON

## Similar Practices

- Highway Tolls
- Meeting Expenses
- Promotion and Advertising

The Municipal practices for these expenses are similar; therefore, the presentation will not focus on these expenses.

# 6. MUNICIPAL COMPARISON

## Items Requiring Further Discussion

- Mileage
- Car Allowance
- Smart Phones
- Newsletters
- Conferences

The Municipal practices for these expenses vary; therefore, the presentation will focus on these expenses.

# 6. MUNICIPAL COMPARISON

## MILEAGE / CAR ALLOWANCE

# 6. MUNICIPAL COMPARISON

## Mileage / Car Allowance

### HISTORICAL ANNUAL COSTS (Actual Expenditures)

| | 2011 | 2012 | Annual Average | Councillor Annual Average |
|---|---|---|---|---|
| Regional Councillors | $6,500 | $6,700 | $6,600 | $1,650 |
| Ward Councillors | $9,800 | $7,000 | $8,400 | $1,050 |
| Regional & Ward | $16,300 | $13,700 | $15,000 | $1,250 |

# 6. MUNICIPAL COMPARISON

## Mileage / Car Allowance

### Current Policy

- Each Councillor tracks mileage & submits for reimbursement at current km rate
- Mileage is a discretionary expense charged to Councillor’s $6,500 budget

### Municipal Comparison

- Five of the seven municipalities pay a car allowance, the other two reimburse mileage
- Allowance range from $5,850 to $17,300 annually

### Staff Practice

- Most employees are reimbursed for mileage

# 6. MUNICIPAL COMPARISON

## Mileage / Car Allowance

### Options

**Mileage**

- Current Practice (mileage paid as incurred & remains a discretionary expense)
- Mileage paid as incurred & becomes a corporate expense; no change in discretionary budget
  - Estimated budget impact $15,000 ($1,250 X 12 Councillors)
- Mileage paid as incurred & becomes a corporate expense; reduce discretionary budget by $1,250 per Councillor
  - No budget impact

**Allowance**

- Implement an annual allowance (no need to track mileage)
  - Budget impact dependant on the allowance amount
  - Allowance is a taxable benefit

# 6. MUNICIPAL COMPARISON

## Mileage / Car Allowance

### Recommendation

- **Current Practice –** Mileage paid as incurred and remains as a discretionary expense
  - Aligns with the Municipalities not providing an allowance
  - No budget impact

All mileage expenses are to be submitted by the end of the following month of which the mileage was incurred – benefit of more timely reporting on the City's website and accurate reflection of budget status.

# 5. MUNICIPAL COMPARISON

## SMART PHONES

# 5. MUNICIPAL COMPARISON

## Smart Phones

### Current Practice

- Councillors’ smart phone expenses  (voice & data) are identified a corporate expense

### Municipal Comparison

- Four of the seven Municipalities identified smart phone expenses as discretionary (Markham identifies smart phone expenses as corporate)

### Staff Practice

- Smart phone expenses are identified as a corporate expense

# 5. MUNICIPAL COMPARISON

## Smart Phones

### Options

- Current Practice – Smart phone expenses identified as a corporate expense
  - No budget impact
- Smart phone expenses become a discretionary expense; reduce corporate budget by $15,600 and transfer to discretionary budget ($1,200 (average) x 13 Council members = $15,600)
  - No budget impact

### Recommendation

- **Current Practice –** Smart phone costs remain a corporate expense
  - Aligns with staff practice and three of Municipalities surveyed
  - No budget impact

Councillors with personal account/plan will be reimbursed in an amount equivalent to the corporate plan & additional costs will become a discretionary expense.

# 6. MUNICIPAL COMPARISON

## NEWSLETTERS

# 6. MUNICIPAL COMPARISON

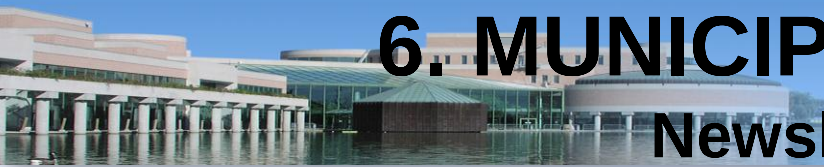
## Newsletters

### Current Practice

- Markham provides printing and mailing costs for two newsletters/year/Ward Councillor as a corporate expense, all other newsletters are a discretionary expense.

### Municipal Comparison

- Five of the seven municipalities identify newsletters as a discretionary expense, the other two split newsletter costs between corporate and discretionary.



# 6. MUNICIPAL COMPARISON
## Newsletters Options

### Options

- Current Practice – Two newsletters/year/Ward Councillor are a corporate expense, all other newsletters are discretionary expenses
- Add two newsletters/year/Regional Councillor
  - Requires additional budget (Estimated annual cost $224,000 or $56,000 per Regional Councillor)
- A combined newsletter for all Regional Councillors sent out twice annually
  - Reduced production costs and combined delivery (Estimated annual cost $43,000-$47,000 )
- Each Regional Councillor receives one page in each issue of Markham Life
  - Four issues annually (Estimated annual cost $13,000)
  - If possible, replace current content with Regional Councillor newsletter – no budget impact

# 6. MUNICIPAL COMPARISON
## Newsletters Recommendation

### Recommendation

- **Current Practice**
  - Two newsletters/year/Ward Councillor and remain a corporate expense, all other newsletters are discretionary expenses
  - Council members continue to receive a page on the City’s website
  - No budget impact

# 6. MUNICIPAL COMPARISON

## CONFERENCES & BUSINESS TRAVEL

# 6. MUNICIPAL COMPARISON

## Conferences

### Current Practice

- Currently all Council Members can attend both the AMO and FCM conferences, the cost of these two conferences are considered a non-discretionary expense.
- All other conferences are charged as a Councillor’s discretionary expense unless otherwise pre-approved by Council.

### Municipal Comparison

- Four of the seven municipalities identify conference costs as discretionary, the three other municipalities identify certain conferences as corporate and the others as discretionary.

### Staff Practice

- Depending on location within Canada, length & cost of attendance - staff require approval of their Manager up to their Commissioner. Travel outside Canada must be approved by Council

### Recommendation

- Current Practice (AMO & FCM are provincial & national training & networking opportunities)

# 6. MUNICIPAL COMPARISON

## Business Travel Expenses

### Overnight Accommodation

- Council must approve the attendance for any member of Council at any conference or seminar and for other business travel requiring overnight accommodation before the attendance at the conference or seminar unless approved through the budget process.

### Ground Transportation

- Corporate Automobile Expense Reimbursement Requirements apply

### Air Travel

- Economy airfare, Councillors are encouraged to obtain the best possible pricing

### Staff Practice

- Overnight Accommodation – Director or Commissioner within Canada depending on duration

### Recommendation

- Current Practice - Aligns with Staff Policy Requirements

# 6. MUNICIPAL COMPARISON

## Business Travel Expenses

### Per Diem

**Councillors (current policy)**

- Councillors may chose to accept a “per diem” in lieu of submission of specific receipts (only when overnight required)
- The City’s current Per Diem amount is $100 (reduced for meals provided)

**City Staff (current policy)**

- As of March 1, 2013 City Staff do not receive “Per Diem”, instead City Staff receive an expenditure reimbursement which requires Staff to provide original detailed receipts to cover costs of meals and gratuities.

### Recommendation

- Aligns with policy requirements for Staff (expenditure reimbursement)

# 7. EXPENSE REIMBURSEMENT

## EXPENSE REIMBURSEMENT

# 7. EXPENSE REIMBURSEMENT

## 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

## Recommendation

- Current Practice

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

# 7. EXPENSE REIMBURSEMENT

## Alcoholic Beverages

## Current Councillor Policy

- Is silent on the reimbursement of expenses for alcohol

## Staff Policy

- Expenses for alcoholic beverages will <u>not</u> be reimbursed for conventional business lunches and/or dinners, including those with outside parties.  Expenses for alcoholic beverages may be reimbursed in certain hospitality and trade mission situations, when authorized in advance by a Commissioner or the CAO and receipted separately.

## Recommendation

- Adopt Staff policy

# 7. EXPENSE REIMBURSEMENT

## Donations

## Municipal Comparison

- Richmond Hill & Vaughan state any form of individual donation by a Councillor is ineligible
- Brampton does not allow donation to national and/or international brand charities
- Mississauga does not allow donation to religious and/or political organizations
- Newmarket, Oakville & Burlington did not identify their practices

## Recommendation

- Any form of individual donation by a Councillor is ineligible
  - Aligns with two lower tier York Region Municipalities (Richmond Hill & Vaughan)
- Community groups seeking donations should be directed to make their request to Council

# 8. NEXT STEPS

- Incorporate the approved recommendations into the appropriate city policies