

Report to Governance Working Group

To: Chair and Members
Governance Working Group

From: Anna Lisa Barbon, Deputy City Manager, Finance Supports
Michael Schulthess, City Clerk

Subject: Council Policy Amendments – Council Members’ Expense Account Policy

Date: November 6, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the attached proposed by-law (Appendix “A”) BE INTRODUCED at the Municipal Council meeting to be held on November 28, 2023 to amend By-law No. CPOL.-228-480, as amended, being “Council Members’ Expense Account” to update various provisions of the policy.

Executive Summary

The purpose of this report is to increase the maximum monthly Councillor transportation allowance to \$177 effective January 1, 2024, based on a review undertaken to align with recent mileage rate increases. Further, in doing that review, another modification is being sought in recognition of billing cycles, increasing the submissions for processing from 45 (forty-five) to 60 (sixty) days to bring in line with the Travel & Expense Policy.

Analysis

1.0 Background Information

1.1 Background Reports

Item # 4.2 – Governance Working Group – July 24, 2023 – Council Members’ Expense Account Policy Update

Item # 2.1 – Corporate Services Committee – May 30, 2022 – Corporate Mileage Rate Change

Item #2 - Corporate Services Committee – October 6, 2015 - Amendment to Council Policy 28(2) Council Members’ Expense Account.

2.0 Discussion and Considerations

2.1 Update to the Transportation Allowance as Setout in the Council Members’ Expense Account Policy

On August 29th, 2023, Municipal Council resolved that an update to the transportation allowance identified in section 4.2(c)ix of the Council Members Expense Policy come forward to a future meeting of the Governance Working Group for further discussion. Section 4.2 of the Council Members Expense Policy (Policy) relates to the conditions for use of the ‘Annual Budget Allocation’ to each Council Member. Section 4.2(c)ix sets out the following:

“ix) transportation expenses for business-related travel within the City of London, to be paid by one of the following means at the discretion of individual Members of Council for the balance of 2015 (November and December), and for each entire fiscal year thereafter:

A) a monthly transportation allowance in the amount of up to \$150.00 maximum;
OR

B) a per kilometer rate, based upon submission and approval of a “Corporate Car Allowance Statement” claim form, which provides for both parking and kilometre usage;”

Given that Municipal Council approved an increase to the mileage rate (2022), an increase to the monthly maximum transportation allowance to Members of Council is warranted.

2.2 Current Transportation Allowance Amount

The current maximum monthly transportation allowance was set in October 2015, set at a monthly maximum of \$150. In accordance with Policy, the majority of Members of Council have selected this option to cover transportation expenses versus the “per kilometre rate” basis, however not all Members of Council who elect this option select the maximum amount of the transportation allowance. Based on existing elections, the average monthly transportation allowance elected amounts to \$123.08 per Councillor, noting the majority of transportation allowances elected were at the maximum amount.

2.3 Methodology to Increase Transportation Allowance

Municipal Council approved the mileage rate increase in 2022 from \$0.50 per kilometre (the rate in use since 2009) to \$0.59 per kilometre. The established rate was based on the Canada Revenue Agency’s (CRA) 2022 reasonable rate of \$0.61 per kilometre and the National Joint Council of the Public Service of Canada rate of \$0.575 per kilometre. The \$0.09 increase represented an 18% increase in the mileage rate. This increase was approximately the same percentage increase between the 2009 CRA posted reasonable per-kilometre allowance rate of \$0.52 and the 2022 CRA posted rate of \$0.61. Note the automobile allowance rate/ mileage rate is intended to provide reimbursement to an employee (or member of Council) for the use of their personal vehicle as well as wear and tear on their vehicle.

Applying the similar methodology for setting the mileage rate to the existing transportation allowance, the monthly maximum transportation allowance would increase from \$150 to \$177, representing an 18% increase. This rate increase would be within reason when compared to the increases seen in the CRA reasonable rate for the period between 2015 and 2023, where the reasonable rate increased from \$0.55 in 2015 to \$0.68 in 2023, representing a 24% increase. Further the National Joint Council of the Public Services rate had a 6% increase between 2015 and 2023 (from \$0.555 per kilometre to \$0.59 per kilometre).

By increasing the maximum monthly transportation allowance to \$177, Section 4.2(c)ix of the Council Members Expense Policy would need to be amended as follows:

“A) a monthly transportation allowance in the amount of up to \$ 177.00 ~~\$155.00~~ maximum; OR”

2.4 Increasing the time frame for submitting claims receipts

In reviewing the Council Members Expense Policy, to ensure consistency between this policy and the Travel and Expense Policy, it is being recommended to increase the submission of claims receipts for processing be increased from 45 (forty-five) days to 60 (sixty) days. This increase is based on the billing cycle observed for use of services such as the 407 Express Toll Road.

To increase this time frame to be consistent with other Council Policies, Section 4.2(h) of the Council Members Expense Policy would need to be amended as follows:

“h) all eligible claim receipts shall be submitted for processing within 60 (sixty) ~~45~~ (forty-five) days from the date the expense occurred, in order to be considered for reimbursement.”

3.0 Financial Impact

The maximum monthly transportation allowance proposed will be increased by \$27 per month, or \$324 per Member of Council annually. All other amendments to this Council Policy identified in this report are not anticipated to have a financial impact.

Conclusion

The Members of Council transportation allowance maximum was last updated in October 2015. Civic Administration has recommended to increase the maximum monthly allowance to \$177 from \$150, consistent with the recent increase in the mileage rate. The attached by-law (Appendix “A”) amends the Council Members Expense Policy accordingly.

Prepared by: Melissa McErlain, Manager, Accounting
Submitted by: Ian Collins, Director, Financial Services
Recommended by: Anna Lisa Barbon, Deputy City Manager, Finance Supports
Concurred by: Michael Schulthess, City Clerk

APPENDIX “A”

Bill No. [to be completed by Clerks]
2023

By-law No. CPOL.-[to be completed by Clerks]

A by-law to amend By-law No. CPOL.-228-480, as amended, being “Council Members’ Expense Account” to update various provisions of the policy.

WHEREAS section 5(3) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS the Municipal Council of The Corporation of the City of London wishes to amend By-law No. CPOL.-228-480, as amended, being “Council Members’ Expense Account”, to update various Policy provisions;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Section 4.2, is amended in subsection c) “The allocated sum may be used by Members of Council for any of the following purposes:” by replacing item ix) A) with the following new item ix) A):

“A) a monthly transportation allowance in the amount of up to \$177.00 maximum; OR”

2. Section 4.2, is further amended by replacing subsection h) with the following new subsection h):

“ h) all eligible claim receipts shall be submitted for processing within 60 (sixty) days from the date the expense occurred, in order to be considered for reimbursement”

3. This by-law shall come into force and effect on November 28, 2023.

PASSED in Open Council on [to be completed by Clerks].

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading – [to be completed by Clerks]
Second Reading – [to be completed by Clerks]
Third Reading – [to be completed by Clerks]