

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON AUGUST 25, 2015
FROM:	CATHARINE SAUNDERS CITY CLERK
SUBJECT	AMENDMENT TO COUNCIL POLICY 28(2) COUNCIL MEMBERS' EXPENSE ACCOUNT

RECOMMENDATION

That, on the recommendation of the City Clerk, the following actions be taken with respect to Council Policy 28(2) - Council Members' Expense Account, Council Policy 28(2):

- a) the current method of in-town vehicle expense reimbursement BE DISCONTINUED, effective immediately, and pending the enactment of an alternative, reimbursement BE MADE solely for fuel expenses;
- b) a new clause BE INCORPORATED into the above-noted policy to require that receipts be filed within forty-five days of an expenditure, in order to be eligible for consideration for reimbursement;
- c) direction BE GIVEN with respect to the Municipal Council's preferred approach with respect to the following:
 - i) the process for handling exception requests;
 - ii) eligible expenses for in-town, business related travel and the process for reimbursement;
 - iii) eligibility of multiple ticket purchases for community events;
 - iv) expense eligibility during an election year; and,
- d) the City Clerk BE DIRECTED to bring forward a by-law to enact any and all changes arising from a) to c), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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October 7, 2014 – Amendment to Council Policy 28(2) Council Members' Expense Account and 28(3) Mayor's Expenses Policy

June 17, 2014 – Amendment to Council Policy 28(2) Posting Council Members' Expenses

March 25, 2014 - Amendment to Council Policy 28(2) Council Members' Expense Account

February 6, 2012 – Changes to Council Policies 28(1) and 28(2) – Travel and Convention and Council Members' Expense Account

September 14, 2011 – Council Members' Use of Personal Vehicle for Local City Business (Finance and Administration Committee)

BACKGROUND

Through a variety of recent Council resolutions, the City Clerk has been requested to report on the following matters, as they relate to Council Policy 28(2), Council Members' Expense Account:

- a) streamlining the process for considering 'exception' requests from individual councillors;
- b) mileage/in-town-travel reimbursement;
- c) a vehicle allowance, including the ability for a member to "opt out" of the allowance and otherwise utilize the funds;
- d) the purchase of multiple tickets for a single community event;
- e) deadlines for the submission of expense claims for reimbursement; and,
- f) additional expense restrictions in a Municipal Election year, commencing Nomination Day.

The purpose of Policy 28(2) is to allocate an annual sum to each Member of Council, "to support Councillors in performing their diverse roles and representing their constituents." To this end, the Policy outlines, with relative specificity, the permitted uses of the funds in the account, as well as the very specific exclusion of other uses. The Policy has been routinely updated to reflect the Municipal Council's direction, as well as to address various matters as they arise. The Policy is intended to dovetail with the City's Strategic Plan by supporting the priority to Lead in Public Service through "Open, accountable, and responsive government."

In addition to their annual expense allocation, one-third of the remuneration paid to Council Members is tax exempt to help cover "expenses incident to the discharge of their duties as members of the council", in accordance with the *Municipal Act*.

In order to respond to Municipal Council's requests regarding Policy 28(2), current expense information was obtained from other Ontario municipalities. In addition, Councillors were given the opportunity to provide input, comments, suggestions and concerns, a summary of which is included as Appendix A.

a) Exception Requests

The current policy states that "elected officials may, at their discretion, submit a request through the Corporate Services Committee for approval of an expense, on an exception basis". Council has asked that the City Clerk report back on how the exception request process can be expedited. A common factor in slowing down the consideration of exception requests is lack of complete and consistent information regarding the proposed expenditure. In order to address this, the attached, proposed form (Appendix B) is provided for the consideration of the Municipal Council. It should assist in the collection of information necessary for the Municipal Council to consider an exception request in an informed manner. Alternatively the Municipal Council could direct that the policy be much more prescriptive and eliminate any provision for exception requests.

b) and c) Mileage/Vehicle Expenses and Established Vehicle Allowances

The reimbursement of mileage and/or a vehicle allowance is intended to compensate the expense of the use of a personal vehicle used for conducting local City-related business. It is not intended to compensate for personal travel, including the commute between a Council Member's residence and City Hall. This is consistent with the position of the Canada Revenue Agency (CRA) which considers travel between one's residence and place of work to be personal use of a vehicle.

In 2011, a separate budget amount for in-town travel reimbursement was reallocated equitably between the fourteen councillor expense accounts. Eligible expenses for In-town travel were changed from a per kilometre rate, to reimbursement for gas and routine vehicle maintenance (with parameters) upon the submission of eligible receipts. Additionally the funds that were transferred from the "mileage account", could be used for any other expenses eligible under Council Policy 28(2). This change provided greater flexibility to individual councillors in how they used their expense allocation to best allow them to serve their constituents. However, the new approach to in-town travel expenses has raised some concern by the public that there is insufficient information regarding how vehicle expenditures relate to City business. The Civic Administration has also, from time to time, had similar concerns when considering the eligibility of certain claims.

There are two processes commonly seen in other municipalities, for the reimbursement of in-town travel expenses: per kilometre and flat fee.

Per kilometre Reimbursement

The City has an established rate of per kilometre reimbursement of \$0.50/km. This rate is periodically reviewed to ensure it remains reasonable. A form is required to be submitted (attached as Appendix C), outlining the details of the mileage being claimed for reimbursement and is in accordance with the CRA guidelines. This method is presently utilized for the use of personal vehicles for city business within the City of London by civic administration, and occasionally by citizen members of committees. This process is based upon actual usage, and as such is not a taxable benefit.

The following municipalities utilize the per kilometre method of reimbursement for members of Council:

Municipality	Additional notations
Burlington	Specifically notes ineligible expenses: normal daily travel (between home and work), licensing fees, maintenance/repairs, fines, car wash, etc.
Hamilton	Thresholds for per kilometre rates – less per km, for trips over 5,000km
Kitchener	
Oshawa	Provides members with option between per kilometre reimbursement OR flat rate weekly car allowance
Ottawa	Reimbursed through office budget, itemization required
Sudbury	
Windsor	Local mileage includes travel within Essex County and the City limits of Detroit, Michigan
Barrie	

Should Municipal Council choose to move back to reimbursement based on a per kilometre method, it would be necessary to provide usage details using the attached form. This practice would increase the transparency of the claims for the public's information and satisfy CRA considerations. No budgetary changes would be required to accommodate any such change. Mileage claims would continue to be reimbursed from each member's expense account where the budget amounts presently exist. It should be noted that the Corporate Services Committee considered a public submission at its December 2014 meeting with respect to concerns related to this matter.

Vehicle Allowance

The most common alternative to per kilometre reimbursement utilized by municipalities is an established car allowance (generally a monthly allowance) provided to each member of council. This is any payment that is received for using personal vehicles in connection with or in the course of employment, without having to account for its use. Vehicle allowances are taxable in accordance with the CRA, however individuals that receive a taxable allowance may be able to claim allowable expenses on their income tax and benefit return. The CRA further indicates that "if the allowance is taxable, it is also pensionable and insurable." The annual amount is prorated and this amount is provided in each pay period.

The following municipalities have vehicle allowances for members of Council:

- Kingston (single tier)
- Vaughan (Region of York)
- Brampton (Peel Region)
- Mississauga (Peel Region)
- Richmond Hill (Region of York)

Should Municipal Council choose to move to this manner of compensation, it would be suggested that an annual allowance be established and accommodated from each members' individual expense account. Further, it is recommended that individuals have the option to "opt out" of the allowance, without forfeiting the use of the funds for other purposes within the established guidelines. This would be complementary to the current manner of reimbursement based on expenses.

Municipal Council may consider offering options to the individual members, whereby members could choose their individual preference for compensation of these business-related expenses. However, the following matters would need to be addressed:

- a member would have to commit to a specific method for the budget (calendar) year;
- reimbursement on a per kilometre rate would require details of travel on a prescribed form;
- the current practice for reimbursement would have to be discontinued; and,
- all expenditures would continue to be paid from the members' annual expense allocation.

d) Ticket purchases

Currently, the expense account may be used for ticket purchases to an event, for the individual Councillor only. This practice is in keeping with the policy’s intention to support Councillors in their roles and representing their constituents. The current policy further allows for the approval of spouse/companion expenses where such an expenditure is related to the “advancement of the interests of the City...” Council could amend the policy to permit the purchase of multiple tickets for an event on the same premise that multiple ticket purchases would result in the “advancement of the interests of the City”, However, this change would likely result in a need for additional clarity regarding the event, identification of the beneficiaries of the additional ticket purchases, and how the multiple ticket purchases advanced the interests of the City

The following provides information related to ticket purchases specifically addressed in other municipalities.

Municipality	Additional notations
Hamilton	Tickets – where “considered to be either necessary for the advancement of the interests of the City”
Burlington	2 tickets for Burlington community charitable events/functions; 1 ticket for business events; 1 participation fee for applicable events
Mississauga	Tickets – “when the attendance or entertainment is considered to be necessary for the advancement of the interests of the City or to support a local community group.” *purpose of the function and names of individual(s) attending must be provided
Richmond Hill	Tickets for charitable or fund-raising events – 1 ticket must be used by the Council Member, the second must be used by spouse/companion, “in circumstances where it is customary and expected that a spouse/companion attend, based on the nature of the event”
Vaughan	Up to 2 tickets for charitable or fund-raising events – “in circumstances where it is customary and expected that a spouse/companion attend, based on the nature of the event”; 1 ticket must be used by the Council Member

e) Expense Submission Deadlines

In accordance with the current policy, the information related to Members’ expenses is posted to the City website quarterly. This practice was enacted by Municipal Council in order to enhance the transparency of the use of the funds in a timely manner. Recently, Council noted that “accountability and openness is accomplished through the regular posted of expenditures. (14/1/CSC)” To further enhance this accountability and transparency, it is recommended that deadlines be imposed for the submission of expense claims in order for the posted expenditures to reflect expenditure activity as close to “real time” as reasonably possible. There are already safeguards in place for dealing with such matters as lost receipts and unapproved expenses. The cities of Burlington and Mississauga have addressed time limits in their policies as a best practice.

f) Restrictions During an Election Year

The use of corporate resources during a municipal election year is set out in Chapter 5(28) of the Council Policy Manual. The policy is consistent with the City’s Code of Conduct and Code of Ethics, and with the provisions of the *Municipal Elections Act*. Further, the existing terms of the Council Members’ Expense Account Policy addresses the matter in section a) (ix) setting out that the use of funds for “election-related expenses, including expenses incurred to produce or distribute campaign literature or materials” is specifically excluded. Given that some of the permitted uses of the expense account could be construed or interpreted to be election-related, Council may wish to supplement the policy with additional restrictions during an election year. In all cases, restrictions are applicable to all members of the Council, whether or not the individual has filed for re-election, is undecided or is not intended to file for re-election. The following high-level summary reflects policies of other municipalities that are in addition to the overarching restriction on the use of corporate resources during an election year:

Municipality	Notations
Hamilton	Newsletters will not be paid for after August 30 of an election year
Burlington	Office budgets are pro-rated during election years to ensure a minimum amount is available to each Member at the beginning of a term; effective July 1 –council communications will not be approved (including newsletters), furniture and furnishings are approved only “of an emergency nature”
Oshawa	No printing/distribution, etc. (exceeding 250 pieces) after June 30
Mississauga	No newsletters after June 30

Richmond Hill	Restrictions addressed in separate policy
Vaughan	No advertising, newsletters or community expenses after June 30; office budgets are pro-rated; add'l June 30 restrictions: no stationary, furniture, media releases (using City resources), hosting, tickets, etc.

In keeping with the intention of the request to review this policy, the review of other municipalities, and a desire to further the accountability and transparency of the policy in general, Council may wish to consider additional, specific restrictions to the City of London policy for Council members' expense accounts. Based on previous expenditures, as well as questions through to the City Clerk, the following restrictions/amendments during an election year could be considered:

- Revised annual limit for gift and souvenir spending with specific (additional) limits after May 1st
- Revised annual limit for publications and advertising, with additional limits after May 1st
- Restriction of funding ward matters (meetings) after a specific date, except in emergency circumstances
- Provisions related to the contracting of temporary, part time office assistants to ensure that campaign work is not being managed directly or indirectly
- Restriction on the purchase of community event ticket purchases

The *Municipal Elections Act 1996* is currently under review and there are a variety of changes to applicable dates being considered. For this reason, it is recommended that any proposed amendments to the policy be connected with a calendar date, rather than a 'day' that may change in the *Municipal Elections Act*. The above-noted suggested date of May 1st is approximately six months in advance of election day.

Council Members have been very open to guidance and assistance related to the use of the expense account during an election year. However, it is always appropriate to consider where additional clarity may further assist in ensuring compliance with applicable policies and legislation.

PREPARED BY:	RECOMMENDED BY:
BARB WESTLAKE-POWER MANAGER, LEGISLATIVE SERVICES	CATHARINE SAUNDERS CITY CLERK