

Memo



Date: January 10, 2011
File: 0615-20
To: City Manager
From: Deputy City Clerk
Subject: Council Remuneration and Expenses Review

Recommendation:

THAT Council receive for information the report of the Deputy City Clerk, dated January 10, 2011, regarding a review of Council remuneration;

AND THAT Council directs staff to report back with a proposed 2011 Council Remuneration Task Force Terms of Reference for Council consideration;

AND FURTHER THAT Council directs staff to report back with recommendations for member appointments to the 2011 Council Remuneration Task Force.

Purpose

To provide information on current Council remuneration, and recommendations for a remuneration review as requested at the December 16, 2010 Budget Meeting, to be undertaken through the establishment of a 2011 Council Remuneration Task Force.

Background

Council has traditionally struck a Remuneration Task Force during the last year of their term to review Council remuneration, expenses and benefits so that any changes are in place in time for the next elected Council taking office in December.

Following the 2008 Remuneration review, Council endorsed a recommendation from the Task Force that formalized this practice by directing the establishment of a Council Remuneration Task Force in the first quarter of the final year of the Council term.

2010 Indemnification

The City of Kelowna Council indemnity for 2010 (Appendix A) reflects the current Mayor and Council remuneration calculations based on the *Council Remuneration and Expense Bylaw No.7547* as amended. Following the May 2, 2008, Council Indemnity Committee Recommendations (Appendix B), the bylaw was amended to allow for an annual adjustment, effective every January 1st, based on the previous year Consumer Price Index (CPI) as published by Statistics Canada. Should Council decide not to amend the bylaw, the Mayor's indemnity would continue to be adjusted annually based on CPI, with the Councillor's indemnity constant at 35% of the Mayor's adjusted rate.

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Task Force Terms of Reference:

Based on previous Council direction, the following are recommendations for the form and character of a Council Remuneration Task Force including the scope, size and ways the task force could be constituted.

Scope

Staff recommends that, with the establishment of a 2011 Council Remuneration Task Force, the scope of the review undertaken by the Task Force include:

- annual indemnity;
- vehicle allowance;
- expense allowances and out-of-pocket expenses;
- annual adjustment calculations; and
- benefits;

so that any changes are in place in time for the newly elected Council taking office in December 2011.

Size

In both 2005 and 2008, reviews were undertaken by a Task Force consisting of three members from the community, with staff support from the Office of the City Clerk. As the three-member size is consistent with previous Council Remuneration Task Forces, and is based on a commitment to a short-duration, task-specific agenda, staff believes this represents an effective working number.

Membership

Staff recommends that the current practice of individual members of Council putting names forward for this task force be continued. Council would be asked to provide names of three individuals who can work together within the terms of reference for this task force and appoint the members at an afternoon Council meeting. As an alternative, Council could direct staff to ask the public for volunteers to sit on the Indemnity Task Force, and Council then choose members from among those who put their name forward for consideration.

Council will have the opportunity to agree or disagree with any recommendations when the task force reports back to Council.

Processes in other Municipalities

Other municipalities also strike a committee of some sort to research and report back on appropriate remuneration for their respective elected officials. Not all have the recommendations take effect for the *next* Council term and instead may have them take effect immediately.

Surveys, either informally or formally, are often conducted to compare indemnification, expenses and benefits with other municipalities. In a recent survey of ten BC Municipalities, general finding included that; the majority of surveyed municipalities use the consumer price index (Vancouver, BC and/or Canada) for annual increases; the difference between remuneration varied mostly between those municipalities from the lower mainland and those outside of the lower mainland, and generally; all municipalities deem one-third of remuneration as an allowance for expenses and is tax-free. The survey indicated the greatest difference between the municipalities surveyed was in the range of benefits that were provided (or not) to Mayor and Councillors.

Summary

Following Council direction from 2008, staff recommends a Council Remuneration Task Force be established, similar in scope and terms to previous committees, to undertake a review of Council Remuneration and Expense Bylaw No.7547.

The timeline recommended would be as follows:

February 2011 - Council endorses the committee Terms of Reference and appoints members

March-April 2011 - Committee undertakes review

May 2011 - Final report and recommendations to Council

Alternate Recommendation:

THAT Council receive for information the report of the City Clerk, dated January 5, 2011, regarding a review of Council remuneration;

AND THAT Council not strike a Council Remuneration Task Force in 2011 to review Council remuneration;

AND THAT the current remuneration for 2011 continues for the next Council term.

Legal/Statutory Authority:

Community Charter, section 104(1)(c) states that Council consideration of remuneration, expenses or benefits payable to one or more council members in relation to their duties as council members is an exception from the conflict restrictions contained in the *Community Charter*, sections 100-103.

Legal/Statutory Procedural Requirements:

Community Charter, section 168 requires the reporting, at least annually, of council remuneration, expenses and contracts

Existing Policy:

Council Remuneration and Expense Bylaw No.7547; Council Policy 287 Council Reimbursement of Out-of-Pocket Expenses for Attending Functions or Special Training within the Region; an Council Policy 337 Council Authorization to Attend Meetings and Conventions outside the Central Okanagan Regional District

Considerations not applicable to this report:

Internal Circulation:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:

Submitted by:



Karen Needham, Deputy City Clerk

Approved for inclusion:



Rob Mayne, Director Corporate Services

**CITY OF KELOWNA
COUNCIL INDEMNITY FOR 2010 (Effective Jan 1/10)**

Used the annual CPI by City and not monthly table per bylaw

CPI 2010	112.90	(using 2009 avg CPI)
CPI 2009	<u>112.80</u>	(using 2008 avg CPI)
Annual Change	<u>0.10</u>	0.0886525%
Percentage Change	0.0900%	

MAYOR'S REMUNERATION *		2009 Annual	2010 Annual	2010 Bi-weekly	2010 Hourly
Note: 2009 base changed to	\$87,823	87,822.59	87,902.04	3,369.31	48.1331
Taxable Portion		58,548.39	58,601.36	2,246.21	32.0887
Non Taxable Portion		29,274.20	29,300.68	1,123.10	16.0444
		<u>87,822.59</u>	<u>87,902.04</u>	<u>3,369.31</u>	<u>48.1331</u>

* Per Council Bylaw 7547 Jun 2008
See Consol Bylaw 8072 and 8472

COUNCILLOR'S REMUNERATION		2009 Annual	2010 Annual	2010 Bi-weekly	2010 Hourly
Bylaw Jan.1,2010 35.0% of Mayor's			<u>\$87902.04 x 35.0%</u>		
		29,859.68	30,765.71	1,179.26	16.8466
Taxable Portion		19,906.45	20,510.48	786.17	11.2310
Non Taxable Portion		9,953.23	10,255.24	393.09	5.6155
		<u>29,859.68</u>	<u>30,765.71</u>	<u>1,179.26</u>	<u>16.8466</u>

see site www.Statcan.ca

CITY OF KELOWNA

MEMORANDUM

Date: 02 May 2008
File No.: 0540-30
To: City Manager
From: Council Indemnity Committee
Subject: Council Indemnity Committee Recommendations

RECOMMENDATION:

THAT effective January 1st, 2009 and every January 1st thereafter, the Mayor's Indemnity receive an annual adjustment based on the previous year's Consumer Price Index (CPI) published by Statistics Canada (2002=100) for Vancouver;

AND THAT effective January 1st, 2009 the Councillors' indemnity be increased by 1% to 34% of the Mayor's indemnity after adjustment by the CPI;

AND THAT effective January 1st, 2010 the Councillors' indemnity be increased by 1% to 35% of the Mayor's indemnity after adjustment by the CPI;

AND THAT out of region mileage be the same as claimed by staff under Council Policy 164 Travel Expenses – Officers and Employees;

AND THAT the Mayor be budgeted an annual amount not to exceed \$1,500 in any one year, with no provision for carry-over to the next year of any unused funds, for reimbursement of receipted meal expenses with the exception of alcohol incurred in carrying out the duties of Mayor;

AND THAT for clarity the recommendation immediately above is for the Mayor only and not applicable to the Deputy Mayor;

AND THAT Council Remuneration and Expenses Bylaw No 7547 be amended to include the above recommendations;

AND THAT Council continue to strike a Council Indemnity Committee in the first quarter of the final year of their Council term;

AND THAT Council releases the 2008 Council Indemnity Committee.

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BACKGROUND:

Council struck the 2008 Council Indemnity Committee on March 3, 2008 with a mandate to review Council remuneration, expenses and benefits so that any changes are in place in time for the newly elected Council taking office in December 2008 and to report back to Council with their recommendations no later than May 12, 2008. The Committee met 5 times. The methodology the Committee followed was a progression of obtain information – review the information – brainstorm – make decision. The Committee examined the history of Council remuneration at the City of Kelowna, looked at Council remuneration information from other local governments in British Columbia, and held discussions with each member of Council to solicit the current Council's views and thoughts on the subject before holding a "brainstorming" session that produced the above recommendations.

Traditionally, past Indemnity Committees have compared Kelowna with the Council indemnity of other similarly-sized communities in BC: Chilliwack; Coquitlam; Kamloops; Nanaimo; District of North Vancouver; Prince George and Victoria. The Committee looked at this traditional comparison group as well as a new comparison group based on population; Abbotsford; Coquitlam; Delta; Langley Township; Saanich and Victoria (see Tables 1 and 2). Kelowna has one of the higher indemnities for both Mayor and Councillors among both comparison groups.

The Committee found the interviews with each member of Council to be most interesting and beneficial. We believe that the Mayor of the City of Kelowna is a full time position while the position of Councillor is a part-time position. The Committee noted that there is some variation in the number of committees each Councillor is a member of and the amount of time and effort any one particular committee requires. Most Councillors stated they averaged 20 hours per week on City-related activities, and the committee recommends that the Councillors indemnity be increased in 1% increments over the next two years to better reflect the amount of time Councillors spend at their City-related responsibilities and to reflect the lack of non-health and welfare type benefits that are available to Councillors. Benefits such as a clothing allowance, reimbursement of out-of-pocket child care expenses and matching RRSP contributions were considered by the Committee.

It is recommended that the Mayor be given an expense account for meals to a maximum of \$1,500 annually. It is intended that this account be used when the Mayor has meal-time meetings in their official capacity. It is not recommended that the Mayor be issued a City credit card and that instead any expenses be claimed upon the production of receipts and a signed expense claim similar to the one found in Council Policy 287, *Council Reimbursement of Out-of-Pocket Expenses for Attending Functions or Special Training Within the Region*. The Committee recommends that alcohol expense be excluded and that the Deputy Mayor not be able to claim similar expenses.

The Committee notes that any member of Council who is appointed to sit on the Regional District Board, including as an alternate, is eligible to purchase benefits through the Regional District. Therefore, the Committee is of the opinion that no health and welfare benefits from the City of Kelowna are necessary for Mayor and Council. No change is being recommended to the Deputy Mayor's Indemnity of \$350 per month. The Committee found it was difficult to make a recommendation on the Deputy Mayor stipend as the role of Deputy Mayor can vary widely.

LEGAL/STATUTORY AUTHORITY:

Community Charter, section 104(1)(c) states that Council consideration of remuneration, expenses or benefits payable to one or more council members in relation to their duties as council members is an exception from the conflict restrictions contained in the *Community Charter*, sections 100-103.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

Community Charter, section 168 requires the reporting, at least annually, of council remuneration, expenses and contracts.

EXISTING POLICY:

Council Remuneration and Expenses Bylaw No. 7547, as amended;
Council Policy 287, *Council Reimbursement of Out-of-Pocket Expenses for Attending Functions or Special Training Within the Region*; and
Council Policy 337 *Council Authorization to Attend OMMA, UBCM and FCM Conventions*.

FINANCIAL/BUDGETARY CONSIDERATIONS:

Should the recommended increase in the Councilors' indemnity be adopted, there would be a minimum increase in the Mayor and Council budget of \$6,863.84 in 2009 and an additional increase of \$6,863.84 in 2010. It is anticipated that these actual amounts will be higher, as they do not reflect the CPI increase for each of these years.

Should the recommendation to provide the Mayor with meal expense reimbursement be adopted, there would be an annual increase of \$1,500 to the Mayor Office budget to cover the Mayor's expenses account.

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO:

PERSONNEL IMPLICATIONS:

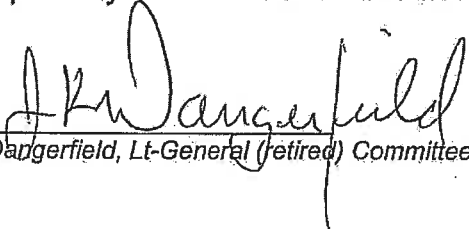
TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

COMMUNICATIONS CONSIDERATIONS:

ALTERNATE RECOMMENDATION:

Respectively Submitted on behalf of the 2008 Council Indemnity Committee by:



J. Dangerfield, Lt-General (retired) Committee Chair

Attach:

Table 1 Council Indemnity Comparative Statistics "Traditional" Group

Table 2 Council Indemnity Comparative Statistics "Population" Group

Table 1: Traditional Comparison Group

Municipality	Population	Mayor	Councillor
Chilliwack	70,522	\$76,491	\$26,101
Coquitlam	121,973	104,156	34,719
Kamloops	82,714	69,514	23,171
Nanaimo	79,626	76,911	25,539
North Vancouver District	86,749	85,000	34,000
Prince George	77,148	86,207	22,194
Victoria	77,369	80,962	19,230
Average of traditional comparative group	85,157	82,798	26,422
Average of traditional comparative group including Kelowna	88,199	83,130	26,658
Kelowna	109,490	85,798	28,313

Table 2: Comparative Population-Based Comparison Group

Municipality	Population	Mayor	Councillor
Abbotsford	127,434	86,600	24,167
Coquitlam	121,973	104,156	34,719
Delta	102,655	75,659	26,503
Langley Township	97,125	73,345	25,463
North Vancouver District	86,749	85,000	34,000
Saanich	110,387	75,660	26,500
Average of population comparative group	107,720	83,084	27,470
Average of population comparative group including Kelowna	107,973	83,536	27,611
Kelowna	109,490	85,798	28,313