

Request for Decision

Councillors' Expense Budget

Presented To:	City Council
Presented:	Tuesday, Jul 07, 2020
Report Date	Wednesday, Jun 24, 2020
Type:	Managers' Reports

Resolution

THAT the City of Greater Sudbury adopts the recommendations for the use of the Organizational Development Reserve-Committed for Councillors' professional development expenditures, limit spending to the annual budgeted amount in individual Councillors' Office Expense budgets and make improvements in the quarterly reporting of expenses, as outlined in the report entitled "Councillors' Expense Budget", from the General Manager of Corporate Services, presented at the City Council meeting on July 7, 2020;

AND THAT staff be directed to prepare any required updates to By-laws.

Relationship to the Strategic Plan / Health Impact Assessment

This report supports Council's Strategic Initiative to Demonstrate Innovation and Cost-Effective Service Delivery. It specifically continues the evolution of business planning, financial and accountability reporting systems to support effective communication with taxpayers about the City's service efforts and accomplishments.

Report Summary

This report provides Council with information in on Councillor's Office Expense Budgets in order to inform decisions on Councillor expense budget management. The report looks at recent history, the notion of a dedicated reserve for Council Office Expenses, looks at other municipal expense parameters and reporting improvements.

Financial Implications

If approved, any surplus within the Corporate Council Travel account and the individual Councillor's Office

Signed By

Report Prepared By

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Division Review

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Financial Implications

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Expense accounts would be eligible to be set aside in Reserves to be utilized in future years to cover over-expenditures within the Corporate Council Travel account or for overexpenditures relating to professional development costs (including travel) for professional development conferences hosted by any of the five organizations listed within this report.

Surplus can only be set aside in a given year if it does not cause the City to be in a deficit position or increase a deficit.

Background

The last substantive review of the By-law entitled "Payment of Expenses for Members of Council and Municipal Employees of the City of Greater Sudbury" (hereinafter "the By-law") was made in July of 2019. The amendments at that time limited the purchase of alcohol by members of Council and staff and made it clear that the purchase of cannabis was prohibited.

In December of 2019 a motion was tabled to make a further amendment to the By-law limiting total spending by individual members of Council to the maximum per Councillor in the operating budget (the complete text of this motion appears in Appendix A). A deferral of this motion was passed. Staff were asked to publish an additional report with historical information and advice about how to establish a Council expense reserve using positive variances to defray professional development and travel expenses.

Analysis

Historical Review

The Councillor's Office Expense budget was \$10,489 per ward in 2015 and 2016 and was decreased to \$9,000 per ward in 2017 to better reflect actual spending patterns. The budget was increased to \$9,180 in 2018 and remained at that level for 2019 and 2020.

Appendix B contains details of budget for 2015-2020 and actual spending by year for 2015-2019 by ward.

The Operating Budget allows individual expense categories to exceed the Council approved Budget as long as net expenditures are within the approved budget for the cost centre.

The intent of the Operating Budget Policy has been adhered to for all years presented, in that the total Councillors Office Expense budget has not been exceeded, although for 2019, five Councilors exceeded their individual budgets.

The December 2019 motion would move budgetary control from the overall cost centre down to the Individual Councillors Office Expense budget line.

In 2020, Councillor's phone and internet allowance expenses of \$1,056 per year for their home offices will be included in the cost of benefits where the amounts are budgeted, rather than as an office expense. If this change was implemented in 2019 the costs recorded in each of the individual Councillors' Office Expense accounts would have been \$1,056 lower but this reallocation would not have impacted the individual Councillors Office Expense budgets.

The only large individual expenditures that created overruns were professional development and related travel. In 2019, two Councillors were nominated to run for the board and approved to attend the 2019 Federation of Canadian Municipalities (FCM) Annual Meeting (See report Nomination to the Federation of Canadian Municipalities' Board of Directors – City Council March 19, 2019). If either of the Councillors were elected, the related professional development and travel cost would have been transferred to the Corporate Council Travel account. FCM is one of the named organizations in Section 4(1) of the By-Law.

It is recommended that the current practice of charging the Councillor Office Expense budget of Councillors that are nominated by Council but not elected to one of the named organizations be changed to better align with Section 4(2) of the By-Law which provides for the Corporate Council Travel account to be charged.

Based on the historical review above, staff will implement the following improvements to the current process by:

- Reallocating the actual phone and internet allowance costs – this will not impact the Councillors Office Expense budget amount
- Implementing the recommendation that Councillors nominated to a named organization have the professional development and travel related expenses for the that nomination charged to the Corporate Council Travel Account rather than the individual Councillor's Office Expense budget

With the two changes above, limiting Councilor office expenses to the amount budgeted for each Councillor could be implemented and provide the enhanced control for future years. This change is recommended.

Reserve for Council Professional Development and Travel

Staff's recommendation would be to use the Organizational Development Reserve – Committed (hereinafter "the ODRC"). The ODRC is already created and in use in a like manner by the City for professional development. This ODRC would allow for the use of the funds as required and not require a return to Council for further authorization to expend funds.

The ODRC would be used to accumulate underspending on Councillors' office expenses in one year so that they could be available for investment in Councillors' professional development opportunities in future years. Currently any annual under or overspending in the Council Office Cost Centre or individual Councillor's Office Expense accounts, become part of the overall City surplus or deficit and result in either an increase or decrease in the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund - General.

General Principles for use of the ODRC

The surplus amount from each of the individual Councillor's Office Expense budgets will be combined and placed into the ODRC providing such contribution shall not put the City into a deficit position or increase a deficit. The ODRC will be used in any given year to fund:

a) Over expenditures in the Corporate Council Travel Account;

b) Over expenditures in an individual Councillor's Office Expense budget that are the result of professional development costs, including travel, for attendance at one or more professional development conferences hosted by groups such as the following:

Association of Municipalities of Ontario
Ontario Good Roads Association
Federation of Canadian Municipalities
Ontario Non-Profit Housing Association
AdVantage Ontario

Review of Other Municipal Council Expense Processes

A review was made of other municipalities and the policies they have in place for Councillors expenses.

- Some municipalities limit a Councillor to the cost of the production and postage or delivery by other means of one or two annual newsletters for all households within a ward or restrict the amounts that can be spent in other sub-categories of Councillors' expenses.
- For travel - one municipality excluded from their annual budget allocation travel expenses incurred by any Member of Council who has been nominated by the Municipal Council to represent it as a member of a committee or of the Board of Directors of the Federation of Canadian Municipalities or the Association of Municipalities of Ontario; it being noted that the latter expenses will be subject to Council approval of a source of financing.
 - This varies from our practice: only Councillors that are elected have any expenses reallocated to the Corporate Council Travel account rather than just nominated
- Many municipalities provide better summaries by individual expense categories in their reporting.

Recommendation and Conclusion:

- A. The recommended functioning of the reserve for Councillor professional development including improvements to report professional development spending follows:
- 1) The surplus amount from each of the individual Councillor's Office Expense budget and the Corporate Council Travel Account shall be combined and contributed to the Organizational Development Reserve- Committed to a maximum of \$10,000 committed, providing such contribution shall not put the City into a deficit position or increase a deficit.
Any available amounts be used to in any given year to fund:
 - a) Over expenditures in the Corporate Council Travel Account;
 - b) Over expenditures in an individual Councillor's Office Expense budget that are the result of professional development costs, including travel, for attendance at one or more professional development events.
 - 2) Implementing the recommendation that Councillors nominated to a named organization have the travel related expenses for the that nomination charged to the Council Travel Account rather than the individual Councillor's Office Budget.
 - 3) Staff recommend that this change to funding for professional development and travel be implemented effective January 1st, 2021 and that after that date, Councillors be expected to limit spending to the amount in their individual office expense budget.
- B. Expenses that are paid will be categorized and summarized on the quarterly reports to Finance and Administration Committee based on the categories found in Schedule "B" to the By-Law. Any categories with insignificant spending will be consolidated and reported as a combined cost.

By authorizing the resolution contained in this report, staff will return with an updated by-law reflecting these changes.

Resources cited

City Council Meeting January 26, 2016

Staff Report: Payment of Expenses for Members of Council and Municipal Employees
By-Law

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=939&itemid=10173&lang=en>

City Council Meeting March 19, 2019

Staff Report: Nomination to the Federation of Canadian Municipalities' Board of Directors

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1322&itemid=16740&lang=en>

City Council Meeting July 9, 2019

Staff Report: Revisions to the Payment of Expenses for Members of Council and Municipal Employees

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1325&itemid=15452&lang=en>

Appendix A

M-2. Request For Amendments to By-law 2016-16F

As presented by Councillors McIntosh and Cormier:

WHEREAS By-Law 2016-16F as amended, provides for the payment of expenses for Members of Council, other person appointed by Council to serve as a member of a Local Board and City of Greater Sudbury employees;

AND WHEREAS for publicly funded organizations, the issue of accountability surrounding the use of public funds is of considerable importance;

AND WHEREAS Council for the City of Greater Sudbury, as stewards of the City's finances and in the interests of increased transparency and consistency, wish to demonstrate the efficient and effective use of financial resources to ensure that all expenses claimed are reasonable and economical, and as such are seeking some amendments to By-law 2016-16F as amended as well as any related internal policies;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury direct staff to present a by-law at the January 7th, 2020 Council meeting to amend By-law 2016-16F, as amended, as follows:

Section 8.-(1) to read as follows:

"Each Councillor is provided with an annual Office Expense Budget from which the Councillor may incur expenses of a type described in Schedule "B" and which, in their opinion, are necessary in the course of carrying out the Councillor's duties. Only expenses incurred within the limits of a Councillor's annual Office Expense Budget will be reimbursed.

the first sentence of Schedule "B" to read as follows:

"Individual Councillors may make expenditures from their office expense budget, which are incurred in the course of engaging in their role as Councillor for the City, providing that the expenditures are within their annual office expense budget for that fiscal year, and within the following categories:"

Appendix B

	2020			2019			2018			2017			2016			2015			2015-2019 Total		
	Budget	Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.	Budget	Actual	Var.		
Office Expenses																					
Ward 1	9,180	9,180	14,005	(4,825)	9,180	3,252	5,928	9,000	4,122	4,878	10,489	6,946	3,543	10,489	5,573	4,916	48,338	33,899	14,439		
Ward 2	9,180	9,180	10,034	(854)	9,180	9,368	(188)	9,000	8,766	234	10,489	10,373	116	10,489	10,399	90	48,338	48,941	(603)		
Ward 3	9,180	9,180	6,139	3,041	9,180	4,371	4,809	9,000	3,488	5,512	10,489	2,634	7,855	10,489	1,907	8,582	48,338	18,539	29,799		
Ward 4	9,180	9,180	5,669	3,511	9,180	6,064	3,116	9,000	8,059	941	10,489	4,257	6,232	10,489	6,765	3,724	48,338	30,814	17,524		
Ward 5	9,180	9,180	13,539	(4,359)	9,180	7,582	1,598	9,000	8,813	187	10,489	9,502	987	10,489	9,800	689	48,338	49,236	(898)		
Ward 6	9,180	9,180	9,649	(469)	9,180	7,502	1,678	9,000	7,887	1,113	10,489	8,912	1,577	10,489	8,342	2,147	48,338	42,292	6,046		
Ward 7	9,180	9,180	6,560	2,620	9,180	4,446	4,734	9,000	6,691	2,309	10,489	10,135	354	10,489	4,674	5,815	48,338	32,507	15,831		
Ward 8	9,180	9,180	8,479	701	9,180	7,804	1,376	9,000	8,378	622	10,489	10,291	198	10,489	5,495	4,994	48,338	40,447	7,891		
Ward 9	9,180	9,180	3,546	5,634	9,180	3,858	5,322	9,000	3,048	5,952	10,489	7,012	3,477	10,489	2,979	7,510	48,338	20,444	27,894		
Ward 10	9,180	9,180	6,185	2,995	9,180	6,089	3,091	9,000	5,452	3,548	10,489	7,806	2,683	10,489	3,638	6,851	48,338	29,169	19,169		
Ward 11	9,180	9,180	9,799	(619)	9,180	6,835	2,345	9,000	7,393	1,607	10,489	7,855	2,634	10,489	7,312	3,177	48,338	39,194	9,144		
Ward 12	9,180	9,180	6,810	2,370	9,180	4,744	4,436	9,000	7,927	1,073	10,489	8,739	1,750	10,489	5,758	4,731	48,338	33,978	14,360		
	110,160	110,160	100,414	9,746	110,160	71,916	38,244	108,000	80,025	27,975	125,868	94,463	31,405	125,868	72,644	53,224	580,056	419,460	160,596		