

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.

- o 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.
- o 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.
 - o This varies from our practice: only Councillors that are elected have any expenses reallocated to the Corporate Council Travel account rather than just nominated
- o 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>