



Legislation Details (With Text)

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**Title:** Amendments to Council Remuneration and Expense Reimbursement Policy  
Presented by: Ryan Osterberg, Legislative Initiatives Coordinator

**Sponsors:**

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**Attachments:** 1. Proposed City Council Policy C-CC-03 Council Remuneration and Expense Reimbursement (amendments incorporated), 2. Schedule 1 to City Council Remuneration and Expense Reimbursement Policy, 3. Schedule 2 to City Council Remuneration and Expense Reimbursement Policy, 4. Schedule 3 to City Council Remuneration and Expense Reimbursement Policy, 5. Proposed Procedure C-CC-03 Council Remuneration and Expense Reimbursement Procedure, 6. August 24 2015 Proposed City Council Policy C\_CC\_03 (Amendments Highlited), 7. ugust 24, 2015 Proposed City Council Policy C-CC-03 Council Remuneration and Expense Reimbursement, 8. C-CC-03 Council Renumeration and Expense Reimbursement, 9. August 24, 2015 Remuneration and Expense Policy Council Motions, 10. CRRC Final Report, 11. January 16, 2017 Meeting Minutes

Date	Ver.	Action By	Action	Result
5/15/2017	1	City Council	approved as amended	Pass
5/15/2017	1	City Council	approved	Pass
5/15/2017	1	City Council	approved	Pass

**Amendments to Council Remuneration and Expense Reimbursement Policy**

Presented by: Ryan Osterberg, Legislative Initiatives Coordinator

**RECOMMENDATION(S)**

That City Council Policy C-CC-03 City Council Remuneration and Expense Reimbursement be amended by substituting it with the document entitled "Proposed City Council Policy C-CC-03 City Council Remuneration and Expense Reimbursement", attached to the agenda report dated May 15, 2017 and that this policy come into effect on the Organizational Meeting in 2017.

**PURPOSE OF REPORT**

To seek Council approval of the amended version of City Council Policy C-CC-03 City Council Remuneration and Expense Reimbursement, which incorporates the recommendations of the Council Remuneration Review Committee as accepted by Council at their January 16, 2017 meeting.

**COUNCIL DIRECTION**

On October 27, 2014 Council passed the following motion:

(C500-2014)

That Administration review the processes and controls for the reimbursement of Council expenses; If appropriate, recommend to Council amendments to processes and controls for the reimbursement of Council expenses.

On April 7, 2015 Council passed the following motion:

(C152-2015)

That Administration initiate the recruitment process for members of the Remuneration Review Committee; and That the Committee develop a work plan and timeline to be approved by Council after the Committee's first meeting.

On October 19, 2015 Council passed the following motion:

(C496-2015)

That the Council Remuneration and Expense motions submitted by the Mayor and Councillors be bundled and forwarded to the Remuneration Committee for review and advice.

On April 4, 2016 Council passed the following motion:

(C186-2016)

That the Council Remuneration Review Committee Work Plan, provided as Attachment 1 to the April 4, 2016 Agenda Report entitled "Council Remuneration Review Committee Workplan", be approved.

On January 16, 2017 (See the attached Minutes from the meeting for all motions) Council passed the following Motion:

(AR-16-521)

That the recommendations contained in the "Council Remuneration and Expense Reimbursement Final Report", provided as an attachment to the January 16, 2017 agenda report entitled "Council Remuneration and Expense Reimbursement- Administration Report" be approved, with the exception of Recommendation 3.1, 3.2, 5.1, 7.2, 8.1, 8.5 and 10.1.

That Administration draft amendments to the appropriate Council Policies to enact the January 16, 2017 decisions of Council related to Council remuneration and expense reimbursement, for consideration at the May 1, 2017 meeting.

## **BACKGROUND AND DISCUSSION**

The Council Remuneration policy project commenced on October 27, 2014 when Administration was directed to review, and, if necessary, recommend amendments to the processes and controls for the reimbursement of Council expenses. On April 7, 2015 Council received the draft Council Expense Report and Expense Process Review as information, and Council members then provided written comments relative to the findings on their individual expense submissions to the City Manager. A revised draft Council Remuneration & Expense Reimbursement Policy was presented to Council on August 28, 2015. Council Members were directed to present their changes as motions, which were to be debated at the September 28, 2015 Council Meeting. Council also passed a motion at the August 28, 2015 meeting that the City Manager include approved Council motions into a final City Council Remuneration and Expense Reimbursement Policy that will replace existing Council policies for remuneration, expenses and learning and return to Council by November 30, 2015. However, on October 19, 2015, Council decided that all Council Remuneration and Expense motions submitted by the Mayor and Councillors were to be bundled and forwarded to the Remuneration Committee for review and advice.

The Council Remuneration Committee was established by bylaw on March 16, 2016. The Committee's workplan was approved on April 4, 2016. The Committee presented their report to Council on September 6, 2016 and the Committee was disbanded. The Committee presented their own version of the Council Remuneration and Expense Policy as one of their recommendations. The Committee's Report and recommendations were referred to Administration for review, and Administration returned to Council on November 21, 2016 with our commentary on each of the recommendations, including that the version of the policy the Remuneration Committee presented to Council not be accepted as it required updating if Council disagreed with any of the recommendations and also it did not align with our policy template. Council Members were again asked to provide any amendments to the recommendations to Administration. Administration came back to Standing Committee of the Whole on January 16, 2017 where motions were debated to amend several of the Remuneration Committee's recommendations.

Administration reviewed the Committee Report and the recommendations Council accepted and integrated them into the draft policy that was presented to Council back in August 2015. Additionally, the draft policy was reformatted to comply with the Council approved policy format. Amendments made between the 2015 draft and the 2017 draft have been highlighted and attached to this report for information.

Council Members should note that there have been a couple of significant developments this year since the January 16, 2017 Council meeting and will require amendments to this policy in the future:

1. As part of the 2017 Federal Budget, the Federal Government is proposing to eliminate the 30% tax-free remuneration treatment for municipal elected officials. This could be impactful in terms of total remuneration as this exempt status figured into the proposed base salary recommendation that was made by the Council Remuneration Review Committee. Please see the Financial implications below for further information.
2. As part of the Provincial Bill 8 An Act to Strengthen Municipal Government, Municipalities will have the option to provide extended Councillor parental leave through bylaw. The MGA is being amended to exempt Councillors from disqualification when absent under the provisions of a local parental leave bylaw.

As a direct result of both of these proposed changes, Council has the option to direct Administration

to return in the future with additional recommended amendments to this policy once the Income Tax Act has been passed; and/or to bring forward a bylaw to allow parental leave for Council Members once the MGA amendments are in force. Suggested motions are provided below in the Alternatives section.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

This policy incorporates feedback from a number of stakeholders including City Council, Administration and the Council Remuneration Review Committee.

## **IMPLICATIONS OF RECOMMENDATION(S)**

Financial:

The elimination of the 30% tax free remuneration treatment anticipated under the 2017 Federal Budget is estimated to have the following financial impact on Council Remuneration:

Based on assumptions and proposals, the Mayor's tax rate would increase from 14.49% to 25.4% (an approximate increase of \$12,363 in income tax deductions per year). The Mayor's annual salary would have to increase by approximately \$19,000 in order to absorb the additional income deductions as a result of the salary changing from 66.67% taxable to 100% taxable.

Based the assumptions and proposals, the Councillors' tax rate would increase from 7.35% to 15.49% (an approximate increase of \$3,774 in income tax deductions per year). The Councillors' annual salary would have to increase by approximately \$5,300 in order to absorb the additional income deductions as a result of the salary changing from 66.67% taxable to 100% taxable.

Legal / Risk:

N/A

Program or Service:

N/A

Organizational:

These changes will require some additional Administrative processes for tracking committee work, expense reimbursements, disclosure requirements, and approvals.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

If Council does not wish to support the recommendation, the following alternatives could be considered:

1. That Council accept the report for information and provide their feedback to Administration by May

29, 2017. Administration would then take the provided feedback and return to Council at a later date with additional changes and amendments for consideration.

2. Council could choose not to accept the recommendation. The current policy would remain in force.
3. Council may at this time wish to direct Administration to bring forward policy amendments to adjust to the federal income tax legislation changes and a new bylaw to enable Council Member parental leave:

"That the City Manager bring forward amendments to City Council Policy C-CC-03 City Council Remuneration and Expense Reimbursement to keep Council Members' remuneration whole subsequent to amendments to the Federal Income Tax Act that eliminates the 30 per cent tax free expense allowance in Council Members' and Mayor's remuneration."

"That the City Manager bring forward a proposed bylaw enabling parental leave for Council Members subsequent to the coming into force of provincial legislative amendments to the Municipal Government Act enabling this benefit."

## STRATEGIC CONNECTIONS

### Governance Strategy

Council is committed to ensuring that the City of St. Albert is a responsive, accountable government that delivers value to the community.

### Council Policies, Bylaws or Federal/Provincial statutes

*Income Tax Act* R.S.C., 1985, c. 1

*Municipal Government Act* RSA. 2000 C M-26

Bylaw 22/2011 Council Remuneration Review Committee

Report Date (Council Meeting Date): May 15, 2017

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