

ITEM 3
MANAGER'S REPORT NO. 57
COUNCIL MEETING 1983 09 26

RE: COUNCIL INDEMNITIES - 1984
(Item 7c, Council Meeting 1980 November 17)
(Item 17, Manager's Report No. 45, 1981 September 28)
(Item 6, Manager's Report No. 52, 1982 September 27)

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER
FROM: DIRECTOR FINANCE
RE: COUNCIL INDEMNITIES - 1984
(ITEM 7c, COUNCIL MEETING 1980 NOVEMBER 17)

1983 September 20
File: C65

RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

Council in 1980 November adopted a formula for determining Council indemnities for 1981 and subsequent years.

The formula was used in 1981 to determine 1982 indemnities. In 1982, applying the formula would have caused indemnities in 1983 to increase by 15.3%. Council, however, changed the formula factor, with the result that 1983 indemnities were the same as in 1982.

This report repeats the formula approved in 1980. When the formula is applied to the 1983 expenditure base, 1984 indemnities are projected to increase by 20.1%. Had 1983 indemnities been increased by 15.3%, the 1984 projected increase would be 4.2%.

The policy adopted in 1980 recognized that the Council of the day might wish to change the formula to cushion the impact of unusual or temporary circumstances. Council direction will therefore be required.

REPORT

BACKGROUND

Council on 1980 November 17 adopted the following recommendations for calculating Council indemnities:

ITEM	3
MANAGER'S REPORT NO.	57
COUNCIL MEETING	1983 09 26

"1. THAT Council indemnities for 1981 and subsequent years be established by using the following procedure:

A. That Council responsibility be determined as being that portion of an annual budget less school tax.

B. That Council gross indemnity for 1981 be measured as .0020 of the 1980 annual budget less schools.

More specifically:

1980 gross budget	\$101,678,871
Less school levy	<u>39,726,133</u>
1980 gross municipal - less school	\$ 61,952,738

1981 Council gross indemnity as .0020 of \$61,952,738 = \$123,905

C. That gross Council indemnity for 1981 of \$123,905 be divided into eleven shares which amount to \$11,264 per share.

D. That the Mayor's indemnity for 1981 be apportioned the proceeds of 3.5 shares - \$11,264 x 3.5 = \$39,424.

E. That eight Aldermen share for 1981 the proceeds of 7.5 shares - \$11,264 x 7.5 = \$84,480. \$84,480 divided into eight equal shares is \$10,560 per Alderman.

F. That the Manager bring forward a report at the last Council meeting in 1981 September which would project Council indemnities for 1982 utilizing the same formula as described herein."

The formula uses a percentage of 2/10 of 1% of the budget less school levy to determine the gross annual indemnities. It was determined by examining the relationship that indemnities had to budget over the years 1970 to 1980. The share split was also determined by the trend that existed over that ten year period. The 1980 report recognized the need for flexibility and stated:

"In the event of unusual variations, the Council of the day can adjust for the variations by changing the formula up or down to cushion the impact of any unusual or temporary circumstances. Council could, if it so chose, also adjust the number of shares and the distribution of same."

1983 CALCULATION

The 1983 indemnity calculation presented to Council used a multiplier of .0020, which resulted in a projected increase of 15.3%. Council chose to reduce the multiplier to .00174, which produced an indemnity identical to that of 1982.

1984 CALCULATION

In making the 1984 indemnity calculation, no special adjustments have been taken into account. The basis of the calculation is in accordance with the 1980 formula, i.e. the gross indemnity is measured as .0020 of the 1983 annual budget less the school levy.

A. The budget for which Council is responsible, determined in accordance with the formula, is \$83,489,770.

1983 gross annual budget	\$138,884,768
Less school levy	<u>55,394,998</u>
1983 gross municipal - less school	\$ 83,489,770

The gross annual budget figure shown here is determined in accordance with the reporting methods recommended for municipalities by the Province of B.C. in order to ensure uniform accounting amongst B.C. municipalities. It is the same cost base used to determine the relationship that indemnities had to budget over the years 1970 to 1980.

ITEM.	3
MANAGER'S REPORT NO.	57
COUNCIL MEETING 1983 09	26

- B. The gross Council indemnity based on 2/10 of 1% of \$83,489,770 is \$166,980.
- C. The gross indemnity divided by eleven shares equals \$15,180 per share.
- D. The Mayor's indemnity for 1984 calculated on 3.5 shares @ \$15,180 per share equals \$53,130.
- E. The total Alderman indemnity for 1984 calculated on 7.5 shares @ \$15,180 per share equals \$113,850, divided by eight equal shares equals an indemnity of \$14,231 per Alderman.

INDEMNITY COMPARISON


The 1984 projected indemnities represent an increase of 20.1% over 1983.

	<u>Indemnity</u>		<u>Increase</u>	
	<u>1982 & 1983</u>	<u>1984</u>	<u>\$</u>	<u>%</u>
	<u>Actual</u>	<u>Projected</u>		
Mayor	\$44,247	\$53,130	\$8,883	20.1
Aldermen	11,852	14,231	2,379	20.1

The policy adopted in 1980 recognized that the Council of the day might wish to change the formula to cushion the impact of unusual or temporary circumstances. Council direction will therefore be required.

To the best of my knowledge, there is no existing or proposed legislation which restricts the amount by which indemnities can be increased.

Submitted for the information of Council.



Howard Kaplan
DIRECTOR FINANCE

