

THE CORPORATION OF THE DISTRICT OF BURNABY

COUNCIL INDEMNITY ADVISORY COMMITTEE

HIS WORSHIP, MAYOR COPELAND
AND COUNCILLORS

RE: COUNCIL INDEMNITIES

RECOMMENDATIONS:

1. THAT the Mayor's indemnity be increased to \$68,072.00, effective 1992 January 01.
2. THAT the Councillors' indemnities be increased to \$22,575.00, effective 1992 January 01.
3. THAT the Municipal Solicitor bring down a bylaw to establish Council indemnities, effective 1992 January 01.
4. THAT Council members be provided with an accident insurance policy, on a group insurance basis, as more specifically detailed in this report, effective immediately.
5. THAT Council endorse the continuation of a weighted average formula (Consumer Price Index/Industrial Aggregate Wage/C.U.P.E. Local 23 Increase) for 1993 and 1994 indemnities.
6. THAT Council continue the practice of appointing Council Indemnity Advisory Committees to review and report on the matter of Council indemnities.

R E P O R T

SUMMARY

It has been customary, in the past, for Council to review its annual indemnities and recommend increases based on one of two factors; one being the formula submitted in the early 1980's by the Finance Liaison Alderman and the other being a comparison of indemnities in other local municipalities. Council, in keeping with this procedure, has taken criticism that the method for changing annual indemnities is not rational and should be based on recommendations from a detached and objective body.

The following report provides an account of the process followed by the Council Indemnity Advisory Committee in arriving at a fair and equitable indemnity for Council members. The recommendations submitted are based on current economic conditions and Burnaby's relation to other local governments of comparative size in terms of population, budget and business/economic development. The current economic projections which the Committee based its findings upon were;

1991 Consumer Price Index increase - Vancouver	5.2%
1991 Industrial Aggregate wage increase - B.C.	4.3%
1991 Canadian Union of Public Employees, Local 23 increase	5.5%
Average of the above three indicators	5.0%

INTERNAL DISTRIBUTION:

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AUTHORITY

Section 267 of the Municipal Act provides Council with the authority to set, by bylaw, an annual indemnity and expense allowance. The expense allowance is one-third (1/3) of the total paid and is provided to cover elected officials' expenses incidental to the discharge of their duties. The other two-thirds (2/3) represents the annual indemnity portion of the total payment.

INTRODUCTION

Council, at the regular Council meeting held on 1992 February 24, adopted a report establishing a five member Council Indemnity Advisory Committee to review and report on the matter of Council indemnities.

The Committee's composition was determined by using the City of Richmond Council Indemnity Task Force model as a guide where a broad representation from the local community was selected.

Accordingly, the members of the Burnaby Council Indemnity Advisory Committee are as follows:

Chairman: Mr. John Zupan, Manager
(Chartered Bank)

Members: Mr. George R. Kawaguchi
(Volunteer Based Community
Organization)

Mr. Donald Rankin
(Chamber of Commerce)

Mrs. Anne Harvey
(Organized Labour)

Mr. Norm Rolston
(Local Business)

The terms of reference, subsequently adopted by the Executive Committee of Council, are provided as Appendix I attached to this report.

REVIEW PROCESS

The Council Indemnity Advisory Committee met on four separate occasions during which the Committee familiarized itself with the indemnity policies and procedures in both Burnaby and other Lower Mainland municipalities.

Dr. Ian Shaw, Member and Chief Spokesperson of the City of Richmond Task Force on Council Indemnities attended the second meeting of the Committee and basically provided an overview of the process followed by the Task Force in formulating recommendations for Richmond City Council indemnities.

A wide range of background material was examined and this material has now been consolidated into a comprehensive package which is available for review in the office of the Municipal Clerk. This material includes:

- . 1992 taxable amount of assessed value on property
- . Council indemnity increases 1981 through 1991
- . U.B.C.M. Annual Survey - Municipal Council indemnities and Travel Expense Allowances - 1991 September
- . copy of Executive Committee reports to Council recommending 1991 Council indemnities and subsequently amending 1991 Council indemnities

- . copy of Finance Liaison Alderman's 1980 report to Council recommending a formula to determine Council indemnities for 1981 and subsequent years
- . copy of 1988 report from Richmond staff to Richmond Council recommending appointment of a citizen task force to review elected officials stipends
- . copy of Richmond Task Force report on Council indemnities, 1989 June 13
- . copy of report to Mayor and Aldermen, District of Coquitlam from the Committee appointed to examine Council indemnities and expense allowances
- . salary data on Burnaby Senior Exempt staff
- . average weekly earnings statistics, public/local administration, 1983 through 1991
- . salary comparisons - Senior Exempt, C.U.P.E., Fire - 1978 through 1991
- . comparison of Aldermen's compensation (expressed as a percentage of Mayor's indemnity) - Vancouver, Surrey, Richmond, Port Coquitlam, Coquitlam, Burnaby - 1991
- . memorandum from Burnaby Municipal Accountant responding to Committee inquiries regarding previous Council indemnity formulae, allowable benefits, maximum daily expense allowance
- . copy of City of Richmond's Council Indemnity Task Force Executive Summary 1992 February 10 and materials considered by the Task Force in its review
- . memo from Secretary, Council Indemnity Advisory Committee providing response to survey of 15 B.C. municipalities questioning if Council members have some form of job description
- . copy of Fax letter from Association of Municipalities of Ontario regarding job descriptions for Councillors
- . letter from City of Toronto regarding job descriptions for Councillors
- . copy of City of Richmond Council Indemnity Bylaw No. 5921, 1992 - Finally Adopted 1992 July 13

In addition to the analysis of the listed materials, the Committee prepared and distributed a questionnaire to all Council members requesting information on the hours spent on municipal business, a breakdown of those hours, factors that may impact the number of hours spent, compensation and benefits.

For reasons of confidentiality it should be noted that the individual responses of Council members to the questionnaire, as well as the salary data on senior exempt staff have not been included in the material available in the Municipal Clerk's Office.

METHODOLOGY

In concluding examination of the material it became evident to the Committee that a number of important factors must to be taken into consideration in order to determine the most fair and equitable compensation package for Council members. These factors included:

- . the position of Mayor has, over the past 10 years, been a full-time position averaging 50 to 60 hours per week, well in excess of the average work week for employees but commensurate with many executive positions.

- . the public perception of a Councillor position is that it is a part-time position however, the Councillors' workload increased immensely when the municipality moved to a committee system and required Councillors to take a larger role in civic administration. In late 1991 Council recognized this trend and amended the Council indemnities to reflect the increased workload.
- . not all Councillors contribute the same number of hours per week, however the majority of Councillors are presently spending between 20 - 30 hours per week on Council business. This amounts to another practically full-time position on top of their regular employment and inevitably impacts normal working hours with a consequent loss of income and working time.
- . based on the current time commitments of a Councillor position, the rate of growth of the municipality and the increasing complexity of Council decision-making on a broader and diversified spectrum of local issues, it must be recognized that it may be necessary in the near future to reclassify the elected Councillor position to a full-time one and increase the compensation accordingly.
- . an additional argument for making the position a full-time one is that access to Councillor positions at present is limited in practical terms, to people who are self-employed or retired because working people are unable to obtain time off work during the day, or forego the loss of income entailed. If Councillors became full-time it would enable a wider spectrum of Burnaby residents to run for civic office and participate at a decision-making level on Municipal Council.
- . in that case the ratio of 33.16 (representing a Councillor's indemnity expressed as a percentage of the Mayor's indemnity) which has been consistently used over the past years will require a significant increase to reflect the increasing demands of the position.
- . population, budget and business/economic development in Burnaby. Burnaby ranks third to Vancouver and Surrey respectively and therefore a logical salary structure must be in line with this ranking
- . the current policies for loss of wage provision and maximum daily expense allowance. (The Committee is of the opinion that the current policies are acceptable by today's standard and have therefore recommended no changes)
- . benefits other than financial remuneration. It was noted that there is an absence of benefits other than salary. While it is recognized that medical and pension benefits for Council members has merit, the Municipal Act does not provide authority to offer these benefits

BENEFITS

Accident Insurance

Section 259 (c) of the Municipal Act states in part:

"Without restricting the generality of Section 252, the Council may by bylaw provide the whole or a part of the premium for

- (c) an accident insurance policy insuring members of the council, a civic commission, the advisory planning commission or the board of variance, on a group insurance basis, against accident while on official business for the municipality."

Following is the result of a random survey of several Lower Mainland municipalities regarding accident insurance coverage for Council members:

Vancouver - \$150,000 AD&D
Richmond - \$150,000 AD&D
Surrey - \$ 50,000 AD&D - Under review
Delta - Additional insurance as required
Coquitlam - No policy
North Vancouver District - \$150,000 AD&D

Staff have received quotes from Seaboard Life Insurance Company for accidental death and dismemberment (AD&D) coverage on an occupational basis for Council members as follows:

<u>Principle Sum</u>	<u>Total Annual Policy Premium (9 Council Members)</u>
\$100,000	\$200.00
\$200,000	\$400.00
\$300,000	\$600.00

It is therefore the Committee's recommendation that Council members be insured against accidents while on official business for the municipality and that such policy provide for a \$150,000.00 principal at a total cost of \$300.00 per year.

JOB DESCRIPTION FOR COUNCIL MEMBERS

The role of an elected representative at the local government level varies greatly from municipality to municipality and from individual to individual. In spite of this, the Committee still considered that some form of job description defining the basic duties and responsibilities should be examined.

Staff conducted a survey of 15 B.C. municipalities and the City of Toronto inquiring if a job description was in place and the response was negative. However, the City of Toronto referred this question to the Association of Municipalities of Ontario who provided a copy of an excerpt from a paper entitled "So Now You're A Councillor, What Do You Do". This paper attempts to simplify discussion of the topic by grouping various activities of Councillors into three broad roles: the representative role, the policy making role and the managerial role. The following was provided as what might describe the basic duties and responsibilities of a Councillor:

- . IDENTIFY PUBLIC VIEWS AND CONCERNS
- . ESTABLISH MUNICIPAL PRIORITIES
- . ADOPT ANNUAL BUDGETS
- . STAFF THE ORGANIZATION
- . INITIATE AND ADOPT POLICIES
- . MONITOR STAFF PERFORMANCE
- . COMMUNICATE WITH THE PUBLIC

Although these are very broad guidelines the Committee feels that, should the UBCM be encouraged to take a leadership role in addressing this matter, it would be a helpful tool, particularly for newly elected officials.

SUMMARY

The recommended indemnities effective 1992 January 01 are:

	<u>Indemnity(2/3)</u> \$	<u>Expenses(1/3)</u> \$	<u>Total</u> \$
Mayor	45,382	22,690	68,072
Each Councillor	15,050	7,525	22,575

The following is a comparison between the indemnities paid by Burnaby and other local communities. The asterisks (*) indicates 1992 indemnity rates and the relative ranking of the six cities surveyed is shown in brackets.

	<u>Mayor</u> \$	<u>Councillor</u> \$	<u>Population</u>	<u>Assessment</u> Millions \$
Vancouver	72,451 (1)	31,878 (1)	471,844 (1)	56,956 (1)
Surrey	68,916 (2)	25,318 (2)	256,000 (2)	14,235 (2)
Burnaby	64,830 (3)	21,500 (3)	158,858 (3)	12,828 (3)
Coquitlam	63,176 (4)	18,953 (5)	85,150 (5)	5,346 (5)
Richmond	*62,568 (5)	*22,246 (4)	130,000 (4)	8,221 (4)
Port Coquitlam	*45,810 (6)	*15,270 (6)	38,754 (6)	2,068 (6)

CONCLUSION

The task of reviewing and recommending appropriate rates of compensation for elected officials is a sensitive one at any level of government. The Committee is of the opinion that a citizen-appointed Committee system serves the community well in that it provides an unbiased and objective response to a somewhat delicate situation.

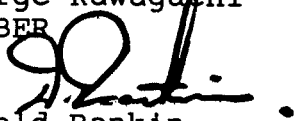
It also became readily apparent to Committee members that Burnaby Council provides a significant contribution to the community in terms of their dedicated commitment to public service and should be recognized accordingly.

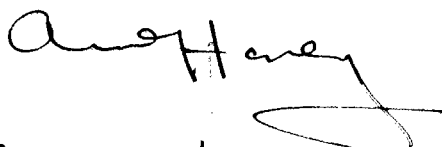
After careful consideration of all factors involved, the Committee is confident that the recommended increases in indemnities for Burnaby's elected officials is in keeping with the expectations of Council members and the citizens of Burnaby. The Committee extends its appreciation to Council for providing them the opportunity to participate in this process.

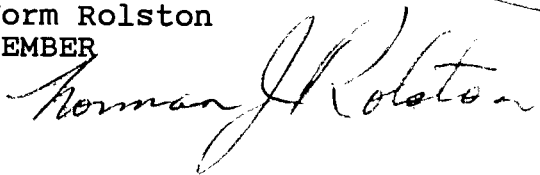
The Committee also acknowledges with thanks the efforts of staff in providing support and assistance throughout the review.


John Zupan
CHAIR

George Kawaguchi
MEMBER


Donald Rankin
MEMBER

Anne Harvey 
MEMBER

Norm Rolston
MEMBER 

COUNCIL INDEMNITY ADVISORY COMMITTEE

TERMS OF REFERENCE

- A. To review and report on the matter of Council indemnities, using as research material information available from all or any of the following sources;
1. Union of British Columbia Municipalities (U.B.C.M.)
 2. Greater Vancouver Regional District (G.V.R.D.)
 3. Municipalities of similar size
 4. Private sector sources
 5. Questionnaires circulated to Council members
 6. Interviews with Council members and/or Executive Committee of Council.
- B. To examine all forms of compensation including fringe benefit packages that may be available to Municipal Council members.
- C. To make recommendations, in the final report to Council, on a fair and suitable indemnity for the Mayor and Aldermen for the 1992 calendar year.
- D. To complete the task and report to Council within 90 days from the date the Committee first meets.
- E. To make use of adequate Municipal staff resources, including clerical support, that may be necessary in order for the Committee to complete its task.

(ADOPTED BY EXECUTIVE COMMITTEE
1992 APRIL 06)

