

REPORT  
2008 February 11

CITY OF BURNABY  
COUNCIL INDEMNITY ADVISORY COMMITTEE

HIS WORSHIP, THE MAYOR  
AND COUNCILLORS

RE: REVIEW OF COUNCIL INDEMNITIES

**RECOMMENDATIONS:**

1. That the current weighted average formula, utilizing the Consumer Price Index – Vancouver, the Industrial Aggregate Wage increase – BC and the CUPE Local 23 increase, be continued as the basis for automatic, annual Council indemnity increases, unless Council, by resolution, directs otherwise.
2. THAT a review of the Council indemnity and benefit package be conducted every three years by a Council Indemnity Advisory Committee appointed by Council unless Council, by resolution, directs otherwise.
3. THAT the Acting Mayor allowance provided to members of Council when serving in that capacity be continued at the annual rate of 10% of the monthly Councillor indemnity.
4. THAT in addition to attendance at the Annual UBCM and FCM Conferences, and newly elected officials seminars, a self-initiated education allowance in the amount of \$3,000 to be expended over the three year term be provided to each member of Council and any expenditures from the fund be reported annually to Open Council.
5. THAT the Mayor be provided with an annual budget not to exceed \$5,000 to cover hosting expenses in the conduct of City business, including the authority to delegate use of this budget to Councillors and that expenditures from this budget be reported annually in Open Council.
6. THAT the current group life insurance coverage of \$50,000 for the Mayor and Councillors be increased to two times their respective annual indemnities.
7. THAT the issue of a severance allowance for members of Council be the subject of a future review.
8. THAT staff be authorized to prepare a bylaw to establish Council indemnities and compensation effective January 1, 2007.

Copied to: City Manager Director Finance
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## **REPORT**

In August of 2007, Council appointed a Council Indemnity Advisory Committee consisting of three members, Diane Wood, Ed Jaskula, and Russ Read, to review Council's indemnity package. The Committee examined all forms of compensation available to Lower Mainland municipal elected officials including benefits.

The Committee's first meeting was held on 2007 October 10 and a total of eight meetings were held to develop the recommendations contained in this report.

## **REVIEW PROCESS**

To conduct the review necessary for this task the Committee requested and was provided a significant amount of research material. The Committee examined:

- Historical documents including the report of the 2001 Burnaby Council Indemnity Advisory Committee
- Schedules of Burnaby Mayor and Councillor Indemnities and Expenses for previous years
- 2006 Burnaby Council Indemnity Bylaw
- Community Charter
- Provisions of the Income Tax Act pertaining to statutory exemption for a portion of the Council Indemnities
- Public and private sector wage settlement data from Human Resources and Social Development Canada
- Burnaby staff salaries and benefits
- Burnaby census information from Statistics Canada providing population breakdown by age and source of total income
- Detailed information pertaining to Council indemnities and expenses in the five largest Lower Mainland municipalities.
- Information regarding Council benefits in Lower Mainland municipalities.
- Comparative information utilizing an average of Old Age Security (OAS) and Canada Pension Plan (CPP) increases from 2001 forward.

In addition, the Committee designed a questionnaire for Council to respond as to their workload, duties, and compensation. Seven out of nine members of Council including the Mayor were also interviewed by the Committee to discuss these and other matters.

## **ANALYSIS**

During the Committee's review of information from all the above sources, it became evident there were several significant issues to be evaluated in order to determine a fair and equitable total compensation package for Council members. These issues include, but are not limited to the following:

1. During the interview process, some Councillors requested that the Committee consider using additional or other factors such as Old Age Security, Canada Pension Plan, or welfare rate increases in the formula to determine Council indemnities. The Committee determined the complexity and variety of benefits under the welfare system and the relatively small proportion of the population impacted by OAS/ CPP (13.8%) made it less applicable as a basis for calculating Council indemnities. Further, the Committee noted the use of Old Age Security and Canada Pension Plan increases would have resulted in very little change to the indemnities. Accordingly, the Committee is recommending the current weighted average formula, utilizing the Consumer Price Index – Vancouver, the Industrial Aggregate Wage increase – BC and the CUPE Local 23 increase be continued as the basis for automatic annual Council indemnity increases unless Council, by resolution, directs otherwise. *(Reference Recommendation 1)*
2. The Committee reviewed the “Acting Mayor” compensation provided to Councillors. Currently, Council members receive an additional 10% of the Councillor’s annual indemnity when they are assigned “Acting Mayor” duties on a rotational basis.  
  
The Committee noted that the practices in other municipalities range from 10% of the Mayor’s salary to a fixed rate. All interviewed members of Council supported the current remuneration for “Acting Mayor.” The Committee is not recommending any change to the current practice. *(Reference Recommendation 3)*
3. The Committee discussed the possibility of establishing an education allowance for each member of Council to further develop their skills in governing the City. A majority of Council members interviewed were in favour of a budget allocation for educational purposes. The Committee is recommending that a self-initiated education allowance in the amount of \$3,000 to be expended over the three year term be provided to each member of Council and any expenditures from the fund be reported annually to open Council. This allowance would be for educational opportunities over and above those provided at UBCM or FCM conferences and the newly elected officials seminar. In addition, procedures will need to be developed to support and appropriately account for the use of this proposed allowance. *(Reference Recommendation 4)*
4. The Committee reviewed the cost for members of Council to attend local events and purchase items such as fundraising tickets at those events. The Committee noted that the dollar value of the 1/3 non-taxable benefit has increased over the years and is intended to cover such costs. The Committee also noted that members of Council are eligible to receive recreation passes. Accordingly, the Committee is not recommending any changes relating to the reimbursement of costs for members of Council to attend local events.
5. The Committee reviewed the car allowances provided to Mayors in the six largest Lower Mainland municipalities. As a result of this review, the Committee is not recommending any changes to Burnaby’s existing car allowance policy for the Mayor.

6. The Committee reviewed City travel policy regarding the use of economy flights for air travel. The Committee concluded that this matter is beyond the scope of their mandate and suggested an internal review of City travel policy would be appropriate.
7. Regarding the matter of efficiencies to assist members of Council in their work, the Committee urged the City continue to work towards having all members of Council use the technologies available to them, particularly electronic communication.
8. The Committee reviewed the matter of the Mayor's expenses related to hosting guests of the City. Under current policy, reimbursement for hosting expenses requires that these expenses be pre-approved through a resolution of Council.

The Committee is recommending the Mayor be provided with an annual budget not to exceed \$5,000 to cover hosting expenses in the conduct of City business, including the authority to delegate use of this budget to Councillors and that expenditures from this budget be reported annually in Open Council. Further, the Committee suggests the budget amount be reviewed annually and amended, if needed, to more accurately reflect actual requirements.

The Committee noted that a formal policy will need to be established regarding use of this budget. In accordance with Section 168 of the Community Charter, these expenses will be reported annually at an Open Council meeting. The Committee noted such expense allowances are common practice in other Lower Mainland municipalities. *(Reference Recommendation 5)*

9. The Committee reviewed the current life insurance coverage of \$50,000 paid for by the City for the Mayor and each Councillor. The Committee is recommending that the current group life insurance coverage for the Mayor and Councillors be increased to two times their respective annual indemnities which is the same coverage the City provides for most of its employees (two times the annual salary).

The Committee noted that the Mayor and Councillors can also opt to purchase additional insurance coverage in the same fashion as City employees. *(Reference Recommendation 6)*

10. The Committee discussed the frequency of reviews of the Council indemnity and benefit package and noted that the last review was undertaken in 2001. The Committee believes that six years between reviews is inconsistent with good governance. Accordingly, the Committee is recommending that a review of the Council indemnity and benefit package be conducted every three years by a Council Indemnity Advisory Committee appointed by Council, unless Council, by resolution, directs otherwise. *(Reference Recommendation 2)*
11. During the interview process, the issue of a severance allowance was discussed. The Committee was advised that the City of Surrey recently approved a severance allowance for members of Council. The amount of the Surrey severance allowance is equivalent to the contribution Surrey makes, on behalf of its employees, to the Superannuation plan.

The Committee noted, however, that the City of Surrey does not provide a retirement allowance for members of Council, whereas the City of Burnaby does. The retirement allowance provided by the City of Burnaby is calculated on the same basis as the severance allowance provided by the City of Surrey.

The Committee believes this newly identified issue of severance allowance requires additional research and investigation. Accordingly, the Committee is recommending that this issue be the subject of a future review. (*Reference Recommendation 7*)

### **SUMMARY**

In recognition of the foregoing analysis, the Committee's conclusions are re-iterated below:

- ◆ That the current weighted average formula be continued as the basis for automatic annual Council indemnity increases unless Council, by resolution, directs otherwise.
- ◆ That a review of the Council indemnity and benefit package be conducted every three years by a Council Indemnity Advisory Committee appointed by Council unless Council, by resolution, directs otherwise.
- ◆ That the Acting Mayor benefit provided to Councillors when assuming that position be continued at the rate of 10% of the monthly Councillor indemnity.
- ◆ That in addition to attendance at the Annual FCM and UBCM Conferences and newly elected officials' seminar, a self-initiated education allowance in the amount of \$3,000 to be expended over the three year term be provided to each member of Council and any expenditures from the fund be reported annually to Open Council.
- ◆ That the Mayor be provided with an annual budget not to exceed \$5,000 to cover hosting expenses in the conduct of City business, including the authority to delegate use of this budget to Councillors and that expenditures from this budget be reported annually in Open Council.
- ◆ That the current group life insurance coverage of \$50,000 for the Mayor and Councillors be increased to two times their respective annual indemnities.
- ◆ That the issue of a severance allowance for members of Council be the subject of a future review.

The formula for the weighted average increase in 2007 is recommended as:

2006 Consumer Price Index – Vancouver.....	2.62 %
2006 Industrial Aggregate wage increase – BC.....	3.83 %
2006 CUPE Local 23 increase.....	2.88 %
Average of above.....	3.11 %

The recommended indemnities effective 2007 January 1 are as follows:

Mayor: \$92,857  
Councillors: \$41,271

The following is a comparison of the indemnities paid by Burnaby and other Lower Mainland municipalities in 2006:

	<i>Indemnity</i>	<i>Retirement Allowance/ Severance</i>	<i>TOTAL</i>
<b><u>Mayor</u></b>			
Vancouver (Gross)	119,042		119,042
Surrey	98,701	8,794	107,495
Burnaby	90,057	8,024	98,081
Vancouver (Grossed down)*	96,655		96,655
Richmond	85,795		85,795
Delta	82,692		82,692
<b><u>Councillors</u></b>			
Vancouver (Gross)	52,441		52,441
Surrey	53,273	4,746	58,019
Burnaby	40,026	3,566	43,592
Vancouver (Grossed down)*	42,580		42,580
Richmond	36,253		36,253
Delta	31,253		31,253

\* Vancouver adjusted to the equivalent of 1/3 non-taxable indemnity

† Coquitlam has not been used as a comparator as their indemnities are at significant variance with other BC municipalities

*Note: These figures reflect only the 2006 base indemnity, severance and retirement allowance provisions for each municipality.*

In closing, the Committee wishes to acknowledge and express appreciation to City staff for their support and assistance in conducting this review.

Respectfully submitted,

Diane Wood, Chair

Ed Jaskula, Member

Russ Read, Member