

# CORPORATE REPORT

NO: R147 COUNCIL DATE: July 27, 2009

#### **REGULAR COUNCIL**

TO: Mayor & Council DATE: June 26, 2009

FROM: City Solicitor and FILE: 0530-01

General Manager, Finance &

**Technology** 

**SUBJECT:** Vehicle Expense Reimbursement for City Councillors

### RECOMMENDATION

It is recommended that Council approve amendments, as detailed in Appendix A to this report, to "City Policy D-15 – Expense Policy for Council Members" to provide a per-kilometre vehicle reimbursement rate for Councillors' use of their personal vehicles for City-related business.

#### **INTENT**

The purpose of this report is to obtain Council approval of amendments to "City Policy D-15 – Expense Policy for Council Members" (the "Expense Policy") to implement a per-kilometre vehicle expense reimbursement rate for the Councillors' use of their personal vehicles for City-related business.

### **BACKGROUND**

Council at its meeting of May 25, 2009 directed that staff prepare a report for Council's consideration that recommends adjustments to the current Councillor expense reimbursement policy to include a per-kilometre reimbursement rate for the Councillors' use of their private vehicles while on City-related business.

### **DISCUSSION**

The City of Surrey's employees receive a per-kilometre reimbursement when they use their personal vehicles for City-related business. This reimbursement rate is established to cover all of the maintenance, operating and capital costs related to the business use of their personal vehicle, including "business-use" vehicle insurance.

Canada Revenue Agency ("CRA") considers such reimbursements to be non-taxable as long as the per-kilometre reimbursement rate is reasonable. CRA prescribes in the *Income Tax Regulations* a per-kilometre rate that is considered to be reasonable. This rate is adjusted by CRA from time to time to reflect vehicle expenses based on current market conditions.

For this reimbursement to be treated as non-taxable, the claimant must submit regular detailed accounting of the actual trips taken and kilometres driven. These records are retained by the City and provided to CRA auditors as required.

Appendix A to this report details the recommended amendments to the Expense Policy. The amendments include an effective date for the amendments of January 1, 2009.

### **CONCLUSION**

Based on the above discussion, it is recommended that Council approve amendments, as detailed in Appendix A to this report, to "City Policy D-15 – Expense Policy for Council Members", to provide a per-kilometre vehicle reimbursement rate for Councillors' use of their personal vehicles for City-related business.

CRAIG MacFARLANE City Solicitor VIVIENNE WILKE General Manager, Finance & Technology

CM:mlg

Appendix A – Recommended Changes to City Policy D-15 – Expense Policy for Council Members

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### APPENDIX A

# RECOMMENDED CHANGES TO CITY POLICY D-15 – EXPENSE POLICY FOR COUNCIL MEMBERS

# SECTION 2: COSTS NOT ELIGIBLE FOR REIMBURSEMENT WITHOUT A COUNCIL RESOLUTION

### **Currently Reads**:

2.1 (vii) Transportation costs within Surrey, other than for the vehicle provided for the use of the Mayor;

# Recommended Change:

2.1 (vii) Transportation costs within Surrey, other than travel specifically outlined in Section 3.2;

# **SECTION 3: TRANSPORTATION**

# **Currently Reads**:

# 3.2 Travel by Own Vehicle

Travellers may, subject to Section 3.1, claim vehicle mileage for the distance travelled based on the City's prevailing rate for mileage reimbursement.

### **Recommended Change:**

# 3.2 Travel by Own Vehicle

For the use of their personal vehicle for travel to and from meetings and events related to City business and subject to Section 3.1, Councillors may claim the City of Surrey per-kilometre vehicle reimbursement rate, which is based on the Canada Revenue Agency income tax regulations.