

NO: R028

COUNCIL DATE: **February 6, 2017**

REGULAR COUNCIL

TO: Mayor & Council **DATE: February 1, 2017**

FROM: General Manager, Finance & Technology **FILE: 0560-01**
General Manager, Human Resources

SUBJECT: Council Policy - Council Indemnity and Benefits D-36
Council Policy - Expense Policy for Council Members D-15
Review and Update

RECOMMENDATION

The General Manager, Finance & Technology, and the General Manager, Human Resources recommend that Council:

1. Receive this report as information;
2. Amend existing Council Policy D-36 – Compensation Formula;
3. Amend existing Council Policy D-15 – Expense Policy for Council Members; and
4. Approve the implementation of indemnity and benefit changes resulting from the amendments to Council Policy D-36.

INTENT

In 2015-2016, some lower mainland municipalities evaluated the competitiveness of the structure of their Council indemnities. Since the current City of Surrey Council Indemnity Policy was first established in 1997 (amended in 2000), it is timely to review and update the existing Council Compensation Formula Policy D-36 (Appendix “I”).

Relative to the review, an amendment to Expense Policy for Council Members D-15 (Appendix “II”) is required. Staff is seeking Council’s direction and approval of the amended Council Policy D-36 (Appendix “III”) and amended Council Policy D-15 (Appendix “IV”).

BACKGROUND

In or about 1997, the Council of the time worked with a compensation consultant (KPMG) to review and update the Council Indemnity structure. That Council approved the indemnity structure, which forms the basis of the current indemnities provided to Council.

The current Council Indemnity structure is summarized in the following table:

	2017 Indemnity
Mayor	\$130,195
Councillor	\$65,874
Acting Mayor	\$95.03 per day

One third (1/3) of the City of Surrey Council Indemnity is provided on a tax-free basis as permitted by the Canada Revenue Agency (CRA).

DISCUSSION

In 2016 staff, worked with Mercer (Canada) Limited (a global leader in compensation consulting) to undertake a market analysis to evaluate and potentially provide information to update Council Policy D-36. Mercer’s report is contained in Appendix “V”.

Working with Mercer, staff confirmed a suitable group of comparators for Council Indemnity comparison. The focus was on Western Canada and Ontario municipalities of similar size and complexity. Page 7 of Appendix “V” summarizes Mercer’s findings on other Council indemnities.

To evaluate changes to the City’s current indemnity payment structure, the compensation data from the comparator municipalities was sized to ensure applicability to the City of Surrey. Mercer recommended utilizing operating budget as the appropriate sizing criteria using linear regression.

Additional information was also provided on the councillor to population ratio.

City	# of Councillors	Population	Resident per Councillor
Calgary	14	1,230,000	87,857
Edmonton	12	899,447	74,953
Mississauga	11	766,000	69,636
Surrey	8	526,275	65,784
Toronto	44	2,790,000	63,409
Vancouver	10	603,502	60,350
Brampton	10	523,911	52,391
Winnipeg	15	718,400	47,893
Ottawa	23	870,250	37,837
Burnaby	8	223,218	27,902
Richmond	8	213,891	26,736
Kelowna	8	123,500	15,438
Victoria	8	83,000	10,375

Mercer concluded:

Indemnities

- **Councillor Indemnity** - It was determined that the City of Surrey's operating budget is aligned with the 45th percentile of the market data. Based on the linear regression analysis, the appropriate annual Councillor Indemnity is \$71,660 per year. The 2017 City of Surrey Councillor Indemnity is \$65,874 (which is a gap from market of \$5,786 or 8.8%).
- **Mayor Indemnity** - The City's practice has been to maintain a standardized gap between Councillor and Mayor Indemnities of 51.0% (the Councillor Indemnity is 51.0% of the Mayor's Indemnity). Municipalities have a variety of different methods for determining the Mayor's Indemnity. The City of Surrey's practice is typical.
- **Acting Mayor Indemnity** - The City's practice with respect to paying a premium for Councillors filling the Acting Mayor role is typical.

Benefits

Appendix "V" also contains benefit information provided by Mercer from a 2015 City of Vancouver Council Compensation Review (note that the statistics in this document include the City of Surrey data; commentary on the results includes the City of Surrey's data). In summary, Mercer found:

- **Provincial Health** -- Where provincial health insurance requires payment of a premium, 4 of 6 organizations pay 100% of the premium. The City of Surrey does not pay this premium for Council.
- **Basic Life Insurance** -- 12 of 12 organizations provide basic life insurance and 9 of the 12 pay 100% of the premium. The City of Surrey offers this benefit and pays 100% of the premium for Council.
- **Dependent/ Spousal Life Insurance** -- 8 of 12 organizations provide dependent/spousal life insurance. 7 of the 8 organizations do not cover any portion of the premium. The City of Surrey does not provide this benefit to Council.
- **Accidental Death & Dismemberment** -- 11 of 12 organizations provide Accidental Death & Dismemberment coverage. 10 of 11 organizations pay 100% of the premium. The City of Surrey offers this benefit and pays 100% of the premium for Council.
- **Short Term Disability** -- 5 of 12 organizations provide short-term disability coverage. The City of Surrey does not provide this benefit to Council.
- **Long Term Disability** -- 7 of 12 organizations provide long-term disability coverage. The City of Surrey does not provide this benefit to Council.
- **Extended Health** -- 11 of 12 organizations provide extended health coverage. 7 of the 11 organizations pay 100% of the premium. The City offers this benefit to Council but does not cover the premium.
- **Dental** -- 12 of 12 organizations provide dental coverage. 6 of 12 organizations pay 100% of the premium. The City offers this benefit to Council but does not cover the premium.

Vehicle Allowances

Staff asked Mercer's to review Market Practices on Vehicle Allowances for Council (Appendix VI"). In summary, Mercer found:

Mayor

- 9 of 11 municipalities provide a vehicle allowance to the Mayor.
- The median annual value of the allowance is \$13,600.
- Surrey provides the Mayor with an annual vehicle allowance of \$14,580 (1/3 tax free).

Councillor

- 7 of 11 municipalities provide a vehicle allowance to Councillors.
- The median annual value of the allowance is \$9,400.
- Surrey provides Councillors with \$0.55 per kilometer which is tax free.

Summary of Findings

- **Benefits** - Overall, the current City practice of requiring Council to pay the full cost of MSP, extended health and dental benefits is not typical to other similar sized municipalities.
- **Vehicle Allowance** - Overall, the current City practice of reimbursing Councillors for mileage driven for Council purposes is not typical.

Staff used the information provided by Mercer to update Council Policy D-36 and to determine if adjustments were required to the current Council Indemnity structure.

Recommended Council Indemnity Actions

- **Councillor Indemnity** - Effective February 6, 2017, increase the Councillor Indemnity to \$71,660 per year. This change will increase City costs by \$46,288 per year. There is funding available in the 2017 budget to cover this cost.
- **Mayor Indemnity** - Staff proposes to retain the traditional relationship between the Mayor and Councillor Indemnity rates. Therefore, effective February 6, 2017, staff will increase the Mayor Indemnity to \$140,510. This change will increase City costs by \$10,315. There is funding available in the 2017 budget to cover this cost.
- **Acting Mayor Indemnity** - In alignment with the other indemnity increases and to maintain proportional relationships, it is recommended that the Acting Mayor Indemnity increase to \$103.33 per day. The change will increase City costs by \$3,030. There is funding available in the 2017 budget to cover this cost.
- **Benefits** - It is recommended that the City maintain the current structure of benefit programs for Council, but effective February 6, 2017, the City will cover the cost of the MSP, extended health and dental benefit coverage for all Council members. This change will increase City costs by an estimated \$34,650 per year. There is funding available in the 2017 budget to cover this cost.

- **Vehicle Allowance** – Amend Council Policy D-15 by ceasing the mileage allowance and adding a Councillor Vehicle Allowance of \$7,435 per year to Council Policy D-36. This Councillor Vehicle Allowance is set at 51% of the Mayor’s current Vehicle Allowance. This change will increase City cost by an estimated \$47,315 per year. There is funding available in the 2017 budget to cover this cost.

CONCLUSION

The General Manager, Finance & Technology, and the General Manager, Human Resources recommend that Council:

- Receive this report as information;
- Amend existing Council Policy D-36 – Compensation Formula;
- Amend existing Council Policy D-15 – Expense Policy for Council Members; and
- Approve the implementation of indemnity and benefit changes resulting from the amendments to Council Policy D-36 and D-15.

Vivienne Wilke
General Manager, Finance &
Technology

Nicola Webb
General Manager, Human Resources

Appendix “I”: Council Policy D-36 – Compensation Formula (Current)
Appendix “II”: Council Policy D-15 – Expense Policy for Council Members (Current)
Appendix “III”: Council Policy D-36 – Council Indemnity and Benefits (Revised)
Appendix “IV”: Council Policy D-15 – Expense Policy for Council Members (Revised)
Appendix “V”: Mercer’s – Council Compensation Review – City of Surrey December 14, 2016
Appendix “VI”: Mercer’s Vehicle Allowance Comparison



CITY POLICY

No. D-36

REFERENCE:

REGULAR COUNCIL MINUTES
14 OCTOBER 1997
PAGE 12

APPROVED BY:

CITY COUNCIL

DATE: 14 FEB 2000 (RES.R00-349)

HISTORY: 14 OCT 1997 (RES. R97-2948)

TITLE: COUNCIL POLICY - COMPENSATION FORMULA

1. Councillors' base indemnity be changed to the same rate as the average employment income for full-time employees in the City of Surrey as reported from time to time by Statistics Canada.
2. The formula for annual review between reports of Statistics Canada be based on the Industrial Aggregate wage increase for BC/Vancouver.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.



CITY POLICY

NO. D-15

REFERENCE:

REGULAR COUNCIL MINUTES
27 JULY 2009

APPROVED BY: CITY COUNCIL**DATE:** 16 May, 2016 (Res.R16-960 – R109)

HISTORY: 27 July 2009 (RES.R09-1430 – R147)
29 Nov 2004 (RES.R04-3237 - R281)
28 JAN 2002 (RES.R02-207 - R017)
9 JAN 1978; 28 JAN 1991;
4 FEB 1991; 27 FEB 1995
Originally called D-10

TITLE: EXPENSE POLICY FOR COUNCIL MEMBERS**SECTION 1: APPROVALS REQUIRED**

- 1.1 Expenditures – Requiring / Not Requiring Council Resolution

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

- 2.1 Costs Not Eligible
2.2 General Manager, Finance May Approve Advances

SECTION 3: TRANSPORTATION

- 3.1 Means of Travel
3.2 Travel by Own Vehicle
3.3 Travel by City-Owned or City-Leased Vehicle
3.4 Travelling as a Group by Vehicle
3.5 Class of Air Travel
3.6 Air Porter, Taxi, and Parking
3.7 Rental Vehicles
3.8 Travel Insurance and Passports
3.9 Combining Business Travel with Personal Travel
3.10 Spousal or Partner Travel

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

SECTION 4: ACCOMMODATION, MISCELLANEOUS REIMBURSABLE EXPENSES, AND PER DIEM ALLOWANCE

- 4.1 Class of Accommodation
- 4.2 Telephone Calls and Miscellaneous Business Services and Supplies
- 4.3 Cleaning Expenses
- 4.4 Registration Fees and Business Meals
- 4.5 Full Day Per Diem Allowance for Overnight Travel
- 4.6 Prorated Per Diem Allowance
- 4.7 Expenses Covered by the Per Diem Allowance

SECTION 1: APPROVALS REQUIRED

1.1 Expenditures – Requiring / Not Requiring Council Resolution

		NO RESOLUTION REQUIRED	RESOLUTION REQUIRED
TRIPS/CONFERENCES/ SEMINARS/COURSES/ BUSINESS MEETINGS OUTSIDE SURREY.	Mayor	Pre-authorized to expend up to \$900 per event.	Over \$900 per event.
	Councillor	Each Councillor is pre-authorized to expend up to \$450 per event.	Over \$450 per event.
RECEIVE, ENTERTAIN OR HONOUR AT CITY EVENTS	Mayor	For attendance at events where all members of Council are invited	
	Councillor		
ANNUAL AGGREGATE PRE-AUTHORIZED LIMITS	Mayor	Pre-authorized to spend a total maximum aggregate amount of \$12,000 per year for all of the above categories combined.	For each expenditure incurred once the total annual pre-authorized limit exceeds \$12,000 for all of the above categories combined.
	Councillor	Each Councillor is pre-authorized to spend a total maximum aggregate amount of \$6,000 per year for all of the above three categories combined.	For each expenditure incurred by an individual Councillor, once his/her total annual pre-authorized limit exceeds \$6,000 for all of the above three categories combined.
TRAVEL BY INDIVIDUAL ON BEHALF OF COUNCIL	Others		Yes

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

SECTION 2: COSTS NOT ELIGIBLE FOR REIMBURSEMENT WITHOUT A COUNCIL RESOLUTION**2.1 Costs not Eligible**

- (i) Overnight accommodation costs within Surrey
- (ii) Traffic fines or parking tickets
- (iii) Vehicle repair, towing, or accident costs
- (iv) Child care, house-minding, or security costs
- (v) Lost wages, income, or opportunity costs
- (vi) Transportation costs within Surrey, other than travel specifically outlined in Section 3.2
- (vii) Costs reimbursed by another organization or source
- (viii) Spousal or partner travel costs
- (ix) Any expense claim which the General Manager, Finance & Technology determines to be in excess of expense policy limits or standards, to be lacking adequate documentation, or to be beyond the scope, spirit, or intent of the policy.

2.2 General Manager, Finance May Approve Advances

If, due to the inability to schedule a Council meeting within necessary time deadlines, a necessary Council resolution cannot be obtained, the General Manager, Finance may approve expense prepayments, payments, or reimbursements for a Council member, to be treated as an advance to the Council member. Should Council refuse to pass a resolution approving the attendance or expenses, then the Council member will be required to reimburse the City the amount of the advance.

SECTION 3: TRANSPORTATION**3.1 Means of Travel**

Travellers may choose their means of travel. All costs, including accommodations and per diems, must be reasonable in relation to the distance travelled and the means of travel. The total amount claimed may not exceed the total cost based on travel by air.

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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.

Road tolls and parking costs may also be claimed.

3.3 Travel by City-Owned or City-Leased Vehicle

Travellers authorized to travel outside of Surrey by City-owned or City-leased vehicle may, subject to Section 3.1, claim any actual out-of-pocket vehicle expenses incurred, including gas, oil, repair and towing costs, road tolls, and parking costs.

3.4 Travelling as a Group by Vehicle

If two or more travellers travel together in the same vehicle, only the traveller who incurs the expenses of operating the vehicle may claim the vehicle costs or the mileage allowance.

3.5 Class of Air Travel

- (i) The traveller must book a reasonable mode of air travel that can include the cost of the airfare, seat selection and checked bags.
- (ii) For flights exceeding nine hours, the traveller may book business class.
- (iii) Benefits from any promotional offers are to be passed on to the City whenever possible.

3.6 Air Porter, Taxi, and Parking

- (i) Air Porter or taxi fares to and from the airport/transportation terminal may be claimed.
- (ii) Travellers wishing to drive a vehicle to the transportation terminal and then park the vehicle for the duration of the trip may claim the cost of mileage and parking. These costs must be reasonable compared to the cost of taxi ground transportation from their home to the terminal, plus return.

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3.7 Rental Vehicles

(i) Class of Vehicle

Compact, economical cars must be used unless 3 or more persons are travelling together, in which case a larger mid-size vehicle will be permitted.

(ii) Insurance

It is the responsibility of the traveller to ensure that insurance coverage (limits and deductibles) is adequate. Contact the City of Surrey Risk Manager for advice.

3.8 Travel Insurance and Passports

(i) Cancellation Insurance

The City does not reimburse for cancellation insurance.

(ii) Medical Insurance and Vaccinations

For any travel outside of Canada, the traveller may claim the cost of additional medical insurance and the cost of vaccinations.

(iii) Passports

For any travel outside of North America, the traveller may claim the cost of obtaining a passport.

3.9 Combining Business Travel with Personal Travel

Travellers wishing to combine a business trip with personal travel may do so at their own expense. The traveller will be required to pay any additional living and accommodation expenses that are not associated with the business travel.

The City's portion of the air fare shall be the lower of:

- (i) the actual combined fare; or
- (ii) the cost of a direct, return flight to/from the business destination based on the lowest fare available on the date of booking that includes seat selection and one checked bag.

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3.10 Spousal or Partner Travel

- (i) Spousal or partner travel will not be paid by the City, unless the traveller is sight or physically handicapped and requires personal assistance to travel on City business. Prior approval of Council is required. The spouse or partner will be entitled to claim for the same expenses and allowances as the travelling companion.
- (ii) The City may prepay a registration fee or some other expense on behalf of a spouse or travel partner, provided that the City will be reimbursed for this expense within ten calendar days of return from travel. The spouse or travel partner must also reimburse the City for any non-attendance by the spouse or travel partner.

SECTION 4: ACCOMMODATION, MISCELLANEOUS REIMBURSABLE EXPENSES AND PER DIEM ALLOWANCE

4.1 Class of Accommodation

- (i) Whenever possible, accommodation cost should not exceed the cost of a standard room, double occupancy.
- (ii) Travellers should book reputable accommodation close to the business or conference location at the lowest rate available to the City.
- (iii) An allowance of \$50.00 per night may be claimed for private accommodation. This rate has been established to encourage this option which may prove more versatile and cost effective.

4.2 Telephone Calls and Miscellaneous Business Services and Supplies

Business telephone calls may be claimed provided the party called has been identified. Office services and supplies required to complete City business (including fax, wifi, courier, postage, and business machine rental) may be claimed.

4.3 Cleaning Expenses

Costs incurred for cleaning clothing during a trip may be claimed.

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4.4 Registration Fees and Business Meals

- (i) Conference, convention, training, and course registration fees may be claimed.
- (ii) When no overnight travel is involved and it is not practical to obtain a receipt, a meal cost may be claimed based on the prorated per diem allowance amount (see Section 4.6).
- (iii) Business meal costs claimed using receipts may not exceed 125% of the total prorated per diem meal entitlement, and the claim **may not include alcoholic beverages**.
- (iv) When guests' meal costs are included in a business meal expense claim, the guests must be identified. The same limits and restrictions apply to guests' meal costs, but receipts may be averaged to determine a cost per person.

4.5 Full Day Per Diem Allowance for Overnight Travel (Receipts not Required)

<u>Within Canada</u>	<u>Within USA</u>	<u>Other Countries</u>
\$90.00	\$90.00 US	Equivalent to \$90.00 US (receipts required)

4.6 Partial Day Per Diem Allowance

- (i) For prorating the per diem, the following breakdown applies:

	<u>No Receipts</u>	<u>With Receipts</u>
Breakfast	\$15.00	\$20.00
Lunch	20.00	25.00
Dinner	40.00	50.00
Incidentals	<u>15.00</u>	<u>20.00</u>
Total	<u>\$90.00</u>	<u>\$115.00</u>

4.7 Expenses Covered by the Full Day Per Diem Allowance

- (i) Meals, beverages, gratuities, and taxes (Note: Gratuities are not to exceed 15%).
- (ii) Taxi (other than to/from transportation terminals, or conference/business centres as these expenses are covered under Section 3.6).

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- (iii) Parking (other than at transportation terminals, conference/business centres, or accommodation site as these expenses are covered under Section 3.6).
- (iv) Telephone (other than City business calls).
- (v) Nominal promotion and other business related expenses.
- (vi) Incidental expenditures for which a receipt would not normally be obtained.
- (vii) All personal supplies.

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City of Surrey

Policy Draft

No. D-36

Policy Title: Council Policy – Council Indemnity and Benefits

Approval Date:

History: Rev. 11 DEC 2001 (RES. CC00-127)
Rev. 14 FEB 2000 (RES. R00-349)
14 OCT 1997 (RES. R97-2640)

Department: City Council

Policy Statement

The City of Surrey compensates its Council members equitably to the relevant comparator market to appropriately remunerate Council members for the service they provide to residents.

Reason for Policy

The City of Surrey’s Council Indemnity and Benefits Policy (the “Policy”) defines indemnities and benefits provided to City Councillors and the Mayor. For clarity, references to Council in this Policy include the Mayor. The Policy is approved by Council. It may be periodically reviewed and updated by Council.

Definitions:

Relevant Comparator Market: The relevant comparator market includes municipalities similar to the City of Surrey in Western Canada and Ontario.

Sizing: The remuneration data gathered in relevant comparator market indemnity surveys may require sizing to ensure comparability to the City of Surrey based on factors such as population, operating budget and capital budgets.

Tax-free component: One third (1/3) of the City of Surrey Council Indemnity and the Acting Mayor Pay is provided on a tax-free basis as permitted by the Canada Revenue Agency (CRA).

Indemnity Structure: The percentage difference between the base Mayor remuneration and the base Councillor remuneration is 51.0%.

Acting Mayor Pay: When a Councillor is assigned Acting Mayor responsibilities, the pay for the role is based on a 7 day work week and may increase in value to reflect any increase in either the indemnity structure and/or indemnity annual increase.

Indemnity Annual Increase: The Council indemnity is reviewed annually, and will be updated annually, based on the simple average of the annual increases in exempt staff compensation (current year), union staff compensation (CUPE/IAFF) (current year), and the year over year change in the Vancouver CPI (previous year). It is calculated when the data becomes available and is implemented effective January 1 of each year.

Market Survey Timing: Staff will review the Council indemnity structure to market every 4 years and report the results of that review to Council for its consideration and approval of any updates to the indemnity structure. The next review and update would occur in 2020 for implementation in January 1, 2021.

Benefits: At the City's cost, Council members are provided with the following benefit coverages:

Basic Life Insurance: \$75,000

Accidental Death & Dismemberment Insurance: \$200,000

MSP: 100% City Paid

Extended Health: Exempt Staff Plan

Dental Care: Exempt Staff Plan

Periodically, the competitiveness of Council benefits are also compared to the relevant market.

Vehicle Allowance: To cover the costs related to Council providing service to the residents, an annual vehicle allowance is provided in the amount of \$14,580 for the Mayor and \$7,435 for each Councillor (51% of the Mayor's allowance). The amount of this allowance may be changed from time to time based on the comparator market and/or changes in the Canada Revenue Agency mileage rate. One-third of this allowance is provided on a tax-free basis.

Responsibilities:

The City Manager is accountable for implementing and maintaining Council indemnities based on the Council approved Policy. A third party compensation consultant may be employed by the City to provide the required compensation data from other municipalities and to provide advice under the Policy.

Council will be informed of indemnity annual increases, when and if determined and implemented per the Policy.

Staff will report to Council the results of the market survey conducted in accordance with the Policy for its consideration and approval of any updates to the indemnity structure.



CITY POLICY

DRAFT

APPENDIX “IV”

NO. D-15

REFERENCE:

REGULAR COUNCIL MINUTES
16 May 2016

APPROVED BY: CITY COUNCIL

DATE:

HISTORY:

*16 May 2016 (Res.R16-960 – R109)
27 July 2009 (RES.R09-1430 – R147)
29 Nov 2004 (RES.R04-3237 - R281)
28 JAN 2002 (RES.R02-207 - R017)
9 JAN 1978; 28 JAN 1991;
4 FEB 1991; 27 FEB 1995*

TITLE: EXPENSE POLICY FOR COUNCIL MEMBERS

SECTION 1: APPROVALS REQUIRED

- 1.1 Expenditures – Requiring / Not Requiring Council Resolution

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

- 2.1 Costs Not Eligible
- 2.2 General Manager, Finance May Approve Advances

SECTION 3: TRANSPORTATION

- 3.1 Means of Travel
- 3.2 Travel by Own Vehicle
- 3.3 Travel by City-Owned or City-Leased Vehicle
- 3.4 Travelling as a Group by Vehicle
- 3.5 Class of Air Travel
- 3.6 Air Porter, Taxi, and Parking
- 3.7 Rental Vehicles
- 3.8 Travel Insurance and Passports
- 3.9 Combining Business Travel with Personal Travel
- 3.10 Spousal or Partner Travel

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SECTION 4: ACCOMMODATION, MISCELLANEOUS REIMBURSABLE EXPENSES, AND PER DIEM ALLOWANCE

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- 4.3 Cleaning Expenses
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- 4.7 Expenses Covered by the Per Diem Allowance

SECTION 1: APPROVALS REQUIRED

1.1 Expenditures – Requiring / Not Requiring Council Resolution

		NO RESOLUTION REQUIRED	RESOLUTION REQUIRED
TRIPS/CONFERENCES/ SEMINARS/COURSES/ BUSINESS MEETINGS OUTSIDE SURREY.	Mayor	Pre-authorized to expend up to \$900 per event.	Over \$900 per event.
	Councillor	Each Councillor is pre-authorized to expend up to \$450 per event.	Over \$450 per event.
RECEIVE, ENTERTAIN OR HONOUR AT CITY EVENTS	Mayor	For attendance at events where all members of Council are invited	
	Councillor		
ANNUAL AGGREGATE PRE-AUTHORIZED LIMITS	Mayor	Pre-authorized to spend a total maximum aggregate amount of \$12,000 per year for all of the above categories combined.	For each expenditure incurred once the total annual pre-authorized limit exceeds \$12,000 for all of the above categories combined.
	Councillor	Each Councillor is pre-authorized to spend a total maximum aggregate amount of \$6,000 per year for all of the above three categories combined.	For each expenditure incurred by an individual Councillor, once his/her total annual pre-authorized limit exceeds \$6,000 for all of the above three categories combined.
TRAVEL BY INDIVIDUAL ON BEHALF OF COUNCIL	Others		Yes

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

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

2.1 Costs not Eligible

- (i) Overnight accommodation costs within Surrey
- (ii) Traffic fines or parking tickets
- (iii) Vehicle repair, towing, or accident costs
- (iv) Child care, house-minding, or security costs
- (v) Lost wages, income, or opportunity costs
- (vi) Transportation costs within Surrey, other than travel specifically outlined in Section 3.2
- (vii) Costs reimbursed by another organization or source
- (viii) Spousal or partner travel costs
- (ix) Any expense claim which the General Manager, Finance & Technology determines to be in excess of expense policy limits or standards, to be lacking adequate documentation, or to be beyond the scope, spirit, or intent of the policy.

2.2 General Manager, Finance May Approve Advances

If, due to the inability to schedule a Council meeting within necessary time deadlines, a necessary Council resolution cannot be obtained, the General Manager, Finance may approve expense prepayments, payments, or reimbursements for a Council member, to be treated as an advance to the Council member. Should Council refuse to pass a resolution approving the attendance or expenses, then the Council member will be required to reimburse the City the amount of the advance.

SECTION 3: TRANSPORTATION

3.1 Means of Travel

Travellers may choose their means of travel. All costs, including accommodations and per diems, must be reasonable in relation to the distance travelled and the means of travel. The total amount claimed may not exceed the total cost based on travel by air.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

3.2 Travel by Own Vehicle

Councillors may claim 50% of the prevailing rate for mileage reimbursement for travel in excess of 120 kilometres when the one-way distance by road to the travel destination is in excess of 60 kilometres from Surrey City Hall

Road tolls and parking costs may also be claimed.

3.3 Travel by City-Owned or City-Leased Vehicle

Travellers authorized to travel outside of Surrey by City-owned or City-leased vehicle may, subject to Section 3.1, claim any actual out-of-pocket vehicle expenses incurred, including gas, oil, repair and towing costs, road tolls, and parking costs.

3.4 Travelling as a Group by Vehicle

If two or more travellers travel together in the same vehicle, only the traveller who incurs the expenses of operating the vehicle may claim the vehicle costs or the mileage allowance.

3.5 Class of Air Travel

- (i) The traveller must book a reasonable mode of air travel that can include the cost of the airfare, seat selection and checked bags.
- (ii) For flights exceeding nine hours, the traveller may book business class.
- (iii) Benefits from any promotional offers are to be passed on to the City whenever possible.

3.6 Air Porter, Taxi, and Parking

- (i) Air Porter or taxi fares to and from the airport/transportation terminal may be claimed.
- (ii) Travellers wishing to drive a vehicle to the transportation terminal and then park the vehicle for the duration of the trip may claim the cost of mileage and parking. These costs must be reasonable compared to the cost of taxi ground transportation from their home to the terminal, plus return.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

3.7 Rental Vehicles

(i) Class of Vehicle

Compact, economical cars must be used unless 3 or more persons are travelling together, in which case a larger mid-size vehicle will be permitted.

(ii) Insurance

It is the responsibility of the traveller to ensure that insurance coverage (limits and deductibles) is adequate. Contact the City of Surrey Risk Manager for advice.

3.8 Travel Insurance and Passports

(i) Cancellation Insurance

The City does not reimburse for cancellation insurance.

(ii) Medical Insurance and Vaccinations

For any travel outside of Canada, the traveller may claim the cost of additional medical insurance and the cost of vaccinations.

(iii) Passports

For any travel outside of North America, the traveller may claim the cost of obtaining a passport.

3.9 Combining Business Travel with Personal Travel

Travellers wishing to combine a business trip with personal travel may do so at their own expense. The traveller will be required to pay any additional living and accommodation expenses that are not associated with the business travel.

The City's portion of the air fare shall be the lower of:

- (i) the actual combined fare; or
- (ii) the cost of a direct, return flight to/from the business destination based on the lowest fare available on the date of booking that includes seat selection and one checked bag.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

3.10 Spousal or Partner Travel

- (i) Spousal or partner travel will not be paid by the City, unless the traveller is sight or physically handicapped and requires personal assistance to travel on City business. Prior approval of Council is required. The spouse or partner will be entitled to claim for the same expenses and allowances as the travelling companion.
- (ii) The City may prepay a registration fee or some other expense on behalf of a spouse or travel partner, provided that the City will be reimbursed for this expense within ten calendar days of return from travel. The spouse or travel partner must also reimburse the City for any non-attendance by the spouse or travel partner.

SECTION 4: ACCOMMODATION, MISCELLANEOUS REIMBURSABLE EXPENSES AND PER DIEM ALLOWANCE

4.1 Class of Accommodation

- (i) Whenever possible, accommodation cost should not exceed the cost of a standard room, double occupancy.
- (ii) Travellers should book reputable accommodation close to the business or conference location at the lowest rate available to the City.
- (iii) An allowance of \$50.00 per night may be claimed for private accommodation. This rate has been established to encourage this option which may prove more versatile and cost effective.

4.2 Telephone Calls and Miscellaneous Business Services and Supplies

Business telephone calls may be claimed provided the party called has been identified. Office services and supplies required to complete City business (including fax, wifi, courier, postage, and business machine rental) may be claimed.

4.3 Cleaning Expenses

Costs incurred for cleaning clothing during a trip may be claimed.

4.4 Registration Fees and Business Meals

- (i) Conference, convention, training, and course registration fees may be claimed.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

- (ii) When no overnight travel is involved and it is not practical to obtain a receipt, a meal cost may be claimed based on the prorated per diem allowance amount (see Section 4.6).
- (iii) Business meal costs claimed using receipts may not exceed 125% of the total prorated per diem meal entitlement, and the claim **may not include alcoholic beverages**.
- (iv) When guests' meal costs are included in a business meal expense claim, the guests must be identified. The same limits and restrictions apply to guests' meal costs, but receipts may be averaged to determine a cost per person.

4.5 Full Day Per Diem Allowance for Overnight Travel (Receipts not Required)

<u>Within Canada</u>	<u>Within USA</u>	<u>Other Countries</u>
\$90.00	\$90.00 US	Equivalent to \$90.00 US (receipts required)

4.6 Partial Day Per Diem Allowance

- (i) For prorating the per diem, the following breakdown applies:

	<u>No Receipts</u>	<u>With Receipts</u>
Breakfast	\$15.00	\$20.00
Lunch	20.00	25.00
Dinner	40.00	50.00
Incidentals	<u>15.00</u>	<u>20.00</u>
Total	<u>\$90.00</u>	<u>\$115.00</u>

4.7 Expenses Covered by the Full Day Per Diem Allowance

- (i) Meals, beverages, gratuities, and taxes (Note: Gratuities are not to exceed 15%).
- (ii) Taxi (other than to/from transportation terminals, or conference/business centres as these expenses are covered under Section 3.6).
- (iii) Parking (other than at transportation terminals, conference/business centres, or accommodation site as these expenses are covered under Section 3.6).

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

- (iv) Telephone (other than City business calls).
- (v) Nominal promotion and other business related expenses.
- (vi) Incidental expenditures for which a receipt would not normally be obtained.
- (vii) All personal supplies.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

HEALTH WEALTH CAREER

COUNCIL COMPENSATION REVIEW CITY OF SURREY

DECEMBER 14, 2016

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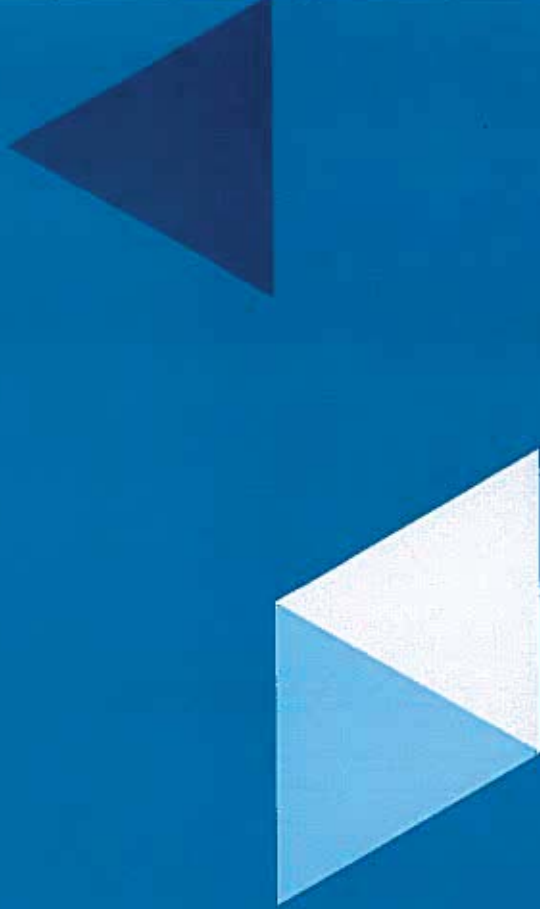
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INTRODUCTION

- The City of Surrey (“the City”) requested support from Mercer (Canada) Limited (“Mercer”) to conduct a review of the indemnity payment provided to Councillors.
- A similar study was conducted in 2015 by Mercer for the City of Vancouver. As a participant in that review, the City asked Mercer to validate and/or update the information collected from the participating municipalities and based on the current information, assess the appropriate indemnity payment for the City’s Councillors.
- This report presents the methodology utilized in the review, the results for the data elements that were included, and our recommendation on a potential adjustment to the current (2017) indemnity payment.

METHODOLOGY



M E T H O D O L O G Y

- The peer group includes data from the following 12 municipalities in Western Canada and Ontario:
 - City of Brampton
 - City of Kelowna
 - City of Burnaby
 - City of Mississauga
 - City of Calgary
 - City of Ottawa
 - City of Edmonton
 - City of Richmond
 - City of Toronto
 - City of Vancouver
 - City of Victoria
 - City of Winnipeg
- General information on compensation for Council members is disclosed on municipalities' websites.
- In the City of Vancouver study, each municipality was contacted to collect additional information that was not publicly-disclosed, as well as to validate the publicly-available information that Mercer captured for the various survey elements.
- Eleven of the 12 municipalities verified the information and provided the additional data that was requested.
 - Information for the City of Kelowna is based solely on the publicly-available information.
- For this review, Mercer worked to confirm that the information provided by the municipalities in 2015 was still valid and make any necessary updates by reviewing publicly-available information and making contact with the municipalities, as required.
- The focus of the review was on the indemnity payment. Supplementary information on market practices for Health & Welfare Benefits provided to Council members from the 2015 review is included in the Appendix.

SUMMARY OF FINDINGS



SUMMARY OF FINDINGS ORGANIZATION SCOPE STATISTICS

- To provide some context on how the City compares to the comparators, the table below shows market statistics for key organization scope measures:

Organization Scope	Market				City of Surrey	City of Surrey Percentile Rank
	# of Orgs	25th Percentile	50th Percentile	75th Percentile		
Annual Operating Budget (<i>millions</i>)	12	\$332.3	\$888.3	\$3,007.0	\$2,139.0	45%
Municipal Population	12	216,223	660,951	892,148	753,836	38%
Annual Capital Budget (<i>millions</i>)	11	\$113.6	\$325.2	\$1,289.0	\$787.0	59%
Total Number of Full-Time Equivalents	11	1,476	7,700	15,094	11,505	31%
Number of Councillors	12	8	11	15	14	8%

- The City of Surrey is **generally positioned between the 25th and 50th percentiles** of the market on the various scoping measures. Exceptions include annual capital budget, which is positioned slightly above the 50th percentile, and city council size, which is positioned at the 25th percentile.
- On the key metric of **operating budget**, the City of Surrey is positioned **slightly below the 50th percentile**.

SUMMARY OF FINDINGS COUNCILLOR COMPENSATION

- The table below provides the scope information for each comparator, along with the key compensation elements (base salary / indemnity payment, supplemental salary for additional roles, and any tax-free allowances) for Councillors (see explanation of items footnoted on the following page):

Organization	Operating Budget (millions)	Municipal Population	Capital Budget (millions)	FTEs	Number of Councillors	Council Structure	Annual Base Salary	Supplemental Salary	Tax Free Allowance	2016 Compensation
City of Toronto	\$11,752	2,790,000	\$3,183	54,305	44	Ward	\$109,652	Yes	-	✓
City of Calgary	\$3,500	1,230,915	\$1,520	15,359	14	Ward	\$116,313	-	-	✓
City of Ottawa	\$3,169	870,250	\$533	15,094	23	Ward	\$93,999	-	-	✓
City of Edmonton	\$2,520	899,447	\$1,289	13,498	12	Ward	\$100,873	-	33%	✓
City of Vancouver	\$1,264	603,502	\$325	7,700	10	At-Large	\$80,029	Yes	2	✓
City of Winnipeg	\$1,054	718,400	\$1,178	8,882	15	Ward	\$89,346	Yes	3	✓
City of Mississauga	\$723	766,000	\$219	5,215	11	Ward	\$84,173	Yes	4	✓
City of Brampton	\$607	523,911	\$114	2,795	10	Ward	\$84,495	Yes	5	✓
City of Burnaby	\$442	223,218	\$142	1,438	8	At-Large	\$57,561	-	33%	✓
City of Richmond	\$296	213,891	\$104	1,476	8	At-Large	\$58,073	-	33%	✓
City of Victoria	\$221	83,000	\$51	796	8	At-Large	\$40,359	-	-	✓
City of Kelowna	\$120	123,500	-	-	8	At-Large	\$32,073	Yes	6	✓
Summary Statistics										
75th Percentile	\$3,007	892,148	\$1,289	15,094	15		\$99,155			
50th Percentile	\$888	660,951	\$325	7,700	11		\$84,334			
25th Percentile	\$332	216,223	\$114	1,476	8		\$57,689			
Average	\$2,139	753,836	\$787	11,505	14		\$78,912			
City of Surrey	\$704	516,650	\$598	2,455	8	At-Large	\$65,874	Yes	7	33%
Percentile Rank	45%	36%	59%	31%	8%		34%			✓

- The City of Surrey's Councillor 2017 indemnity payment is positioned at the 34th percentile.
- Six municipalities reported information for supplementary salaries for additional roles (see the following page) and four reported offering a tax-free allowance.

SUMMARY OF FINDINGS COUNCILLOR COMPENSATION (CONTINUED)

- Footnotes to the table on the previous page:

¹ City of Toronto – Paid \$86.62 per meeting as a member of the Toronto and Region Conservation Authority. This information was provided in the 2015 Council Compensation Review.

² City of Vancouver – Paid \$2,957 per month served as Deputy Mayor, \$2,957 per month served as Duty Councillor, and \$1,075 per month served as Acting Mayor.

³ City of Winnipeg – \$11,811 is paid to the Deputy Mayor, Acting Deputy Mayor, Committee Chairmen and Speaker. \$5,694 is paid to the Deputy Speaker. This information was provided in the 2015 Council Compensation Review.

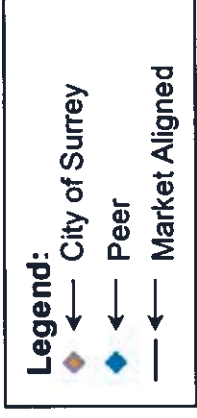
⁴ City of Mississauga – Remuneration paid as members of the Enersource Board; one member was paid \$12,600 and the other was paid \$17,400.

⁵ City of Brampton – Remuneration paid as a member of the Regional Municipality of Peel Council. This information was provided in the 2015 Council Compensation Review.

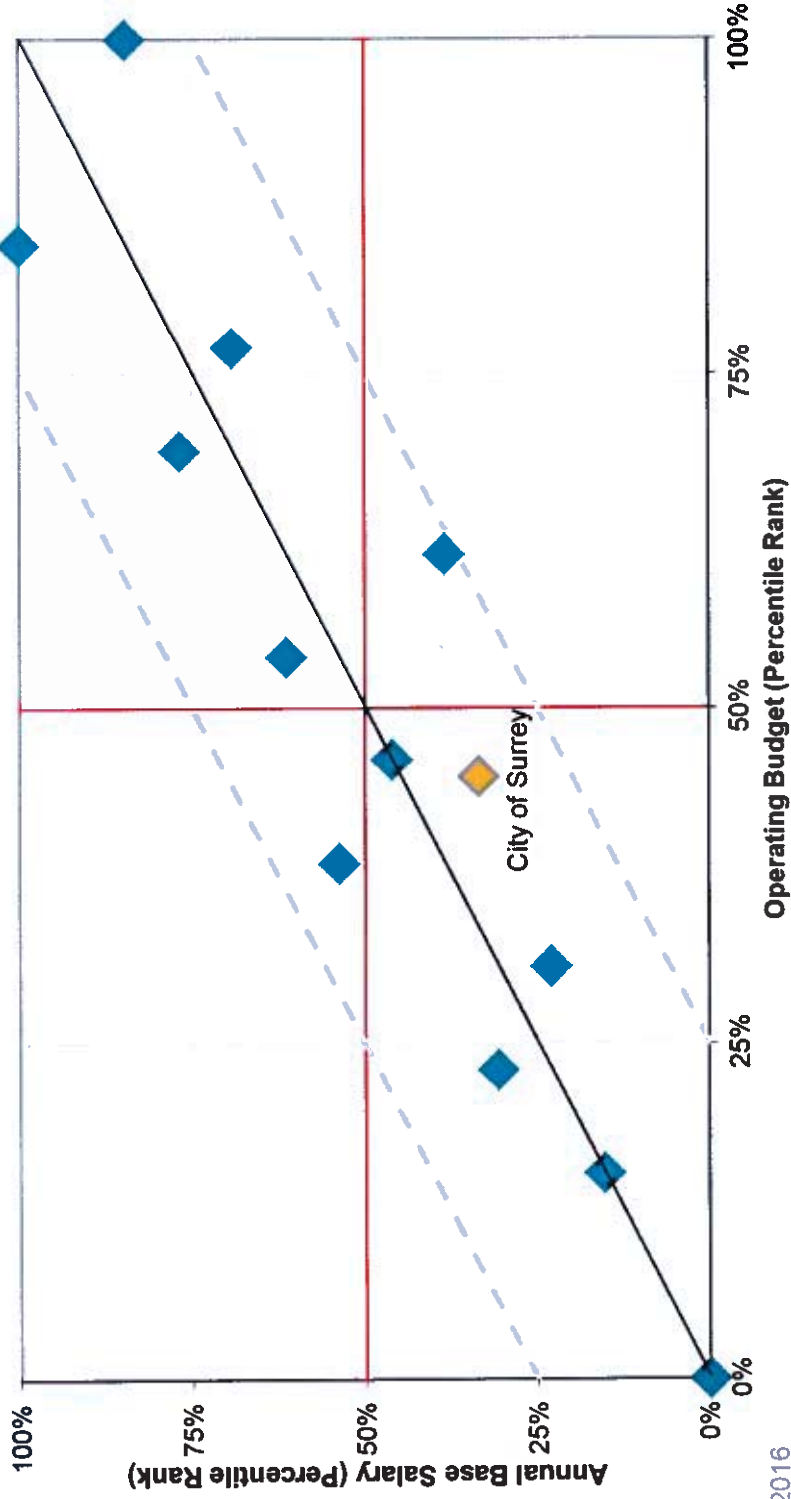
⁶ City of Kelowna –\$350 per month is provided as Deputy Mayor.

⁷ City of Surrey – \$95.03 per day is provided as Acting Mayor.

SUMMARY OF FINDINGS COUNCILLOR COMPENSATION (CONTINUED)

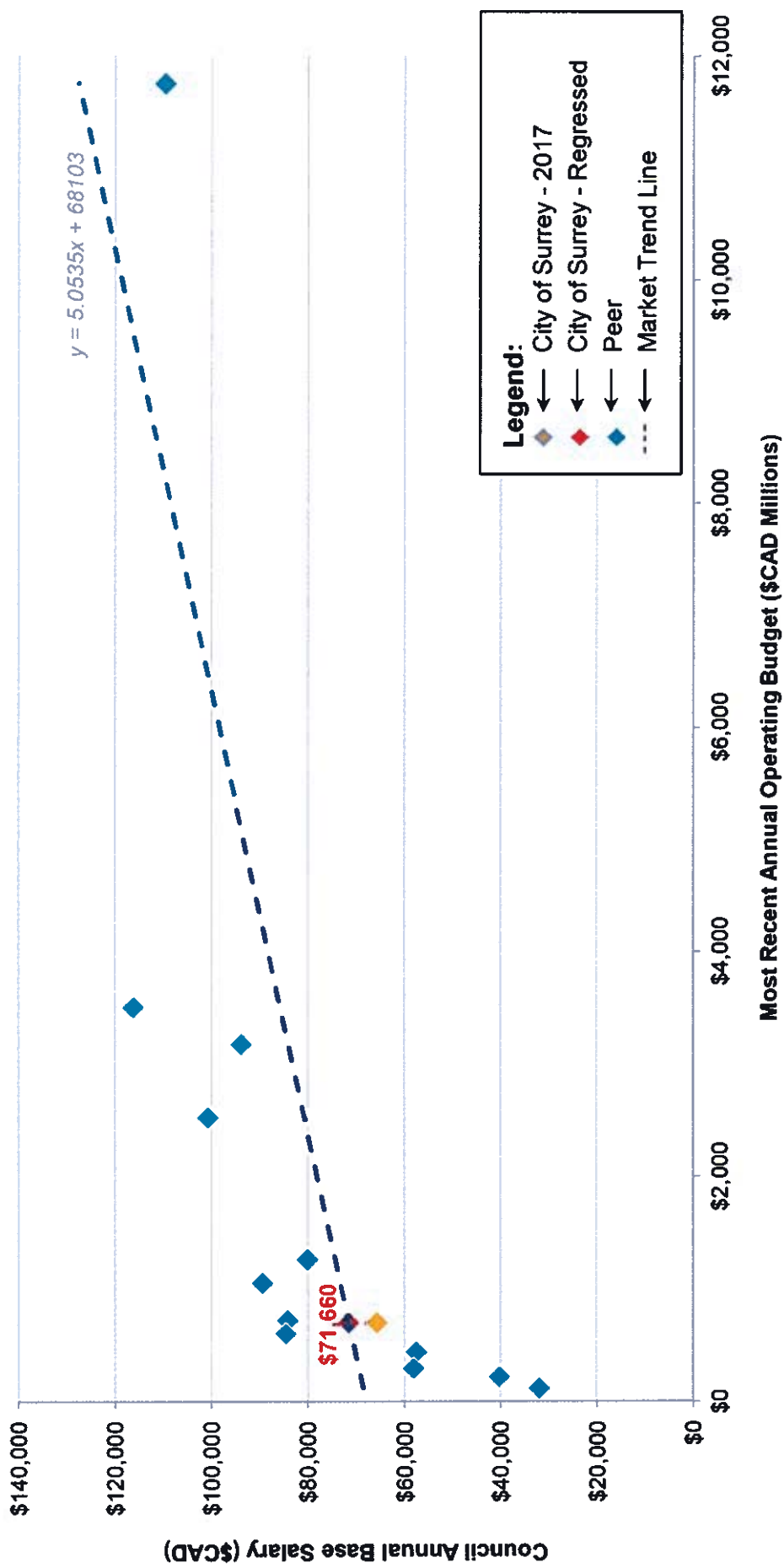


- In our experience, there is a strong correlation between operating budget (as a measure of organization size and scale) and compensation levels. The chart below provides the relative positioning (i.e., percentile ranking) of each municipalities' operating budget versus the relative positioning of each municipalities' base salary / indemnity payment.
- The solid black line running diagonally represents the perfectly aligned relationship between operating budget and base salary / indemnity payment. As all of the comparators' data points fit within a narrow range around the diagonal line, this demonstrates the correlation between the two elements.



SUMMARY OF FINDINGS COUNCILLOR COMPENSATION (CONTINUED)

- Based on the strong correlation between operating budgets and compensation levels demonstrated on the prior slide, we believe that it is appropriate to use the regression analysis shown below to calculate the appropriate indemnity payment for the City based on its operating budget:



RECOMMENDATION



RECOMMENDATION

- Based on the results of the review, the City of Surrey is currently paying Council Members at the **34th percentile** of the market but is positioned at the **45th percentile** of the market based on annual operating budget.
- Based on the relationship between Council Member compensation and operating budgets viewed in the market, Mercer recommends the following increase to the indemnity payment:

Element	Market				City of Surrey	City of Surrey Percentile Rank
	# of Orgs	25th Percentile	50th Percentile	75th Percentile		
Annual Operating Budget (millions)	12	\$332.3	\$888.3	\$3,007.0	\$703.9	45%
Compensation	12	\$57,689	\$84,334	\$99,155	\$65,874	34%

Proposed Compensation Levels (Based On Linear Regression)
\$71,660

Change In Compensation	
Dollar Value	\$5,786
As a Percentage of Current	8.8%

APPENDIX

HEALTH & WELFARE BENEFITS



APPENDIX HEALTH & WELFARE BENEFITS

- The table below and on the following page provides market prevalence and high-level details of the health and welfare benefits provided to Council members:
 - These findings are taken from Mercer’s Council Compensation Review conducted in 2015 on behalf of the City of Vancouver.

Benefit	Market
Provincial Health	<ul style="list-style-type: none"> • Where provincial health insurance requires payment of a premium, four organizations pay 100% of the premium.
Basic Life	<ul style="list-style-type: none"> • 12 organizations provide basic life insurance. <ul style="list-style-type: none"> – Nine of the 12 organizations pay 100% of the premium. – One organization pays 50% of the premium. – Two organizations do not pay any portion of the premium.
Dependent/ Spousal Life	<ul style="list-style-type: none"> • Eight organizations provide dependent/spousal life insurance. <ul style="list-style-type: none"> – One organization pays 100% of the premium. – Seven organizations do not cover any portion of the premium.
Accidental Death & Dismemberment	<ul style="list-style-type: none"> • 11 organizations provide accidental death & dismemberment coverage. <ul style="list-style-type: none"> – 10 of 11 organizations pay 100% of the premium. – One organization does not pay for any portion of the premium.

APPENDIX HEALTH & WELFARE BENEFITS (CONTINUED)

Benefit	Market
Short Term Disability	<ul style="list-style-type: none"> • Five organizations provide short-term disability coverage. – Four of the five organizations pay 100% of the premium. – One organization does not pay any portion of the premium.
Long Term Disability	<ul style="list-style-type: none"> • Seven organizations provide long-term disability coverage. – Three of the seven organizations pay 100% of the premium. – Four of the seven organizations does not pay any portion of the premium.
Extended Health	<ul style="list-style-type: none"> • 11 organizations provide extended health coverage. – Seven of the 11 organizations pay 100% of the premium. – One organization pays 92% of the premium. – One organization pays 70% of the premium. – Two organizations do not pay any portion of the premium.
Dental	<ul style="list-style-type: none"> • 12 organizations provide dental coverage. – Six of 12 organizations pay 100% of the premium. – Four of 12 organizations pay a portion of the premium ranging from 65% to 92%. – Two organizations do not pay for any portion of the premium.



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MEMO

TO: Nicola Webb, General Manager Human Resources, City of Surrey
DATE: 14 December 2016
FROM: Ailsa Forsgren, Partner, Mercer (Canada) Limited
SUBJECT: Market Practices – Vehicle Allowances for Council

Market data on vehicle allowances was collected from municipalities that participated in the 2015 Council Compensation Review that Mercer conducted on behalf of the City of Vancouver. Participants in this review were asked to confirm whether a vehicle allowance was provided, along with the annual value of this benefit.

A total of 11 municipalities responded to the survey. Below is a summary of Mercer's findings:

Mayor:

- 82% (9 of 11) of municipalities reported that a vehicle allowance is provided to the Mayor.
- The median annual value of the allowance is \$13,600.
- One municipality provides the Mayor with a Chauffeur; the value of this benefit was not disclosed.
- The City of Kelowna did not respond to the survey request, however, public disclosure indicates that the Mayor is entitled to the use of a vehicle for City purposes, with all costs to be borne by the City.

Councillors:

- 64% (7 of 11) of municipalities reported that a vehicle allowance is provided to Councillors.
- The median annual value of the allowance is \$9,400.
- One municipality stated that in addition to an annual vehicle allowance, Councillors are provided with an annual transit pass, valued at \$1,068.

Nicola, please do not hesitate to contact me if you have any questions, or would like to discuss the contents of this memo further.