

## **Councillor Expense Policy Review**

<b>Date:</b>	April 6, 2011
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy Mayor and City Clerk
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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This report summarizes the results of the review of the Councillor Expense Policy, outlines the proposed changes and responds to motions made at Executive Committee regarding Councillor expenses. The revised Councillor Expense Policy aims to maintain flexibility for Councillors, facilitate their ability to meet the reduced Office Expense Budget limit while enhancing public confidence and accountability in Councillor expenses.

### **RECOMMENDATIONS**

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**The Deputy Mayor and the City Clerk recommend that City Council:**

1. Approve the revised Councillor Expense Policy, as included in Attachment 1. Councillors who have incurred expenses prior to City Council approval of the Councillor Expense Policy will have until June 31, 2011 to submit these expenses for reimbursement or payment in accordance with the previous policy and documentation requirements. On and after July 1, 2011, reimbursement and payment of all Councillor expenses, irrespective of the date the expense was incurred, must be in compliance with the new Policy.
2. Direct the City Clerk, in conjunction with the City Manager, to report via Executive Committee to Council in October 2011 on:

- a) A comprehensive policy on the Use of Corporate Resources during an Election Period. Until approval of the new policy, the existing policy, as included in attachment 3, will continue to apply.
  - b) A formal protocol whereby Councillors can receive funding support for communications within their wards for significant special events or emergencies.
  - c) In consultation with the Chief Corporate Officer:
    - i. a review of the current rental rate and policy for constituency offices at City Hall, civic centres and other City buildings and mechanisms to facilitate Councillor use of civic space for constituency meetings and events;
    - ii. a furniture, space and maintenance standard for Councillor offices;
    - iii. a state of good repair and maintenance program for Councillor offices and furniture as part of the City's 10-year capital plan.
  - d) In consultation with the Chief Information Officer, processes and systems to facilitate the cost effectiveness of Councillor wireless devices and websites.
  - e) In consultation with the General Manager, Parks, Forestry and Recreation, permit policy, process and fee structure for community centres, arenas and other recreation space for Councillor constituency meetings and events.
3. Direct the City Clerk, in conjunction with the Deputy Mayor, to develop and report via Executive Committee to Council:
- a) a review of other Councillor policies that relate to the Councillor Expense Policy and develop these other Councillor policies by October 2011;
  - b) a review of the Councillor Expense Policy after two years of implementation of the revised policy. Such report to include the possibility of providing blackberries or other wireless devices as basic equipment for Councillors.
4. Request the Library Board to review its booking policy for meeting rooms to include Councillors as a priority booking group and facilitate Councillors' use of library space for regular meetings with constituents.

### **Financial Impact**

There are no financial impacts associated with this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting on July 15, 16 and 17, 2008, Toronto City Council approved the Councillor Expense Policy which replaced previous reports and policies related to councillor expenses. For Council decision on the Executive Committee Report 22.7, please see link:

<http://www.toronto.ca/legdocs/mmis/2008/ex/reports/2008-06-26-ex22-cr.pdf>

At its meeting on December 16, 2010, Toronto City Council reduced the Councillor office expenses budget to \$30,000, and requested the Deputy Mayor and the City Clerk, in consultation with Councillors, to review the Councillor Expense Policy and report back to Council through the April Executive Committee. City Council also referred a number of motions put forward by Councillors at Executive Committee to this review. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX1.5>

## **COMMENTS**

### **Consultation with Councillors**

The Deputy Mayor and the City Clerk organized three drop-in sessions for Councillors. Additional individual meetings were held on request. In total, 25 Councillors provided comments and feedback concerning the Councillor Expense Policy.

Councillors expressed concern that certain expenditures made in the past by some Councillors have embarrassed Council and controls need to be put in place so that this cannot happen in the future. Councillors agreed they need to keep their expenses within the reduced level of \$30,000 but offered differing opinions on what changes should be made to the Councillor Expense Policy to accomplish this. Some said the Councillor Expense Policy should continue in its present form, as Councillors are each accountable to their constituents for their expenses and the best review mechanism is the municipal election every four years. Other Councillors felt that because the expenditure by one Councillor could impact the entire Council and erode public trust and confidence in government, the rules in the Councillor Expense Policy should be changed to protect the reputation of Council.

Councillors with constituency offices were particularly concerned about how they may keep to the new Office Expense Budget limit, given their requirement for constituency meeting space in their wards.

A summary of the highlights of the comments was circulated to Members of Council on March 17, 2011. Several Councillors provided clarifications afterwards.

### **Councillor Expense Policy Review**

The objectives of the review of the Councillor Expense Policy and the proposed changes were:

- Enable Councillors to manage their expenses within the reduced Office Expense Budget of \$30,000;
- More accurately reflect the intent of the Office Expense Budget to pay for office and operational requirements;
- Reduce the possibility of any allowable expense being perceived as personal expenses;
- Remove expenses where existing funding mechanisms exist in the City, such as donations to community organizations;
- Remove expenses which should be properly paid for out of program budgets;
- Remove expenses that may be perceived as purely used for the self-promotion of the Councillor;
- Maintain flexibility for Councillors to operate their offices as they need but include greater accountability mechanisms to avoid excessive expenditures that have created issues for Councillors in the past.

The revised Councillor Expense Policy is included as Attachment 1.

### **Proposed Changes to the Revised Councillor Expense Policy**

Attachment 2 provides a line-by-line comparison of the current Councillor Expense Policy and proposed changes in the revised Councillor Expense Policy. Areas where changes have been made are shaded.

Highlights of the changes to the Councillor Expense policy are outlined below.

#### *Allowable Expenses with Changes*

The limitations and conditions on certain allowable expenses have been revised to provide greater clarity. Within each expense type, expenses that may be perceived as personal expenses have been removed.

The rules concerning the following expenses have changed. A high-level summary is provided in this report. More detailed information on the changes to each allowable expense can be found in the corresponding referenced pages in Attachment 2.

- Advertising and Promotions (greeting ads will no longer be permitted.) *Attachment 2, pages 26-27.*
- Business Hospitality Expenses (alcohol will no longer be permitted.) *Attachment 2, page 28.*
- Community Expense – Events (new limitations on expenses and purpose of events clarified.) *Attachment 2, pages 33-35.*
- Community Expense – Gifts and Premiums (new limitations.) *Attachment 2, page 35.*
- Community Expense – Event Tickets (annual limit of \$600 for events and \$300 for walkathons or tournaments. Limit of \$100 per ticket.) *Attachment 2, pages 36-37.*
- Newsletters and Flyers (limit of 2 newsletters each year. Must use City’s Information Production Unit. Information Production Unit will obtain quotations from external printers if it cannot meet the requirements of the Councillor, including costs.) *Attachment 2, pages 46-47.*
- Office Decorations (purchase or rental of art no longer permitted) *Attachment 2, pages 48-49.*
- Office Equipment (only equipment for office operations permitted) *Attachment 2, pages 49-50.*
- Office Furniture (moving costs for personal furniture not allowed) *Attachment 2, pages 51-60.*
- Photographic Supplies and Services (private photographers not allowed.) *Attachment 2, pages 54-55.*
- Travel – Conferences, Seminars and Business Trips (new rules regarding eligibility to travel and requirement for Councillors to file a report upon return from trip. Attendance at FCM annual conference will be funded from General Travel Budget once a term for Councillors who are not on the Board or Committee of FCM.) *Attachment 2, pages 65-70.*

Minor technical or procedural updates to reflect changes in names of divisions or business unit, or the implementation of HST, have also been made.

#### *Allowable Expenses Grandfathered*

The revised Councillor Expense Policy proposes that certain constituency office and related expenses will continue until the end of the 2010-2014 term (November 30, 2014) but will end with the new term of Council beginning December 1, 2014.

Specific grandfathered expenses include:

- Lease of constituency office on private property for those Councillors who have such leases on the day Council approves the revised Councillor Expense Policy. *Attachment 2, pages 38-42.*
- Expenses related to constituency office located on private property for those Councillors who have such leases on the day Council approves the revised Councillor Expense Policy, including but not limited to Cable TV, internet,

- cleaning, security, insurance and other expenses. *Attachment 2, pages 30-31 Cable Television, pages 38-42 Constituency Office Expenses, page 43 Internet Services and pages 48-49 Office Decorations.*
- Use of Office Expense Budget to pay for staff salary overage. *Attachment 2, page 57.*

Councillors who currently do not have a constituency office lease on private property will not be permitted to enter into such a lease once Council approves the revised Councillor Expense Policy.

#### *Allowable Expenses Removed*

The following expenses will no longer be allowed in the revised Councillor Expense Policy:

- Business Meal Allowance. *Attachment 2, page 29.*
- Community expense – Donations to Community Groups. *Attachment 2, pages 32-33.*
- Home Office expenses. *Attachment 2, page 42 Under Constituency Office Expenses*
- Training. *Attachment 2, page 60.*
- Transportation – car rental. *Attachment 2, page 64.*

These expenses are personal expenses and should not be funded by taxpayers. Councillors should use their own funds to pay for these expenses.

#### *Guidelines on Expenditure Categories and Limits*

In order to help Councillors manage the reduction of their budget to \$30,000 and to avoid the excessive spending in certain expenses, as some Councillors have done in the past, the revised Councillor Expense Policy recommends maximum spending limits in various expenditure categories. The proposed categories, their limits and the allowable expenses that fall into each category are included in *Section 5, pages 25-26 of Attachment 2.*

The City Clerk will monitor Councillor expenses in these expenditure categories and will report on them through the Annual Report on Remuneration and Expenses for Members of Council. The Deputy Mayor and the City Clerk will also review compliance of the expenditure category guidelines in the two-year review of the revised Councillor Expense Policy.

#### *Review Process*

The Deputy Mayor and the City Clerk explored options with regard to an escalation body that can serve three purposes:

- With whom the City Clerk can consult concerning Councillor expenses;

- With whom Councillors can seek advice relating to transactions under the Policy;
- With whom both the City Clerk and Councillors can approach in the event of a disagreement on the interpretation of the policy.

Several options were explored, including a "house" committee to review Councillor expenses and travel, or using a position on Council for such purpose, such as the Speaker or the Deputy Mayor.

During Councillor consultations, some Councillors did not support a political body or position being the escalation mechanism. Any committee would be bound by all the requirements under the *City of Toronto Act*, including notice, public attendance, open meeting rules and staff costs.

As non-compliance of the Councillor Expense Policy is considered a breach of the Code of Conduct, it was decided that the Integrity Commissioner would be an appropriate escalation mechanism. The Integrity Commissioner agreed that this would be an appropriate role for her. As a result, the revised Councillor Expense Policy allows both the City Clerk and the Councillor to consult with the Integrity Commissioner to seek guidance with respect to individual Councillor expenses or any interpretation on the application of the Councillor Expense Policy. *Please see page 22 under Section 4 of Attachment 2.*

#### *Election Year Expenses*

Section 4.7 of the current Councillor Expense Policy is a mixture of policies guiding City divisions and facilities and policies guiding Councillor expenses. The revised Councillor Expense Policy includes only those policies guiding Councillor expenses and proposes August 1 as the cut-off date after which Councillors cannot organize events, distribute newsletters or place advertisements, among other limitations. This date matches the moratorium date for the Integrity Commissioner, after which she is unable to investigate complaints against Councillors concerning breaches of the Code of Conduct.

The revised Councillor Expense Policy also provides greater clarity on Councillor expenses between election day and the end of term, and additional guidelines for Councillors who have announced that they are not running for office. Examples including travel and staff salary increases. *Please see pages 18-21 under Section 4 of Attachment 2.*

#### **Support to Councillors from City Divisions and Agencies, including Use of Space**

During the consultations, Councillors voiced general frustration with the lack of support provided to them from City divisions and agencies, especially in the areas of furniture and facility maintenance, wireless plans, website support and their ability to

use space at City facilities for meeting with constituents. They have full intent to meet the new Office Expense Budget limit of \$30,000, but require City staff and divisions to review and improve the support they provide, especially to facilitate easier access to City space for constituency meetings.

Motions referred by Council included a request for a review on how Councillor constituency office space at civic centres or other City or Agency, Boards and Commission facilities can be facilitated.

City Clerk's Office staff have held discussions with the Chief Corporate Officer, the Chief Information Officer, the General Manager, Parks, Forestry and Recreation and representatives from the Toronto Public Library to review and discuss enhanced support to Councillors. Considerable progress has been made with Facilities Management agreeing to pick up the costs of facilities maintenance and cleaning costs as basic building costs and to develop a furniture and space standard for Councillor offices. But more review is required in other areas, especially on the use of space at other civic facilities. The City Manager, in conjunction with the City Clerk, will report to Council in October 2011 on further changes proposed.

*Facility maintenance and furniture for Councillor Offices.  
Please see Attachment 2, Appendix 1 – Resources Available/Allocated to Councillors – City Hall Office, pages 74-75.*

Costs related to renovations to Councillor offices to make them functional and operational will be reviewed as part of setting up space standards and a State of Good Repair capital program in the future. Until the program is in place, critical emergency requirements will be considered part of the basic core office space provision responsibilities of Facilities Management. Costs related to such changes will be incorporated into the Facilities Management budget and will no longer be charged to individual Councillor Office Expense Budgets.

Facilities Management will be setting up standards for State of Good Repair for Councillor offices, including painting, steam cleaning and other facilities maintenance and operational support and repairs. These will now be paid out of the Facilities Operations and Maintenance Budget and will no longer be paid out of Councillor Office Expenses Budgets.

Many work stations in councillor offices pre-dates amalgamation and do not meet health and safety and ergonomic standards. City Clerk's Office and Facilities Management staff are working to develop a Furniture and Space Standard for Councillor Offices and an accompanying 10-year state of good repair and furniture replacement program. The City Manager and City Clerk, in conjunction with the Chief Corporate Officer, will submit the standard and the State of Good Repair program to Council for approval in October 2011.



### *Wireless plans and website support*

During Councillor consultations, many Councillors voiced frustration on the expense of the City's wireless plan and the costs to develop and maintain their websites. With the prevalence of wireless technology and usage, they wondered why wireless devices cannot be provided as basic equipment, and not be charged to their Office Expense Budget.

The Legislative Assembly of Ontario provides each MPP a Blackberry as basic equipment supplied from the Assembly central budget. While the City would like to move towards this direction, there is no funding available to make blackberries basic equipment funded from a central budget. The Deputy Mayor and the City Clerk propose that the current model continue until the review of the Councillor Expense Policy in two years.

In the meantime, the Chief Information Officer will work with the City Clerk to review and implement systems and processes that will improve the plans for wireless devices used by Councillors and to provide enhanced support concerning Councillor websites.

### *Space at City Hall and Civic Centres*

Currently, in accordance with previous Council-approved policy, Councillors who lease space at civic centers for constituency offices are charged a rate of 80 cents per square feet, up to \$400 each month and dependent on space availability. Councillors have expressed issues with this rental rate. Some said the rate is too high, in view of the reduced Office Expense Budget of \$30,000. Others said that this rental rate does not reflect market rate. The Chief Corporate Officer should review this rental rate and the policy regarding Councillor office space allocation and rental.

Councillors can now book meeting rooms at City Hall and civic centres for one-off meetings free of charge. However, meeting rooms are limited and often difficult to book. The City Manager and the City Clerk, in conjunction with the Chief Corporate Officer, will review how Councillors' use of civic centre space for meetings can be facilitated.

### *Parks, Forestry and Recreation Space*

Parks, Forestry and Recreation Division (PFR) operates community centres, arenas and other recreation facilities that are located across the City.

At present, Councillors need to call each community centre or facility individually to book any PFR space. One-off meetings are free but Councillors are not considered priority users of recreation facilities and cannot book space for regular meetings with constituents.

The City Manager and City Clerk, in conjunction with the General Manager of Parks, Forestry and Recreation, should review the permit policy, process and fee structure for recreation facilities in order to recognize the role of Councillors in their communities and facilitate Councillors' use of recreation space for meeting with constituents.

#### *Toronto Public Library space*

The Toronto Public Library Board has an approved policy, titled "Auditorium, Meeting Room and Theatre Rental", which guides room rental procedures, priorities and fees. The policy is included as Attachment 4(a).

Councillors call a central booking number (416-397-5969) to book rooms at any of the library branches. The current policy waives room rental fees for one-off Councillor meetings.

The Library Board will consider Councillors booking a meeting room regularly for meeting with constituents. One Councillor has such an arrangement with a rental fee of \$15 per hour, the non-profit organization rate. The Library Board may consider formalizing such arrangements for Councillors.

The availability of meeting rooms for this purpose is limited, depending on the other usages by community organizations and for library programming. Attachment 4(b) provides a snapshot as to the potential library branch and room availability for Councillor constituency meetings on March 25, 2011.

The current Toronto Public Library practice presents a reasonable approach that balances the library's mandate to serve citizens while recognizing a City Councillor's role in their wards. The Deputy Mayor and the City Clerk recommend that City Council request the Library Board to include City Councillors as a priority group in the Toronto Public Library Auditorium, Meeting Room and Theatre Policy, and facilitate Councillors' usage of library space for regular meetings with constituents in a manner consistent with the treatment of non-profit organizations.

#### **Other Councillor Policies**

In addition to the Councillor Expense Policy, staff have identified the need to review and seek Council approval on other policies that relate to councillor expenses.

At present, many policies that apply to the administration are silent on whether they apply to Councillors and Council staff, causing confusion among staff with regard to policy application and compliance. Councillors and Council staff should have a specific set of policies that apply to them. Some may be similar to administration policies but others should recognize the unique role of Councillors as the legislative decision-makers of City government.

The City Clerk and the Deputy Mayor recommend a review of these other Councillor policies and will submit the developed policies via Executive Committee to Council for approval in October 2011.

### **Use of Corporate Resources during an Election Year**

During the past election, there was widespread frustration among candidates on the lack of clear direction concerning the use of City resources and facilities during the campaign period. While the City Clerk has clear authority on running the municipal election, there were no clear guidelines concerning City divisions and facilities.

The City Manager, in conjunction with the City Clerk, should develop and report to Council on a comprehensive policy that guides City divisions and City facilities during an election period, applicable not only during a municipal election year, but also covers provincial and federal election periods and by-elections. Until such policy is approved, the existing policy, excerpted and included as Attachment 3, Interim Policy on Use of Corporate Resources during an Election Period, will continue to apply.

### **Other Motions referred by Council**

The Deputy Mayor and the City Clerk also reviewed other motions referred by Council. Actions taken on these motions are described below and summarized in Attachment 6:

#### *CPI Indexing of Councillor Expenses Budget*

One of the motions was to consider whether the Councillor Office Expense Budget should be adjusted each year to reflect Consumer Price Index increases.

The costs of materials and supplies which Councillors require to operate their offices increase each year with inflation. A cost of living increment mechanism for the Councillor Office Expense Budget will help defray this pressure. However, not all Councillors spend their office budget in the same manner and not all Councillors' expenditures increase with inflation.

The Deputy Mayor and the City Clerk recommend that the Councillor Office Expense Budget not be adjusted with CPI during the current term of Council. The adjustment to the Councillor Office Expense Budget will be reviewed in 2014 as part of the annual operating budget process.

#### *Support to Councillor Communication during an Emergency or Major Event*

Under the Toronto Emergency Plan, the Emergency Management Office and Strategic Communications are responsible for communications to the public during an

emergency. Ward Councillors may be consulted on communications mechanisms and content.

There are other occasions where the City hosts a major event that has significant impact on specific wards. Councillors require additional support to communicate with constituents on these events and should not have to negotiate with divisions case by case, nor should they be required to use their Office Expense Budget to communicate with residents on these matters.

The City Manager is initiating discussions on a policy and process to facilitate Councillor communications during an emergency or major event. The City Manager will report to Executive Committee and Council on the proposed policy and process in October 2011.

#### *Review of the Legislative Assembly of Ontario Funding Model*

The Councillor Expense Policy, approved by City Council in July 2008, was modelled on the approach used by the Legislative Assembly of Ontario with adjustments made to reflect the unique nature and requirements of Toronto City Council. The revised Councillor Expense Policy continues this alignment, while recognizing that MPPs have additional funding contributions from their riding associations and political parties. Toronto City Councillors do not have such funding sources.

The revised Councillor Expense Policy incorporates additional features from the Legislative Assembly of Ontario model, including the inclusion of guidelines and suggested limits on expenditure categories that encompass a group of allowable expenses. Changes to certain expenses have also been aligned with MPP expense guidelines, such as not permitting alcohol for hospitality expenses.

In 2008, when the Councillor Expense Policy was submitted to Council for approval, staff had included a summary of the funding and expenses policies of the House of Commons, the Legislative Assembly of Ontario, the Toronto District School Board, the Toronto Catholic School Board, and the Municipalities of Ottawa, Hamilton, Edmonton, Calgary Vancouver and Halifax as a reference document. Staff have updated the information of these jurisdictions and have included them in Attachment 5.

#### *No Charge Policy for Postage*

The Deputy Mayor and City Clerk recommend that the Mayor request the Federal Government to consider a no-charge policy for postage for constituency mailings by Members of Council.

## CONCLUSION

The revised Councillor Expense Policy provides clear direction to Councillors and staff on eligible expenses, reflects the demands of the public for greater accountability and transparency and helps City Councillors to meet the reduced Office Expense Budget limit of \$30,000. There are several outstanding issues, including the ability of Councillors to use civic space for constituency meetings, a comprehensive policy on use of corporate resources during an election year, and other Councillor policies related to the Councillor Expense Policy. These will be reported via Executive Committee to Council in October 2011. The Deputy Mayor and the City Clerk will review the revised Councillor Expense Policy, and will report to Council in two years on changes required, including the possibility of funding Councillor wireless devices, such as a blackberry, from a central budget.

## CONTACT

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## SIGNATURE

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Doug Holyday  
Deputy Mayor

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Ulli S. Watkiss  
City Clerk

## ATTACHMENTS

Attachment 1	Revised Councillor Expense Policy
Attachment 2	Comparison of current Councillor Expense Policy and proposed revised policy
Attachment 3	Interim Policy on Use of Corporate Resources during an Election Period
Attachment 4	Toronto Public Library Auditorium, Meeting Room and Theatre Policy and Available Locations on March 25, 2011
Attachment 5	Expense policies for Legislative Assembly of Ontario, House of Commons, TDSB, TCDSB, and Canadian municipalities
Attachment 6	Motions referred by Council and Actions Taken