

COUNCIL EXPENDITURE AND CODE OF CONDUCT REVIEW TASK FORCE OCTOBER 13, 2015

COUNCIL OFFICE EXPENDITURES 2010-2014 AND PROPOSED AMENDMENT TO THE COUNCIL DISCRETIONARY EXPENSE FORMULA

Recommendation

The Chief Financial Officer and City Treasurer recommends:

1. That a future report be brought to the Finance, Administration and Audit Committee to recommend that Option 1 be considered for the modification to the Discretionary Office Budget formula.

Contribution to Sustainability

Council is responsible for overall governance and policy making, which directly influences the financial and operational sustainability of the municipality. The allocation of expenditure budgets to individual Council offices supports Council in carrying out their responsibilities.

Economic Impact

There is no direct economic impact from this report. Any changes to the council discretionary expense formula that may be recommended by this task force would be considered by the Finance, Administration and Audit Committee as part of the 2016 Budget process.

Communications Plan

Not Applicable

Purpose

The purpose of this report is to provide the Task Force with the information requested from the September 21 meeting of the Task Force.

Background - Analysis and Options

At the September 21, 2015 meeting of the Task Force requested that staff provide information regarding:

- 5year historical budget versus actuals for each Member of Council including Council Corporate
- An alternative approach to align Council Discretionary budgets to historical spend

Historical Budget vs Actuals

Attachment 1 provides the historical budget versus actuals for Council from 2010 to 2014, including Council Corporate. The table below summarizes the unspent office budgets at the end of the year.

Office	Expenditure Group	2010	2011	2012	2013	2014
Mayor	Labour	-858	5,094	-9,936	5,420	51,108
	Community Engagement*	5,948	18,065	31,146	41,055	31,838
	Other	55,054	23,462	3,801	7,030	12,683
Mayor Total		60,144	46,621	25,010	53,505	95,629

Office	Expenditure Group	2010	2011	2012	2013	2014
Regional (3)	Labour	589	35,491	13,227	76,088	51,138
	Citizen Engagement	34,140	38,318	35,041	34,994	53,861
	Other	36,423	25,285	37,137	31,725	26,775
Regional Total		71,152	99,094	85,404	142,807	131,774
Local (5)	Labour	-1,133	11,102	-1,743	7,314	21,841
	Community Engagement*	18,290	22,445	21,405	15,193	19,383
	Other	27,739	11,744	17,951	14,815	16,896
	Revenue	300				
Local Total		45,196	45,291	37,613	37,322	58,120
Corporate	Community Engagement*	35,710	-3,198	-22,317	8,860	9,229
	Other	-5,312	21,057	39,018	13,325	2,157
Corporate Total		30,398	17,859	16,701	22,185	11,386
Discretionary Unspent Total		206,890	208,864	164,729	255,819	296,909
Mayor	Remuneration	-76,372	-913	-1,327	1,782	1,548
Regional (3)	Remuneration	-190,279	-1,229	77	1,493	-24,734
Local (5)	Remuneration	-132,739	-3,442	-4,960	2,928	19,460
Non- Discretionary Unspent Total		-399,390	-5,584	-6,209	6,203	-3,727
Total Unspent Office Budgets		-192,500	203,280	158,520	262,023	293,182

* Includes: Newsletters & Mailings, Advertising/Branding, Community Gifts & Promotions, Community Hosting Events, Corporate Promotions, Printing – Internal, Printing – External, Council Postage, Community Event Tickets

Discretionary budgets include part-time labour and associated benefits. Discretionary budgets have been further grouped by those expenditures that can be attributed to activities associated with engaging the community and the remaining expenditures are classified as other. As shown in the table, there has been an overall favourable discretionary variance for each office group in each year since 2010.

Non-discretionary budgets are comprised of remuneration for Members of Council and associated benefits. There is a large variance in 2010 as a result of the payout of severances associated with the municipal election in that year. All other years show minimal variances at year end.

Attachment 2 provides the information in the above table for each Member of Council's office budget.

Alternative Approach to budget Formula

At the September 21, 2015 meeting of the Task Force, concern was expressed regarding the allocation of discretionary budgets between Local Councillor and Regional Councillor office budgets. Staff were requested to investigate potential options to realign discretionary office budgets between Local and Regional Councillors.

The following options were considered:

- Option 1: Reducing the population percentage applied to the Mayor and Regional Councillors and increasing the residential population rate
- Option 2: Reducing the Mayor and Regional Councillors discretionary amount to align with historical actuals and reallocating the difference to the Local Councillors

Option 1: Reducing the Population Percentage and increasing the Population Rate

In the current Council Discretionary Budget Formula, the population percentages used for the Mayor is 50%, and 34% for the Regional Councillors. To rebalance the discretionary office budgets, the population percentages could be decreased to 44% for the Mayor and 25% and for

Regional Councillors. The current formula uses a rate of \$0.74 that is applied to the residential population figures. This rate could be adjusted to \$0.86 for 2016 to increase the allocation for Local Councillors. This rate would continue to be indexed each year based on the Toronto CPI index.

The table below summarizes the potential amendments to the formula under Option 1:

<i>Formula Component</i>	<i>Current</i>	<i>Proposed</i>
Percentage applied to Population figures:		
Mayor	50%	44%
Regional Councillors	34%	25%
Rate Applied to Residential Population	\$0.74	\$0.86

The reduction in the population allocation percentage and the increase in the rate applied to the residential population would result in decreases of \$39,074 from the Mayor and Regional Councillors office budgets and corresponding increases to Local Councillors office budgets.

The table below summarizes the changes to the 2016 Members of Council office budgets if the proposed amendment to the current formula comes into effect:

Option 1: 2016 Proposed Budget with Population and Residential Rate Adjustments

Position	Total Non Discretionary Expenditures	Applied rate Res.	Applied Rate Busi	Total Discretionary Expenditures	New Draft 2016 Council Budget	Draft 2016 Council Budget	Budget Increase
Mayor Bevilacqua	153,309	0.86	1.32	130,096	283,405	282,865	540
R.C. Di Biase	105,411	0.86	1.32	73,918	179,329	192,699	-13,370
R.C. Ferri	93,876	0.86	1.32	73,918	167,794	181,164	-13,370
R.C. Rosati	93,876	0.86	1.32	73,918	167,794	181,164	-13,370
Ward 1 Iafrate	98,386	0.86	1.32	63,094	161,480	152,822	8,658
Ward 2 Carella	93,506	0.86	1.32	52,454	145,960	138,939	7,021
Ward 3 DeFrancesca	98,386	0.86	1.32	63,677	162,063	153,646	8,417
Ward 4 Yeung-Racco	98,386	0.86	1.32	55,943	154,329	147,500	6,829
Ward 5 Shefman	96,436	0.86	1.32	60,503	156,939	148,790	8,149
Totals	\$931,572			647,521	1,579,093	1,579,589	-496

Note:

Est. total population= 325,620

Est. total # of business= 11,847
for 2016

	Ratio
CPI Mayor	44%
1.80% Regional	25%

Option 2: Aligning the Mayor's and Regional Councillor's discretionary amount with historical actuals

In the second option, an analysis of the historical discretionary spend was reviewed from 2010 to 2014. The Mayor's and Regional Councillors' discretionary budget could be adjusted to a level that would continue to meet their needs based on historical spend, while allowing the reallocation of the remainder to the Local Councillor office discretionary budgets.

The table below illustrates the historical spend for office discretionary budgets from 2010 to 2014. The proposed budget for each office should provide a budget for the Mayor and Regional Councillors that will enable them to perform the functions of their office.

Office	2010	2011	2012	2013	2014	Maximum Spend	Proposed Budget
010002 - Mayor Jackson	39,714						
010003 - Mayor Bevilacqua	6,970	64,004	89,754	64,830	24,843		
Mayor Total	46,684	64,004	89,754	64,830	24,843	89,754	105,000
010004 - Reg. Councillor Rosati	48,905	52,244	63,279	24,087	30,772		
010005 - Reg. Councillor Di Biase	4,830	50,975	60,278	52,798	54,786		
010006 - Reg. Councillor Ferri	45,725	0	0		1,514		
010007 - Reg. Councillor Schulte	2,579	18,937	22,452	19,492	24,655		
010015 - Reg. Councillor Frustaglio	45,860						
Regional Councillor Total	147,901	122,156	146,009	96,377	111,727	63,279	70,000

In this option, the formula approved in 2012 with the established population allocation percentages and the rate applied to the residential population would remain the same, but there would be a reallocation of budget in the amount of \$76,420 from the Mayor and Regional Councillor office budgets to the Local Councillor Budgets.

The table below summarizes the changes to the 2016 Members of Council office budgets if the Option 2 were adopted:

Proposed Option 2: 2016 Proposed Budget with Permanent Reallocation of Savings

Position	Total Non Discretionary Expenditures	Applied rate Res.	Applied rate Busi	Total Discretionary Expenditures	Draft 2016 Council Budget	Draft 2016 Council Budget	Budget Increase
Mayor Bevilacqua	153,309	0.74	1.32	105,000	258,309	282,865	-24,556
R.C. Di Biase	105,411	0.74	1.32	70,000	175,411	192,699	-17,288
R.C. Ferri	93,876	0.74	1.32	70,000	163,876	181,164	-17,288
R.C. Rosati	93,876	0.74	1.32	70,000	163,876	181,164	-17,288
Ward 1 Iafrate	98,386	0.74	1.32	69,720	168,106	152,822	15,284
Ward 2 Carella	93,506	0.74	1.32	60,717	154,223	138,939	15,284
Ward 3 DeFrancesca	98,386	0.74	1.32	70,544	168,930	153,646	15,284
Ward 4 Yeung-Racco	98,386	0.74	1.32	64,398	162,784	147,500	15,284
Ward 5 Shefman	96,436	0.74	1.32	67,638	164,074	148,790	15,284
Totals	931,572			648,017	1,579,589	1,579,589	0

Note:

Est. total population= 325,620

Est. total # of business= 11,847
for 2016

	Ratio
CPI Mayor	50%
1.80% Regional	34%

Recommendation:

Staff recommend that a future report be brought to the Finance, Administration and Audit Committee to recommend that Option 1 be considered for the modification to the Discretionary Office Budget formula. Option 1 continues to be a formulaic approach that provides a rational basis for setting discretionary budgets on an annual basis. Unlike Option 2, there is no manual adjustment to the discretionary office budgets to reallocate budgets between offices after the discretionary office budget formula is calculated.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the strategic goals as set forth in Vaughan Vision 2020/Strategic Plan, particularly 'Ensure Financial Sustainability'.

Regional Implications

This Task Force will be reviewing the local component for the budgets of the Mayor and Local and Regional Councillors. The Regional component of costs incurred by those offices is the responsibility of the Regional Municipality of York.

Conclusion

The Task Force has been presented with the historical budget versus actuals for each Member of Council from 2010 to 2014. Staff have investigated and formulated two alternatives to calculating the discretionary council budgets in an effort to reallocate some discretionary budget from the Mayor and Regional Councillors to the Local Councillors. Staff recommend that a report be brought to a future Finance, Administration and Audit committee to recommend Option 1 be considered for the modification of the Discretionary Office Budget formula.

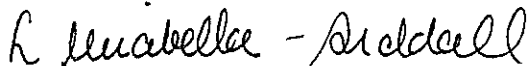
Attachments

1. Historical Budget versus Actuals
2. Historical Discretionary versus Non-Discretionary Unspent Balance

Report prepared by:

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Senior Manager, Corporate Financial Planning and Analysis

Respectfully submitted,



Laura Mirabella-Siddall, CPA, CA
Chief Financial Officer and City Treasurer

ATTACHMENT 1

Grand Total	1,632,165	877,913	754,252	1,626,303	1,332,621	293,682	1,597,548	1,331,359	266,189	1,542,571	1,388,551	204,020	1,486,748	1,282,718	1,618,333	1,876,168	(237,835)	-5.93%
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Historical Discretionary versus Non-Discretionary Unspent Balance

Attachment 2

Office Group	Member of Council	Expenditure Group	2010	2011	2012	2013	2014
Mayor	010003 - Mayor Bevilacqua	Labour	-2,642	5,094	-9,936	5,420	51,108
		Citizen Engagement	-93	18,065	31,146	41,055	31,838
		Other	-4,235	23,462	3,801	7,030	12,683
	010003 - Mayor Bevilacqua Total		-6,970	46,621	25,010	53,505	95,629
	010002 - Mayor Jackson	Labour	1,784				
		Citizen Engagement	6,041				
Other		59,290					
010002 - Mayor Jackson Total		67,114					
Mayor Total			60,144	46,621	25,010	53,505	95,629
Regional	010004 - Reg. Councillor Rosati	Labour	-1,270	13,569	311	40,436	33,129
		Citizen Engagement	11,783	5,333	8,576	12,357	13,571
		Other	13,541	2,605	5,769	2,848	3,696
	010004 - Reg. Councillor Rosati Total		24,055	21,506	14,656	55,641	50,395
	010005 - Reg. Councillor Di Biase	Labour	-1,442	5,372	2,973	13,017	7,867
		Citizen Engagement	-2	11,916	6,084	8,211	10,551
		Other	-3,386	5,487	6,965	5,701	7,964
	010005 - Reg. Councillor Di Biase Total		-4,830	22,775	16,021	26,930	26,381
	010006 - Reg. Councillor Ferri	Labour	3,806	0	0	0	2,356
		Citizen Engagement	7,678	0	0	0	1,975
		Other	16,114	0	0	0	919
	010006 - Reg. Councillor Ferri Total		27,598	0	0	0	5,250
	010007 - Reg. Councillor Schulte	Labour	-51	16,550	9,943	22,634	7,787
		Citizen Engagement	-129	21,069	20,381	14,425	27,765
Other		-2,399	17,194	24,403	23,177	14,197	
010007 - Reg. Councillor Schulte Total		-2,579	54,813	54,727	60,236	49,748	
010015 - Reg. Councillor Frustaglio	Labour	-454					
	Citizen Engagement	14,810					
	Other	12,554					
010015 - Reg. Councillor Frustaglio Total		26,910					
Regional Total			71,152	99,094	85,404	142,807	131,774
Local	010009 - Councillor Iafrate	Labour		2,865	-1,201	4,252	4,183
		Citizen Engagement	-307	6,366	1,373	2,244	964
		Other	-2,880	-619	6,084	4,506	1,339
	010009 - Councillor Iafrate Total		-3,186	8,612	6,256	11,001	6,486
	010010 - Councillor Carella	Labour	-2,551	1,452	1,832	776	-1,802
		Citizen Engagement	5,753	5,218	7,695	2,710	4,696
		Other	6,751	1,760	872	619	-265
	010010 - Councillor Carella Total		9,953	8,429	10,399	4,105	2,629
	010013 - Councillor DeFrancesca	Labour	-102	944	-2,212	1,292	9,120
		Citizen Engagement	-310	2,631	3,301	1,328	4,153
		Other	-1,861	-244	571	1,025	486
	010013 - Councillor DeFrancesca Total		-2,273	3,332	1,659	3,646	13,759
	010012 - Councillor Yeung Racco	Labour	267	1,393	-113	189	3,635
		Citizen Engagement	3,922	3,744	3,943	2,959	7,761
		Other	8,125	2,125	1,994	3,494	7,968
	010012 - Councillor Yeung Racco Total		12,314	7,262	5,823	6,642	19,364
	010011 - Councillor Shefman	Labour	-1,367	4,448	-49	805	6,706
		Citizen Engagement	1,572	4,486	5,094	5,953	1,809
Other		7,517	8,722	8,430	5,171	7,368	
Revenue		300					
010011 - Councillor Shefman Total		8,022	17,655	13,475	11,929	15,882	
010008 - Councillor Meffe	Labour	995					
	Citizen Engagement	7,694					
	Other	5,449					
010008 - Councillor Meffe Total		14,138					
010017 - Councillor Di Vona	Labour	1,625					
	Citizen Engagement	-34					
	Other	4,636					
	Revenue	0					
010017 - Councillor Di Vona Total		6,227					
Local Total			45,196	45,291	37,613	37,322	58,120
Corporate	020020 - Council - Corporate	Citizen Engagement	35,710	-3,198	-22,317	8,860	9,229

Historical Discretionary versus Non-Discretionary Unspent Balance

Attachment 2

Office Group	Member of Council	Expenditure Group	2010	2011	2012	2013	2014
		Other	-5,312	21,057	39,018	13,325	2,157
	020020 - Council - Corporate Total		30,398	17,859	16,701	22,185	11,386
Corporate Total			30,398	17,859	16,701	22,185	11,386
Discretionary Unspent Total			206,890	208,864	164,729	255,819	296,909
Mayor	010003 - Mayor Bevilacqua	Remuneration	-11,789	-913	-1,327	1,782	1,548
	010002 - Mayor Jackson	Remuneration	-64,583				
Mayor Total			-76,372	-913	-1,327	1,782	1,548
Regional	010004 - Reg. Councillor Rosati	Remuneration	988	388	1,255	148	710
	010005 - Reg. Councillor Di Biase	Remuneration	-7,637	-1,248	-643	1,428	527
	010006 - Reg. Councillor Ferri	Remuneration	-70,004	0	0	0	-388
	010007 - Reg. Councillor Schulte	Remuneration	-7,509	-368	-535	-83	-25,584
	010015 - Reg. Councillor Frustaglio	Remuneration	-106,118				
Regional Total			-190,279	-1,229	77	1,493	-24,734
Local	010009 - Councillor Iafrate	Remuneration	-7,637	-1,248	-1,014	461	255
	010010 - Councillor Carella	Remuneration	1,855	385	-1,118	1,119	2,443
	010013 - Councillor DeFrancesca	Remuneration	-7,637	-1,248	-1,014	461	255
	010012 - Councillor Yeung Racco	Remuneration	914	-1,249	-1,014	461	15,487
	010011 - Councillor Shefman	Remuneration	1,951	-81	-800	425	1,020
	010008 - Councillor Meffe	Remuneration	-33,902				
	010017 - Councillor Di Vona	Remuneration	-88,284				
Local Total			-132,739	-3,442	-4,960	2,928	19,460
Non- Discretionary Unspent Total			-399,390	-5,584	-6,209	6,203	-3,727
Total Unspent Office Budgets			-192,500	203,280	158,520	262,023	293,182