

DATE: NOVEMBER 13, 2015

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER/CITY TREASURER

Item- 1RE: COUNCIL EXPENDITURE AND CODE OF CONDUCT REVIEW TASK FORCE –
NOVEMBER 18, 2015

**COUNCIL OFFICE EXPENDITURES 2010-2014 AND PROPOSED AMENDMENT TO THE
COUNCIL DISCRETIONARY EXPENSE FORMULA, Item 1**

Recommendation

The Chief Financial Officer and City Treasurer recommends:

1. That the Task Force consider the discretionary expense formula options outlined in this report; and
2. That the Task Force consider that the formula for calculating discretionary office budgets be reviewed once during every Term of Council.

Purpose

The purpose of this report is to present options to Council to develop Council discretionary budgets and receive direction as to which option should be brought forward to a future Finance, Administration and Audit Committee meeting during the 2016 budget process.

Background – Analysis

At the November 4, 2015 meeting of the Task Force, the Task Force deferred the item "Council Office Expenditures 2010-2014 and Proposed Amendment to the Council Discretionary Expense Formula" to allow staff to conduct further research on additional options for the determination of Council discretionary office budgets.

The existing formula has been in effect since 2012, approved during the last Term of Council. It is important to ensure that this formula is still relevant. This includes building flexibility into discretionary office budgets to provide the ability to Members of Council to engage the residential and business community, receiving their input to help in determining the future direction of the City.

As such, staff are providing the Task Force with seven options for consideration in the determination of Council's discretionary office budgets. The following criteria were used to evaluate each option:

- Flexibility – ability to direct funding to where it is needed
- Citizen Experience – sufficient resources available to maintain and improve the ability to engage the community
- Equality – between wards and the City as a whole

The ability of each option to achieve all three options is ranked between low and high, with low meaning that two or more criteria are not achieved and high meaning all three criteria are achieved.

Option Summary: Tie to Achievement Criteria

Option	Achieve Criteria Measures			\$ Impact
	Low	Medium	High	
1: An adjustment to the percentage applied to the population figures and the rates applied to the residential population	X			\$2,460
2: Aligning the Mayor and Regional Councillors Discretionary amount with historical actuals	X			\$0
3: Adjustment to the residential rate for Local Councillors		X		\$32,562
4: An adjustment to the percentage applied to the population figures and the rates applied to the residential population for Local Councillors	X			-\$50,940
5				
a: Part time labour costs reallocated to Council Corporate Budget		X		\$0
b: One full-time staff to be shared by all Regional/Local Councillors		X		\$60,000
c: Labour costs pooled and allocated to Council office budgets		X		\$0
6: Training component allocated Council Corporate budget			X	\$28,000
7: Status Quo		X		\$0

Option 1: An adjustment to the percentage applied to the population figures and the rates applied to the residential population.

As the Mayor and Regional Councillors represent Vaughan at Regional Council, the percentage applied to the population figures is 25 per cent (100 per cent divided by four). The Mayor receives an additional 20 per cent due to the additional duties of the mayoral office and the costs associated to carry out these duties.

The rate applied to the residential population has been increased by twelve cents. One of the Service Excellence Strategic Initiatives in the recently endorsed Term of Council Service Excellence Strategy Map is Citizen Experience. The increased rate recognizes that there is a cost associated with increased citizen engagement.

The following tables compare the current rates and outcomes of the discretionary expense formula to the proposed amendments to the formula.

Option 1 Table: Formula Drivers

Formula Component	Current	Proposed
Percentage applied to Population figures:		
Mayor	50%	45%
Regional Councillors	34%	25%
Rate Applied to Residential Population	\$0.74	\$0.86

Option 1 Table: Calculated Council Office Budgets

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	133,052	286,361	282,865	3,496
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

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
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			650,477	1,582,049	1,579,589	2,460

Overall Ranking: Low

- Flexibility – High
- Citizen Experience – Low – Regional Council budgets decreased; could impact citizen engagement
- Equality – Low – Regional Council budgets decreased

Option 2: Aligning the Mayor and Regional Councillors discretionary amount with historical actuals

An analysis of the historical discretionary spend from 2010 to 2014 was completed. 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 Councillors office discretionary budgets.

The table below illustrates the historical spend for office discretionary budgets from 2010 to 2014.

Option 2 Table: Historical Actuals

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						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						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 Councillors office budgets to the Local Councillor Budgets.

The table below summarizes the changes that would result from this option:

Option 2 Table: Calculated Council Office Budgets

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	0.74	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

Overall Ranking: Low

- Flexibility – High
- Citizen Experience – Low – Regional Council budgets decreased; could impact citizen engagement
- Equality – Low – Regional Council budgets decreased

Option 3: Adjustment to the residential rate for Local Councillors

Ward Councillors have day to day contact with the citizens in their wards. One of the Service Excellence Strategic Initiatives in the recently endorsed Term of Council Service Excellence Strategy Map is Citizen Experience. This option proposes an increase of ten cents to the rate applied to the residential population in recognition that there is a cost associated with increased citizen engagement.

The following tables compare the current rates and outcomes of the discretionary expense formula to the proposed amendments to the formula.

Option 3 Table: Formula Drivers

Formula Component	Current	Proposed
Percentage applied to Population figures:		
Mayor	50%	50%
Regional Councillors	34%	34%
Rate Applied to Residential Population for Local Councilors only	\$0.74	\$0.84
Rate Applied to Residential Population for Regional Councilors and Mayor	\$0.74	\$0.74

Option 3 Table: Calculated Council Office Budgets

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	0.74	1.32	129,556	282,865	282,865	0
R.C. Di Biase	105,411	0.74	1.32	87,288	192,699	192,699	0
R.C. Ferri	93,876	0.74	1.32	87,288	181,164	181,164	0
R.C. Rosati	93,876	0.74	1.32	87,288	181,164	181,164	0
Ward 1 Iafrate	98,386	0.84	1.32	61,651	160,037	152,822	7,215
Ward 2 Carella	93,506	0.84	1.32	51,284	144,790	138,939	5,851
Ward 3 DeFrancesca	98,386	0.84	1.32	62,274	160,660	153,646	7,014
Ward 4 Yeung-Racco	98,386	0.84	1.32	54,805	153,191	147,500	5,691
Ward 5 Shefman	96,436	0.84	1.32	59,145	155,581	148,790	6,791
Totals	\$931,572			680,579	1,612,151	1,579,589	32,562

Overall Ranking: Medium

- Flexibility – High
- Citizen Experience – Medium – Regional Council budgets not increased; could impact citizen engagement
- Equality – Low – different residential rates between offices

Option 4: An adjustment to the percentage applied to the population figures and the rates applied to the residential population for Local Councillors.

This option is a hybrid of options 1 and 3.

As the Mayor and Regional Councillors represent Vaughan at Regional Council, the percentage applied to the population figures is 25 per cent (100 per cent divided by four). The Mayor receives an additional 20 per cent due to the additional duties of the mayoral office and the costs associated to carry out these duties.

Ward Councillors have day to day contact with the citizens in their wards. One of the Service Excellence Strategic Initiatives in the recently endorsed Term of Council Service Excellence Strategy Map is Citizen Experience. This option proposes an increase of ten cents to the rate applied to the residential population in recognition that there is a cost associated with increased citizen engagement.

The following tables compare the current rates and outcomes of the discretionary expense formula to the proposed amendments to the formula.

Option 4 Table: Formula Drivers

<i>Formula Component</i>	<i>Current</i>	<i>Proposed</i>
Percentage applied to Population figures:		
Mayor	50%	45%
Regional Councillors	34%	25%
Rate Applied to Residential Population for Local Councilors only	\$0.74	\$0.84
Rate Applied to Residential Population for	\$0.74	\$0.74

<i>Formula Component</i>	<i>Current</i>	<i>Proposed</i>
Regional Councillors and Mayor		

Option 4 Table: Calculated Council Office Budgets

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	0.74	1.32	115,468	268,777	282,865	-14,088
R.C. Di Biase	105,411	0.74	1.32	64,150	169,561	192,699	-23,138
R.C. Ferri	93,876	0.74	1.32	64,150	158,026	181,164	-23,138
R.C. Rosati	93,876	0.74	1.32	64,150	158,026	181,164	-23,138
Ward 1 Iafrate	98,386	0.84	1.32	61,651	160,037	152,822	7,215
Ward 2 Carella	93,506	0.84	1.32	51,284	144,790	138,939	5,851
Ward 3 DeFrancesca	98,386	0.84	1.32	62,274	160,660	153,646	7,014
Ward 4 Yeung-Racco	98,386	0.84	1.32	54,805	153,191	147,500	5,691
Ward 5 Shefman	96,436	0.84	1.32	59,145	155,581	148,790	6,791
Totals	\$931,572			597,077	1,528,649	1,579,589	-50,940

Overall Ranking: Low

- Flexibility – High
- Citizen Experience – Low – Regional Council budgets decreased; could impact citizen engagement
- Equality – Low – Regional Council budgets decreased

Option 5a: Part time labour costs reallocated to Council Corporate Budget

Under this option, part-time labour costs that are currently in Councillor discretionary office budgets are reallocated to the Council Corporate budget. This would result in the Councillor discretionary office budgets being comprised solely of discretionary costs.

The reallocation of part-time labour costs to the Council Corporate budgets would result in the reduction of the rate applied to the residential population. These costs would no longer need to be accounted for in this rate.

Option 5a Table: Formula Drivers

<i>Formula Component</i>	<i>Current</i>	<i>Proposed</i>
Percentage applied to Population figures:		
Mayor	50%	50%
Regional Councillors	34%	34%
Rate Applied to Residential Population	\$0.74	\$0.47

Option 5a Table: Calculated Council Office Budgets

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	0.47	1.32	85,167	238,476	282,865	-44,389
R.C. Di Biase	105,411	0.47	1.32	57,381	162,792	192,699	-29,907
R.C. Ferri	93,876	0.47	1.32	57,381	151,257	181,164	-29,907
R.C. Rosati	93,876	0.47	1.32	57,381	151,257	181,164	-29,907
Ward 1 Iafrate	98,386	0.47	1.32	34,956	133,342	152,822	-19,480
Ward 2 Carella	93,506	0.47	1.32	29,635	123,141	138,939	-15,798
Ward 3 DeFrancesca	98,386	0.47	1.32	36,321	134,707	153,646	-18,939
Ward 4 Yeung-Racco	98,386	0.47	1.32	33,748	132,134	147,500	-15,366
Ward 5 Shefman	96,436	0.47	1.32	34,021	130,457	148,790	-18,333
Totals	\$931,572			425,991	1,357,563	1,579,589	-222,026
Council Corporate							222,026

Overall Ranking: Medium

- Flexibility – Low – all labour is non-discretionary and cannot be re-allocated
- Citizen Experience – Medium – reduced flexibility could impact ability to invest in community engagement
- Equality – High

Option 5b: One full-time staff to be shared by all Regional/Local Councillors

This option proposes that one new full-time position be budgeted in Council Corporate. This FTE would support all Regional/Local Councillor offices with research and administrative matters. The cost associated with this option is between \$50-60 thousand.

This option would result in no change to the percentages applied to the population figures or the rate applied to the residential population.

Overall Ranking: Medium

- Flexibility – Medium – but difficulty in determining the allocation of the FTE between offices
- Citizen Experience – Medium – reduced flexibility could impact ability to invest in community engagement
- Equality – Medium – but further works would be required to determine a model for the equitable allocation of this proposed FTE

Option 5c: Labour costs pooled and allocated to Council office budgets

This option mirrors Toronto's method of budgeting for Council support staff. The option would result in the reallocation of full time support staff from Council Corporate to each of the Council office budgets. The Mayor would receive 3 full-time support staff and Regional and Local Councillor's would each receive one full-time support staff. This budget would be considered non-discretionary and could only be used for labour costs. It could not be reallocated to fund the discretionary office budget.

This option would also shift the budget of part-time staffing from the discretionary pool into the non-discretionary pool. The Mayor currently has two part time staff, and each Councilor has one part time staff budgeted. As with the full-time staff's budget, the part-time staff budget could only be used for part-time labour costs and could not be reallocated to fund the discretionary office budget.

As a result of re-classing part-time labour costs to the non-discretionary pool, the discretionary budget formula residential rate would be reduced to \$0.47 per resident from the current \$0.74.

Option 5c Table: Calculated Council Office Budgets

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	541,028	0.47	1.32	85,167	626,195	282,865	343,330
R.C. Di Biase	250,436	0.47	1.32	57,381	307,817	192,699	115,118
R.C. Ferri	238,900	0.47	1.32	57,381	296,281	181,164	115,117
R.C. Rosati	238,900	0.47	1.32	57,381	296,281	181,164	115,117
Ward 1 Iafrate	243,410	0.47	1.32	34,956	278,366	152,822	125,544
Ward 2 Carella	238,530	0.47	1.32	29,635	268,165	138,939	129,226
Ward 3 DeFrancesca	243,410	0.47	1.32	36,321	279,731	153,646	126,085
Ward 4 Yeung-Racco	243,410	0.47	1.32	33,748	277,158	147,500	129,658
Ward 5 Shefman	241,460	0.47	1.32	34,021	275,481	148,790	126,691
Totals	2,479,484			425,991	2,905,475	1,579,589	1,325,886
Council Corporate							-1,325,886

Overall Ranking: Medium

- Flexibility – Low – all labour is non-discretionary and cannot be re-allocated
- Citizen Experience – Medium – reduced flexibility could impact ability to invest in community engagement
- Equality – High

Option 6: Training component allocated to Council Corporate budget

This option proposes that a training budget be established in the Council Corporate budget. The total cost of this option is \$28,000, allocated as follows:

<i>Additional Budget in Council Corporate</i>		<i>Proposed</i>
Conference/Training		
Mayor and Regionals	\$2,000 each (FCM conference already paid by Region)	\$8,000
Local Councilors	\$4,000 each (2 conference registrations each)	\$20,000
Total Conference/Training Budget		\$28,000

This option would result in no change to the current formula used to determine Council discretionary budgets.

Overall Ranking: High

- Flexibility – High
- Citizen Experience – High
- Equality – High

Option 7: Status Quo

This option uses the current formula to calculate Council discretionary office budgets.

Option 7 Table: Formula Drivers

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

Option 7 Table: Calculated Council Office Budgets

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	0.74	1.32	129,556	282,865	282,865	0
R.C. Di Biase	105,411	0.47	1.32	87,288	192,699	192,699	0
R.C. Ferri	93,876	0.47	1.32	87,288	181,164	181,164	0
R.C. Rosati	93,876	0.47	1.32	87,288	181,164	181,164	0
Ward 1 Iafrate	98,386	0.47	1.32	54,436	152,822	152,822	0
Ward 2 Carella	93,506	0.47	1.32	45,433	138,939	138,939	0
Ward 3 DeFrancesca	98,386	0.47	1.32	55,260	153,646	153,646	0
Ward 4 Yeung- Racco	98,386	0.47	1.32	49,114	147,500	147,500	0
Ward 5 Shefman	96,436	0.47	1.32	52,354	148,790	148,790	0
Totals	\$931,572			648,017	1,579,589	1,579,589	0

Overall Ranking: Medium

- Flexibility – High
- Citizen Experience – Low – does not address the concern of sufficient resources to maintain and improve the ability to engage the community
- Equality – High

Conclusion

Based on the measurement of the criteria presented above, Option 6: "Training component allocated to Council Corporate budget", indicates the highest achievement of the three evaluation criteria.

One of the Service Excellence Strategic Initiatives in the recently endorsed Term of Council Service Excellence Strategy Map is Citizen Experience. It is anticipated that there will be better methods of tracking citizen queries received by Access Vaughan and other City Departments and addressing these queries before they are escalated to Councillor's offices. The overall goal is to have fewer calls to be forwarded and fielded by Council offices, allowing the redirection of this time and effort to focus on other, broader issues.

Prepared by:

Jackie Lee Macchiusi, CPA, CGA
Senior Manager, Corporate Financial Planning and Analytics

A handwritten signature in black ink that reads "Laura Mirabella-Siddall". The signature is written in a cursive, flowing style.

Respectfully submitted,

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