

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. **03 07-97-0010**
Your File/V/Réf.

DATE 24 March 1997

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Chief Administrative Officer and
Regional Clerk

SUBJECT/OBJET **MID-TERM REVIEW OF COUNCIL OPERATIONS**

DEPARTMENTAL RECOMMENDATIONS

That the Corporate Services and Economic Development Committee recommend Council approve:

- 1. The creation of a three-member Citizens' Remuneration Review Panel to examine the workings of Regional Government based on the experience over the past two years of operation with a directly-elected Council, in accordance with the Terms of Reference at Annex A;**
- 2. Instruct the Citizens' Panel to report back to the Member Services Committee no later than 30 May 1997, for submission to the Corporate Services and Economic Development Committee and Council by the end of June 1997;**
- 3. Delegate authority for the selection of the Panel to the Member Services Committee;**
- 4. Direct that this review be conducted in accordance with the Region's Public Consultation Policy;**
- 5. Any adjustment to the compensation and support for Members of Council be effective for the term of Council from December 1, 1997 to November 30, 2000.**

BACKGROUND

On 25 May 1994, Council adopted a package of financial arrangements based on the report of the Citizens' Review Panel on Councillors' Remuneration. This Council decision provided direction on office budgets for the councillors, staffing and compensation levels. It served as the basis for the preparation of the 1995 and 1996 Legislative budgets. The Citizens' Panel report recommended that these arrangements be reviewed at the mid-point of the new Council's term. Any financial changes found to be necessary were to be considered for introduction in the 1997 budget year.

Some related matters have been the subject of subsequent Council motions directing that they also form part of a mid-term review. These include the review of the severance allowance policy for Councillors (22 June 1994), the Chair's salary and office budget (13 July 1994), compensation for Committee Chairs (25 January 1995) and possible reduction of the budgets for the Councillors' individual offices (24 January 1996).

A review was not initiated in mid-1996 due to the complexity of the issues around the Corporate Review, the process for development of Budget Directions for 1997 and the general climate of economic uncertainty. It was anticipated that there would still be time later in the year for a basic review and evaluation, in line with the 1994 recommendation of the Citizens' Panel.

The extensive publicity around the work of the Who Does What panel in the latter half of 1996 and the subsequent announcements on program responsibility and funding changes made by the provincial government in January 1997 pre-empted the basic evaluation of options originally envisaged as being appropriate to meet the needs of a mid-term review.

The "mega-week" announcements have introduced a substantially changed expectation for the operating environment in 1998 and beyond. The scope of responsibility for Regional Council will be expanded as a consequence of the shifting of service delivery from the province to municipal government. The details are not yet finalized, but there will likely be a significant increase in the overall financial and administrative responsibility for the Regional Municipality arising from these changes.

ANALYSIS

Given the potentially significant adjustments to be made to the operation of the corporation as a result of provincially imposed change, it appears that there is merit in reconstituting an independent review panel to assist the Corporate Services and Economic Development Committee and ultimately Council in determining appropriate resource allocations for the next term of Council.

In 1994, a five member panel was used as the vehicle for evaluating compensation and office support options. This approach worked well in terms of bringing a variety of viewpoints to the

table to address the multiple issues associated with the proposal for a totally new approach to the election and operation of a regional council. In 1997 the project is more focused in nature and it is therefore recommended that a new but smaller panel be constituted, comprised of three persons. If possible, one of the members from the former Citizens' Review Panel should be reappointed in order to provide a degree of continuity in this work. It is recommended that the appointment process occur through the Member Services Committee.

The mandate is somewhat narrower in scope than in 1994, and it is anticipated that a working term of approximately two months should be sufficient to enable a review to be performed. It is recommended that the Panel's report be brought back to the Committee by the end of May 1997. Any decisions made by Council arising from the recommendations of the Panel would take effect for the new term of Council commencing on December 1, 1997.

The proposed Terms of Reference for the work of the new Panel have been attached at ANNEX A. The corresponding material from 1994 is at ANNEX B, for information and comparison purposes.

Some preliminary research was undertaken by staff in 1996 as potential background for a basic mid-term review. This material is attached at ANNEX C and is provided for general reference.

CONCLUSION

There will be further change and responsibility shifts as the province moves to reduce its scale of operation in the area of service delivery. It is anticipated that there will be an increased role and level of responsibility for Regional Council as these shifts occur. It would therefore be desirable to look at analyzing operational budgets and making any necessary adjustments so that they fit into a broader timetable i.e. for the next term of Council, rather than the originally envisaged target of the third year of the current term. Assigning this task to an independent review panel would appear to be an effective way of addressing this issue.

CONSULTATION

Public consultation will occur in the context of the work of the new Review Panel.

FINANCIAL IMPLICATIONS

Funds for the work of the Panel will be allocated from the 1997 Regional Clerk's budget.

Approved by
C. M. Beckstead
Chief Administrative Officer

Approved by
Mary Jo Woollam
Regional Clerk

PROPOSED TERMS OF REFERENCE FOR THE 1997 REVIEW PANEL**The mandate of the Review Panel is:**

1. To evaluate and recommend to Council on the matter of the appropriate level of compensation, benefits and support for the directly-elected Council for the term commencing on 1 December 1997.
2. To prepare a report with recommendations to be submitted to the Member Services Committee no later than 30 May 1997.

To undertake this task, the Review Panel will:

1. Examine the changing role, responsibilities and functions of both Council and the Members of Council, taking into account the experience of the past two years of the directly-elected Council.
2. Review and examine relevant documentation on appropriate levels of remuneration for Members of Regional Council.
3. Review and consider the several resolutions relating to compensation matters including:
 - the review of the severance allowance policy for Councillors (22 June 1994);
 - the Chair's salary and office budget (13 July 1994);
 - compensation for Committee Chairs (25 January 1995);
 - and, possible reduction of the budgets for the Councillors' individual offices (24 January 1996).
4. Elicit and examine submissions, in writing or otherwise, from interested person, agencies and community groups concerning the remuneration of Regional Councillors, and conduct a public consultation process in accordance with the Region's Public Consultation Policy, while being mindful of the time frame for the completion of this review.
5. Undertake such other investigative initiatives as may be required to achieve a sound recommendation while ensuring that the task is completed within the prescribed time frame.

ANNEX B**TERMS OF REFERENCE FOR THE 1994 CITIZENS' REVIEW PANEL**

(Approved by Regional Council on 8 December 1993)

The mandate of the Remuneration Review Commission is:

- A. To evaluate and recommend to Council on the matter of the appropriate level of compensation, benefits and support, including accommodation, for a directly-elected Council so that the interests of the community are best represented.
- B. To develop a procedure for establishing future levels of remuneration for Regional Council.
- C. To prepare a report with recommendations to be considered by the Executive Committee and Council no later than 28 February 1994. *(This date was subsequently revised to the end of April 1994.)*

To undertake this task, the Review Commission will:

- A. Examine the role, responsibilities and functions of the Council.
- B. Examine the role, responsibilities and functions of Members of Council.
- C. Review and examine all relevant documentation on appropriate levels of remuneration for Members of Regional Council.
- D. Elicit and examine submissions, in writing or otherwise, from interested persons, agencies and community groups concerning the remuneration of Regional Councillors, and conduct a public consultation process in accordance with the Region's Public Consultation Policy as approved by Council on 22 September 1993.

BACKGROUND RESEARCH TOWARDS MID-TERM REVIEW**GENERAL COMPARISON WITH OTHER JURISDICTIONS**

A survey was conducted of a number of municipalities across Canada to look at comparative statistics with respect to compensation and office budgets. The chart and accompanying text attached as APPENDIX I summarize the information collected.

In compiling the data, staff endeavoured to convert it to a format which allows direct comparison with the budget lines used by RMOC. Due to differing approaches for budget envelopes, it has been necessary in some instances to provide supplementary explanatory notes rather than showing actual comparative numbers in the chart.

In Halifax, for example, the budget used for the councillors is a completely pooled fund and there are no individual councillor office budgets. In other cases, such as Toronto, councillors are provided with an individual office budget as well as access to a pooled fund for certain general operating expenses. While the numbers in any given line on the chart have been factored to be as comparable as possible, they should be read in the context of the overall support arrangements in that municipality and their potential links to other line items.

From the sample of jurisdictions surveyed it is apparent that there is a considerable variety of arrangements in place in the larger centres across the country. The budget numbers reported are indicative of relative orders of magnitude and there are some correlations on a per capita basis. The largest budgets are in the GTA and reflect the much larger population base in that area.

In RMOC there is less reliance on pooled funds and more emphasis on the individual office budgets to cover the majority of costs associated with councillor operations. This approach has the advantage of individual accountability for spending, as compared to the less direct linkage in a pooled account system.

SPECIFIC COMPARISONS

The survey illustrates a broad spectrum of approaches to support funding for council operations, both in terms of approach (pooled vs. individual office support) and in the level of funding being provided. There are regional variations which reflect the particular needs and past practices in the various municipal jurisdictions across the country. The National Capital area has its own distinctive features, and staff research indicates that in many respects the most directly comparable example for Ottawa-Carleton may be the City of Ottawa.

In this context, the office budget available to each Regional Councillor for sundry expenditures is in the mid-range of that at the City and therefore quite comparable. It might also be noted that for the first full year of operation of the directly elected council at RMOC in 1995, one third of the Members of Council were underspent in their operating budgets. The balance of the offices

were generally within their planned spending envelopes for that year. In 1996, all of the offices were able to complete the year without running a deficit, although the aggregate amount of funds remaining unspent was much less than for 1995.

With respect to budget for support staff, the City of Ottawa provides financial resources for two staff rather than the one assistant approach used at the Region. The only other area that offers this level of support is in Metropolitan Toronto and some of its constituent municipalities.

Perhaps the most immediate problem to be addressed in the area of budgets is the level of compensation provided to the Regional Councillors themselves. There has been an increase in their level of responsibility as a result of the upward migration of services such as waste management and policing. For reference, a breakdown of the services provided by the Region versus those of the area municipalities is shown below.

SERVICE RESPONSIBILITIES IN OTTAWA-CARLETON

CITY-VILLAGE-TOWNSHIP SERVICES	REGIONAL SERVICES
<ul style="list-style-type: none"> • Local sanitary and storm sewers • Parking/ By-law enforcement • Dog licensing/ animal control • Building Permits • Fire fighting • Business, birth, death, marriage licenses • Local roads/ sidewalks • Local planning and zoning • Local economic development • Business development & improvement areas • Existing business parks 	<ul style="list-style-type: none"> • Water supply/ distribution • Trunk sewers • Sewage treatment • Garbage collection/ 3R's/ Landfill site • Police services and 9-1-1 • Emergency Measures • Health protection/ Disease prevention/ Home Care • Child Care Programs • Homes for the Aged • General Welfare Assistance • Emergency housing/ shelters • Major roads/ bridges/ traffic signals • OC Transpo and the Transitway • Regional planning/ subdivision/ local official plan approval • Region-wide economic development through OCEDCO, OTCA, OCRI • Acquisition of new land for public industrial development purposes • Long-term Financing on behalf of all municipalities in Ottawa-Carleton

COMPARISON OF COUNCIL OPERATING BUDGETS - 1996

APPENDIX I OF ANNEX C

		Municipalities of 500,000 or less				Municipalities over 500,000				
		Vancouver	Halifax	London	Ottawa	Ottawa-Carleton	Calgary	Scarborough	Toronto	Metro
Municipal Size and Structure	population	500,000	340,000	320,000	317,000	715,000	750,000	510,000	635,775	2,317,400
	head of council	mayor	mayor	mayor	mayor	chair	mayor	mayor	mayor	chair
	number of councillors	11	23	14 & 4 controllers	10	18	14	14	16	28 & 6 mayors
	population per councillor	45,455	14,783	17,778	31,700	39,722	53,571	36,429	39,736	68,159
	no. of wards	at large	23	7	10	18	14	14	16	28
Remuneration and Budget for Head of Council	taxable + non-taxable	90,900	94,000	78,375	78,412	110,136	91,746	68,778	99,868	119,557
	Cttee chair compensation	0	0	0	5,000	0	0	0	0	0
	Office budget	49,600*	420,000	191,960	353,200	591,000	400,000	308,800	671,424	1,079,000*
Remuneration and Budgets for Members of Council	taxable + non-taxable	40,500*	38,000	22,990	45,357	40,000	45,873	51,584	63,857	64,505
	Cttee chair compensation	0	10,400 *	900	5,000	5,682	0	0	0	0
	indexing of remuneration	yes *	no	no	ended in 1994	no	yes*	no	no	no
	Office budget	4,005	pooled*	700	83,800	59,370	30,410	121,500	128,363	127,400 max
	- staff salaries & benefits	pooled*	pooled*	pooled*	up to 75,214 *	43,870	28,060	110,000	108,500	107,900
	- total for goods & services	4,005	pooled*	700	up to 22,216 *	15,500	2,350	11,500	19,863*	16,356 - 19,500
Automobile Allowance	reimbursement basis	0	0.29 km	0.30 km	0	0.40 km	0	0.37 km	0.35/km	0.36 km
	annual car allowance	up to 200 year	0	0	7,746 year	0	1,950 year	0	0	0

(* see Supplementary Notes)

MUNICIPALITIES WITH POPULATION OF 500,000 OR LESS**VANCOUVER**

- mayor's expense allowance is \$9,100; also controls the Mayor's Fund of \$40,500 which is used for discretionary purposes in regard to the business of council e.g. includes travel and training expenses of the mayor and his staff; overall total is \$49,600
- committee chair compensation - none provided, but position of deputy-mayor rotates on a monthly basis and provides an extra \$1,666 in compensation and \$166 in expenses monthly
- councillors' expense allowance - annual amount is \$4,005 with a maximum of 5% to be used as auto allowance
- office budgets - aside from the expense allowance there is no office budget; councillors share a secretariat which provides clerical and administrative support including supplies, photocopying, etc. The budget for the secretariat is \$185,000 for salaries/benefits and \$93,000 for other goods and services including travel; averaged across 11 members gives \$16,818 and \$8,455 respectively.
- councillor salaries are based on average weekly earnings for full time/full year employees in British Columbia. Salary was set at \$33,900 in 1990 and is inflated annually by the change in the average weekly earnings for the province. Every 5 years the base will be reset.
- travel/training policy - subject to Mayor's approval if in B.C., and to council approval if out of province. Some standing approvals are in place for FCM and UBCM conferences
- budget for travel and training is set at \$18,000 in 1996; additional funding can be provided from the Operating Budget upon council approval

HALIFAX

- deputy mayor receives additional \$10,400; there is no supplementary compensation for committee chairs
- councillors' office budget is shared by all members of council
- the budget consists of \$1.1 million for staff salaries and benefits, and \$500,000 for goods and services; if averaged across 23 wards, this equals \$47,826 and \$21,739

LONDON

- council composition - two councillors per ward, and 4 controllers elected at large
- office budget for councillors - the \$700 for each member covers office expenses and local travel; general pooled budget of \$42,554 for support staff and \$43,135 for goods and services shared by all of the councillors

OTTAWA

- each councillor's office budget makes provision for two staff, within specified salary ranges; councillor determines compensation levels for staff within those ranges to a maximum of \$75,214; the balance of the remaining budget is available for office expenses, to a maximum of \$22,216
- conferences - considered by Council on a conference by conference basis; AMO and FCM registration fees are covered.

MUNICIPALITIES WITH POPULATION GREATER THAN 500,000**OTTAWA-CARLETON**

- the Regional Chair serves as chair of OC Transpo, chair of the Corporate Services and Economic Development Committee, and is a member of the Police Services Board. There is no additional compensation provided with respect to these responsibilities.

CALGARY

- office supplies - provided corporately, with some per ward maximums on an annual basis such as with printing costs
- indexing of remuneration - indexed to CPI, but increase has been waived by council in each of the last four years

SCARBOROUGH

- conferences and business travel - must not exceed capacity of each councillor's office budget

TORONTO

- office budgets - each councillor has staff of 1 secretary and 1 assistant
- corporate support for office expenses - in addition to office budgets, \$378,885 is available as a pooled fund to assist the mayor and councillors with the general costs of goods and services
- conferences - special account of \$10,000 for mayor for all related costs
- business travel - as necessary and upon council approval from a general pool; no approval required if charged to an individual office account; includes travel, conferences etc.

METROPOLITAN TORONTO

- Chair's office budget is comprised of \$760,000 for staff compensation plus \$319,000 for goods and services
- Chair has a ward office budget of up to \$126,255 for staff, goods and services
- Chair responsible for Economic Development Division with a budget of \$1.5 million
- councillors' office budgets - accommodate the hiring of two staff for each councillor
- conferences - attendance is paid from office budgets up to a maximum of \$2,800
- automobile allowance - available for members to drive to conferences and seminars, but not for local travel
- special legislation in Metro provides for an enhanced pension contribution of 5% of gross taxable income; the province is reviewing compensation in a broader context, including the 1/3 non-taxable allowance; no new special pension legislation is likely pending the outcome of the overall provincial review.