



To: Richmond City Council **Date:** June 8, 2006
From: George Duncan **File:**
Chief Administrative Officer
**Re: Review of Compensation and Benefits for Richmond Elected Officials by
Independent Panel and Compensation Consultant**

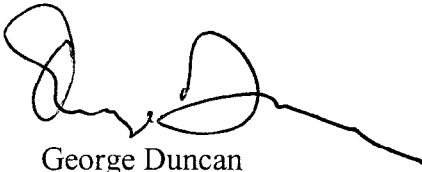
Staff Recommendation

In consideration of the direction and recommendation from the General Purposes Committee of June 5, 2006, Staff proceeded with the review of compensation and benefits for elected officials on the understanding that the recommendations of the Independent Panel with regards to the rate of pay for the Mayor, and the rate of pay for Councillors, expressed either as a percentage of the rate of pay for the Mayor, or as a value, will be binding in that Council cannot assign remuneration that exceeds the recommendations of the Panel. Accordingly, the following recommendations are provided:

1. That the Independent Panel's recommendations (as per Attachment 1, page 2) on remuneration (rates of pay) for the Mayor and Councillors be adopted effective June 29, 2006;
2. That the Independent Panel's recommendations calling for remuneration to be adjusted and paid at a fully taxed rate not be adopted, noting that this aspect of the Panel's recommendations are not binding on Council and are counter to the analysis provided in the Staff Report;
3. That the recommendations of the Compensation Consultant on benefits as outlined in Attachment 3 of the Staff Report from the CAO (dated June 8, 2006) and in the Staff Report from the CAO (dated May 29, 2006) be adopted, including the following:
 - a. that the City continue the practice of automatically adjusting Mayor and Councillors remuneration by the value of CPI (Vancouver) effective January 1 of each year, as was recommended by the 1992 Council Indemnity Task Force, and which has been the usual practice since;
 - b. that the City conduct a market survey and adjust the level of remuneration provided to the Mayor and Councillor positions in accordance with the market comparator group on an every three year basis, ideally just prior to the expiry of the term of each Council;
 - c. That effective June 29, 2006, elected officials be provided the same benefit package that is provided to all exempt staff including long term disability (LTD) coverage and the Employee Assistance Program, consistent with the Analysis section of the Staff

Reports of May 29, 2006 and June 8, 2006, and with the details outlined in the recommendations from the Compensation Consultant in Attachment 3;

- d. that the City continue the practice of providing a retiring allowance to elected officials as outlined in the Consultant's recommendations (Attachment 3) and referenced in the Staff Reports from the CAO (dated May 29, 2006 and June 8, 2006);
4. That a letter expressing the City's appreciation for the valuable assistance provided by the Independent Panel be sent to each member under the Mayor's signature.

A handwritten signature in black ink, appearing to read 'George Duncan', with a long horizontal flourish extending to the right.

George Duncan
Chief Administrative Officer
(4338)

Staff Report

Origin

On June 5, 2006, the CAO presented a Report to the General Purposes Committee entitled "Review of Compensation and Benefits for Richmond Elected Officials". The compensation review was referred to an Independent Panel to provide recommendations on the value of remuneration (rate of pay) to be paid to the Mayor and Councillors, based on consideration of the compensation philosophy and market data provided. The Panel was to be guided by the Terms of Reference outlined in the Recommendations and Analysis sections of the Staff Report.

A copy of the original Staff Report (dated May 29, 2006) including the Terms of Reference has been circulated separately to Council members. This Report (dated June 9, 2006) will serve as the follow up to the original Staff Report. It will present the recommendations of the Independent Panel on remuneration and from the Compensation Consultant on benefits. This Report also discloses the full detailed data base on which the recommendations were based, and a staff analysis of the various aspects of the remuneration and compensation issues.

Also attached is the Report from the Independent Panel (Attachment 1), the market survey data spreadsheet (Attachment 2), recommendations from the compensation consultant on Benefits (see Attachment 3 – letter dated June 8, 2006 from Maurice Lamb of Lamb & Associates).

A copy of the 1992 Council Indemnity Task Force Report which was referenced in the May 29, 2006 Staff Report and which was requested for by members of the General Purposes Committee at the June 5, 2006 meeting has also been provided separately to Council members.

The Independent Panel consisted of:

Maurice Lamb, Compensation Consultant, Lamb & Associates – Panel Chair
Geoff Chutter, CA, President & CEO, Whitewater West Industries Ltd.
John Collison, President, John Collison & Associates Ltd.
Howard Harowitz, Vice-President, MICA Consulting Partners
Gail Terry, General Manager, Richmond Auto Mall Association

The Panel met outside of City Hall and also conducted discussions via telephone conference call. City staff did not participate in the Panel's deliberations.

Analysis

The analysis contained in this Staff Report of the review of compensation and benefits for elected officials will focus on three specific areas:

- recommendations of the Independent Panel on both the rate and method of remuneration to be provided;
- implications of recommendations from the Independent Panel that fall outside the intended scope of the Terms of Reference – moving to fully taxable remuneration;

- recommendations of the compensation consultant on benefits.

Recommendations of the Independent Panel

The Independent Panel was tasked with providing recommendations on:

- i. comparator market – establish market position within proposed comparator market at a percentile or specific placement (position within the comparator group, i.e. average, etc.)
- ii. appropriate remuneration level for the position – Mayor
- iii. appropriate remuneration level for Councillor positions calculated as a percentage of remuneration offered to Mayor position or in accordance with survey data on remuneration provided to Councillors in the comparator group
- iv. vehicle allowance for Councillors, and

Comment on staff recommendation on benefits.

Following is a brief summary of the Panel’s recommendations (Attachments 1 and 2), and corresponding analysis and comments provided by staff:

Remuneration

1. Comparator Market: Vancouver was eliminated due to the significant difference in populations. Lower Mainland cities with populations over 100,000 were identified as the comparator group. Burnaby and Surrey were determined to be most relevant comparators. Coquitlam, Delta, and Abbotsford were also included in the comparator group. Complete data is shown in Attachment 2. The Panel identified a market comparator group rather than recommend a position in the market comparator group that had been designated. As the rationale for this change was sound and met the acceptance of the Compensation Consultant, this slight deviation from the Terms of Reference was deemed acceptable.
2. Remuneration for Mayor:

1/3 tax exempt	adjusted rate to be fully taxable
\$92,025	\$112,475

The Panel recommends the City provide the fully taxed rate of remuneration at \$112,475. The complete data base of comparison rates is provided in Attachment 2. The recommendation to move to an adjusted fully taxed rate falls outside of the intended scope of the Panel’s Terms of Reference. Further analysis of this aspect of the Panel’s recommendations is provided on pages 5-7 of this Staff Report.

Remuneration for Councillors:

44.4% of remuneration for Mayor

1/3 tax exempt	adjusted rate to be fully taxable
\$40,834	\$49,908

The Panel recommends the City provide the fully taxed rate of remuneration at \$49,908. The complete data base of comparison rates is provided in Attachment 2. The recommendation to move to an adjusted fully taxed rate falls outside of the intended scope of the Panel's Terms of Reference, therefore as noted above, further analysis of this proposed change was undertaken and is covered on pages 5-7.

3. Vehicle Allowance for Councillors

Remains unchanged at .50 per km.

Benefits

The Panel chose not to comment on the staff recommendation on benefits due to having insufficient information and a lack of expertise in this area. The Compensation Consultant (Panel Chair), however, who has the necessary expertise to do so has provided a recommendation on benefits:

- As officers of the Corporation (City of Richmond), elected officials should be provided the same benefit as all exempt staff where permissible. Accordingly, the Consultant also recommended that in the case of the Municipal Pension Plan for which, unlike Ontario, elected officials cannot join the Plan, that the City continue the current practice of providing a retiring allowance. The Consultant also placed considerable emphasis on the need to address the lack of formal coverage or protection against long term illness or injury, noting that elected officials do not have WCB protection and may give up income protection from other employment sources in order to serve on an elected body. Therefore, it is recommended that the LTD plan be offered to elected officials. Staff recommend that the cost for current disability coverage premiums paid for by elected officials be covered by the City until such time as members of Council have been fully signed onto the City's plan. All benefits would only be provided for the duration of the term of office of the elected officials. The full details of the Consultant's recommendations on benefits for elected officials is provided in Attachment 3.

Fully Taxable Remuneration vs. Non-Taxable Remuneration for Elected Officials

Although falling outside the intended scope of the Terms of Reference through which the Independent Panel was mandated, the Panel has chosen to offer a recommendation that the City discontinue the practice of allowing a 1/3 tax exempt status on remuneration provided to the Mayor and Councillors. Staff are opposed to this recommendation for the following reasons:

1. Although Staff believe that the Panel acted with good intentions in interpreting the Terms of Reference to allow for a recommendation to change the 1/3 tax exempt status of the Mayor and Councillors remuneration, the mandate provided the Panel does not. The mechanisms through which the Panel were provided their mandate include: Recommendation #2 of the May 29, 2006 Staff Report, the subsequent resolution passed by the GP Committee on June 5, 2006, the Terms of Reference as outlined in the Staff Report, and ultimately the resolution of the GP Committee which referred the compensation review to the Panel.
2. As indicated in the June 8, 2006 Staff Report, the Panel's recommendation would not be binding in any case. Also, as there are numerous disadvantages for both the Corporation and individual elected officials that are associated with the change recommended by the Panel, it would be counter productive for Council to adopt this format.
3. Each individual city in the comparator group which was established by the Panel provide remuneration to elected officials on the basis of the 1/3 tax exempt practice. Given that a primary purpose of the market survey exercise was to achieve market parity with Richmond's comparator group cities, it does not seem appropriate that the City would take action that would move Richmond further from its counterparts from around the Region and, specifically, from the five cities that served as the primary comparators.
4. The Canadian Income Tax Act (IT-292 Subsection 81(3)) and Canada Customs and Revenue Agency allow the 1/3 tax free exemption, and up to a 50% tax exemption subject to the Municipal Act providing for more than a 1/3 allowance. The Local Government Act also allows for the 1/3 allowance. Therefore, any movement to eliminate this format should be dealt with on a broader scale – provincially through UBCM or nationally through FCM, as opposed to, at the local level by one individual local government jurisdiction.
5. Staff contend that the Panel did not have access to sufficient relevant background information to understand the full background and rationale for the tax exempt status, the authority mechanisms through which it is authorized, or the full implications and financial impacts that would be associated with its elimination.

Staff note that Recommendation #2 (as noted below) of the May 29, 2006 Staff Report, which is the source of the Terms of Reference delegated to the Panel, clearly reflects that the only element of the Panel's recommendations that is binding is the "rate of pay" or "value" of the remuneration.

2. *"That the recommendations of the Independent Panel with regard to the rate of pay for the Mayor, and the rate of pay for Councillors, expressed either as a percentage of the rate of pay for the Mayor, or as a value, be binding in that Council cannot assign remuneration that exceeds the recommendations of the Panel".*

Accordingly, the Panel’s recommendation to move to a fully taxed rate presents an optional change that should Council members wish to consider, Staff have outlined a few advantages and disadvantages of each option in the list provided below.

	Format	
	Fully Taxable	1/3 Tax Exempt
Advantages	1. optics – possibly broader public acceptance because it is more easily understood/does not require explanation	1. likely provides higher net pay at no extra cost to the City for low to mid-income earners; less difference in net pay will occur at higher incomes
	2. provides for higher RSP limit, higher rate of compensation if on LTD or compensation	2. protects against lift into higher tax bracket
	3. potential to claim some expenses	3. less cost and time for City to administer
Disadvantages	1. may move officials into a higher tax bracket (higher tax rate)	1. less palatable optics – rationale is not easily understood or explained to the general public
	2. individual members would receive a lower net pay, without providing any cost savings to the City	
	3. any member receiving a pension is potentially exposed to a higher/earlier risk of a pension claw-back	
	4. City will incur higher costs to administer expenses	
	5. more time intensive for elected officials to log, record, file, monitor expenses and collect receipts	

Attachments 4 and 5 provide a detailed financial analysis of each option; however, Staff are recommending that Council not approve the proposed change to a fully taxable remuneration.

Staff place considerable emphasis on the fact that every City in the comparator group chosen by the Panel is compensated in this manner (1/3 tax exempt), as are most cities across the country. Achieving and maintaining equity within the comparator group is a primary objective of the compensation review.

Financial Impact

If the Panel's recommendation with regards to the rate of pay for the Mayor and Councillors is accepted, the total increase for the whole of Council will be \$82,351 for increased remuneration. As the elected officials already participate in the City's group benefits, any increased cost for additional benefits, as recommended, should be relatively nominal.

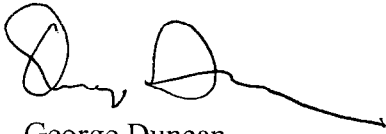
	Current	Recommended	Increase
Mayor	\$80,082	\$92,025	\$11,943
Councillor	\$32,033	\$40,834	\$8,801
Total Council	\$336,346	\$418,697	\$82,351

Funding for the proposed increase in compensation for the Mayor and Councillors can be accommodated within the salary contingency accounts established as part of the base 2006 Operating Budget.

Conclusion

The City has fallen behind the market place for remuneration provided for elected officials. The recommendations of this Staff Report will allow the City to move closer to the market rate and provide a mechanism to assist with maintaining an appropriate market position in future.

The City should also address unfairness with regards to the limited scope of benefits offered to elected officials who may make personal and financial sacrifices in order to serve their communities, and whose health and wellness could be impacted in the course of carrying out their duties.



George Duncan
Chief Administrative Officer
(4338)

GD:acs

Lamb & Associates

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June 8, 2006

George Duncan
Chief Administrative Officer
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 3C1

Dear Mr. Duncan:

Re: Independent Panel: Mayor and Councillor Remuneration Review

Background

The Panel was advised that the remuneration for the Mayor and Councillors of the City of Richmond has not undergone a market based review since 1992. The City has a concern that these positions have fallen behind within their comparator market.

An Independent Panel was established by the City to review and make recommendations on the appropriate level of remuneration for the Mayor and Councillors. The Independent Panel consisted of five members: the Chair, a Human Resources Consultant with a specialty in Compensation Management, and four members who are representatives of the business community and do not have ongoing business with the City or Council.

The mandate for the Panel was to recommend:

1) Market position within proposed comparator market at a percentile or specific placement

The Panel reviewed provided data and made decisions based on the information. The comparator market was considered and agreed upon by all Panel members as cities in the Lower Mainland with a population greater than 100,000 residents, with the exception of Vancouver (with a population so much larger than Richmond's as to render it inappropriate as a comparison). Hence, the comparator group included: Surrey, Burnaby, Abbotsford, Coquitlam and Delta. All cities in the comparator group have the one third tax free provision which is in compliance with Revenue Canada.

The compensation and other related data for Surrey, Burnaby, Coquitlam, Delta and Abbotsford were reviewed by the Panel. Following this review, the Panel narrowed its focus to the cities of Burnaby and Surrey.

It is worth noting as well that the Panel also had the opportunity to consider compensation data for elected officials for other Canadian western cities and Ontario. The Panel viewed this information as interesting but did not factor it into their recommendations.

2) Appropriate level of remuneration for the Mayor

All Panel members agreed that the level of remuneration should be between Burnaby and Surrey but closer to Burnaby as it is considered the best comparator. This resulted in a figure of \$92,025.00 of which one third is tax free. Adjusted to a fully taxable equivalent (assuming a 40% tax rate) the figure would be \$112,475. All Panel members are in agreement on these figures.

In conducting its work, the Panel was mindful of the Terms of Reference with which it was tasked: both the specific questions it was asked to comment upon, and the broader context in which those specific questions were set out. Hence, the Panel members felt it was incumbent upon them to consider the manner in which compensation is provided as well as the level thereof. The Panel recommended the salary be established and paid at the fully taxable rate of \$112,475

Appropriate remuneration level for Councillor positions calculated as a percentage of remuneration to the Mayor

All Panel members were in agreement that, remuneration of Councillor's should be at a rate of 44.4% of the Mayor's level of remuneration. Given the foregoing recommendation for the Mayor's level of remuneration, this translates to \$40,834 of which one third is tax free. Adjusted to a fully taxable equivalent (assuming a 40% tax rate) the figure would be \$49,908. All Panel members were in agreement on these figures.

The Panel also recommended the salary be set and paid at the fully taxable rate of \$49,908.

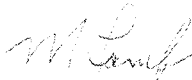
3) Vehicle allowance for Councillors

The rate should continue at its present rate of \$.50/Kilometer. This is in line with other Municipalities. All Panel members are in agreement on this figure.

The Panel was also asked to comment on staff recommendations on benefits.

The Terms of Reference called for the Panel to comment on staff recommendations regarding benefits. The Panel felt it did not have enough information nor the expertise to comment on benefits. As compensation and benefits is my area of expertise, I will be providing a recommendation on this matter under a separate report.

Yours truly,



Maurice Lamb
Chair, Independent Panel

City of Richmond Mayor and Councillor Remuneration Review, June 2006

City	Mayor Current Salary	Mayor Adjusted Salary*	Council. Current Salary	Council. Adjusted Salary*	% of Councillor to Mayor	Pop.**	FTE Staff	Budget Operating & Utilities- (Mil)	Budget Capital- (Mil)	Budget Total- (Mil)
Coquitlam	\$104,156	\$127,302	\$37,653	\$46,020	36.2%	121,973	702	\$127,220	\$34,397	\$161,617
Surrey	\$99,087	\$121,106	\$50,134	\$61,275	50.6%	393,137	1979	\$328,446	\$157,651	\$486,097
Burnaby	\$89,741	\$109,683	\$39,885	\$48,748	44.4%	204,324	1800#	\$278,587	\$118,557	\$397,144
Delta	\$82,692	\$101,068	\$31,446	\$38,434	38%	102,655	950	\$130,771	\$24,612	\$155,382
Abbotsford	\$72,500	\$88,611	\$24,167	\$29,536	33.3%	127,434	800	\$104,091	\$113,308	\$217,399
Average	\$89,635	\$109,554	\$36,657	\$44,803	41%	189,905	1164	\$193,823	\$89,705	\$283,528
Richmond	\$80,082	\$99,268	\$32,033	\$38,408	38.7%	173,430	1250	\$256,930	\$113,021	\$369,951
Surrey & Burnaby Average	\$94,414	\$115,395	\$45,010	\$55,012	47.7%					
Max	\$104,156	\$127,302	\$50,134	\$61,275						
Min	\$72,500	\$88,611	\$24,167	\$29,536						
Spread	\$31,656	\$38,691	\$25,967	\$31,739						

*-adjusted for 1/3rd tax free portion of salary assuming a 40% tax bracket

**-BC Stats Pop. Estimates-July/05

#-estimate

Recommended Rates

Mayor		Councillor		% of Councillor to Mayor
1/3 rd Non Taxable	Fully Taxable	1/3 rd Non Taxable	Fully Taxable	
\$92,025	\$112,475	\$40,834	\$49,908	44.4%

These recommendations represent the half way point of the two averages (for Burnaby/Surrey and for the five comparator cities)

Prepared by: Lamb & Associates
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ATTACHMENT 3

June 8,2006

George Duncan
Chief Administrative Officer
City of Richmond
6911 No. 3 Road

Richmond, BC V6Y 3C1

Dear Mr. Duncan:

Re: Staff Recommendation on Benefits

Background

The Independent Panel was asked to comment on staff recommendations on benefits but they did not feel they had sufficient information or the expertise to comment on benefits. As a compensation professional, I have been asked to provide recommendations.

Recommendations

I have been asked to provide recommendations on the following:

- Subsequent to the implementation of changes recommended due to market position, commencing January 1, 2007 and, thereafter, annually in January, that an annual increase equal to CPI for Vancouver be awarded to assist the City to maintain a reasonable market position and to ensure the level of compensation for elected officials remains fair and current. (Note: This mechanism is already in place and is based on the recommendations of the 1992 Independent Panel.)

My recommendation is that this annual increase be awarded and that a market review be conducted every three years to ensure that the City of Richmond maintains an appropriate place within the comparator market. I would also recommend that consideration be given to establishing a process for examining and comparing the knowledge and skill requirements for Mayor and Councillor's positions within the comparator market.

- Mayor and Councillor positions should receive benefits that are comparable to all full time exempt employees during their period of serving the electorate to the degree permitted by the Act and insurance carriers.

My recommendation is that the current practice of allowing these positions to participate in the benefit program should continue. Mayor and Councillors should also be included in the City's long term disability program. This is to enable elected officials to maintain this coverage if they have to relinquish it in order to serve as a Mayor or Councillor. These positions should also be able to participate in the City's Employee and Family Assistance program.

- Observing that in BC, elected officials are not eligible for participation in the Municipal Pension Plan as they are in Ontario, the City should continue to accrue annually an amount for a retiring allowance equivalent to the Employer's Superannuation contribution applied for all City employees to be paid out upon retirement, death or failure to retain elected office and subject to Income Tax regulations.

My recommendation is that this practice continue. If civic officials relinquish some or all retirement benefits in order to serve in public office, there should be a means to mitigate these losses.

Yours truly

A handwritten signature in cursive script, appearing to read 'M. Lamb', written in dark ink.

Maurice Lamb

**TAX IMPLICATIONS ON REVISED SALARY
Mayor**

	Current-1/3 Non Taxable			\$30,000 External Income, Basic Deductions			Revised - Fully Taxable Taxable
	Taxable	Non	Total	Taxable	Non	Total	
City Income	\$ 53,388.00	\$ 26,694.00	\$ 80,082.00	\$ 61,350.00	\$ 30,675.00	\$ 92,025.00	\$ 112,475.00
*External Income	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 30,000.00
	\$ 83,388.00	\$ 26,694.00	\$ 110,082.00	\$ 91,350.00	\$ 30,675.00	\$ 122,025.00	\$ 142,475.00
Tax	\$ 20,932.60	\$ -	\$ 20,932.60	\$ 24,137.10	\$ -	\$ 24,137.10	\$ 45,597.50
CPP	\$ 1,910.70	\$ -	\$ 1,910.70	\$ 1,910.70	\$ -	\$ 1,910.70	\$ 1,910.70
Net	\$ 60,544.70	\$ 26,694.00	\$ 87,238.70	\$ 65,302.20	\$ 30,675.00	\$ 95,977.20	\$ 94,966.80

	Current			\$60,000 External Income, Basic Deductions			Revised - Fully Taxable Taxable
	Taxable	Non	Total	Taxable	Non	Total	
City Income	\$ 53,388.00	\$ 26,694.00	\$ 80,082.00	\$ 61,350.00	\$ 30,675.00	\$ 92,025.00	\$ 112,475.00
*External Income	\$ 60,000.00	\$ -	\$ 60,000.00	\$ 60,000.00	\$ -	\$ 60,000.00	\$ 60,000.00
	\$ 113,388.00	\$ 26,694.00	\$ 140,082.00	\$ 121,350.00	\$ 30,675.00	\$ 152,025.00	\$ 172,475.00
Tax	\$ 32,914.70	\$ -	\$ 32,914.70	\$ 36,402.60	\$ -	\$ 36,402.60	\$ 58,778.20
CPP	\$ 1,910.70	\$ -	\$ 1,910.70	\$ 1,910.70	\$ -	\$ 1,910.70	\$ 1,910.70
Net	\$ 78,562.60	\$ 26,694.00	\$ 105,256.60	\$ 83,036.70	\$ 30,675.00	\$ 113,711.70	\$ 111,786.10

* Please note we have created scenarios where external income is hypothetical in order to illustrate the effects of
 1 Current City income under current practice (2/3 taxable, 1/3 non-taxable),
 2 Increase in City income under current practice (2/3 taxable, 1/3 non-taxable),
 3 Increase in City income under changed practice (100% taxable).

**TAX IMPLICATIONS ON REVISED SALARY
Councillor**

	Current-1/3 Non Taxable		No Other Income, Basic Deductions		Revised - 1/3 Non Taxable		Revised - Fully Taxable
	Taxable	Non	Taxable	Non	Taxable	Non	Taxable
City Income	\$ 21,355.33	\$ 10,677.67	\$ 27,222.67	\$ 13,611.33	\$ 40,834.00	\$ -	\$ 49,908.00
*External Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax	\$ 21,355.33	\$ 10,677.67	\$ 27,222.67	\$ 13,611.33	\$ 40,834.00	\$ -	\$ 49,908.00
CPP	\$ 2,133.30	\$ -	\$ 3,482.70	\$ -	\$ 3,482.70	\$ -	\$ 9,467.90
Net	\$ 1,057.09	\$ 1,057.09	\$ 1,347.52	\$ 1,347.52	\$ 1,347.52	\$ -	\$ 1,910.70
	\$ 18,164.94	\$ 10,677.67	\$ 22,392.44	\$ 13,611.33	\$ 36,003.78	\$ -	\$ 38,529.40

	Current-1/3 Non Taxable		\$30,000 External Income, Basic Deductions		Increase - 1/3 Non Taxable		Revised - Fully Taxable
	Taxable	Non	Taxable	Non	Taxable	Non	Taxable
City Income	\$ 21,355.33	\$ 10,677.67	\$ 27,222.67	\$ 13,611.33	\$ 40,834.00	\$ 30,000.00	\$ 49,908.00
*External Income	\$ 30,000.00	\$ -	\$ 30,000.00	\$ -	\$ 30,000.00	\$ -	\$ 30,000.00
Tax	\$ 51,355.33	\$ 10,677.67	\$ 57,222.67	\$ 13,611.33	\$ 70,834.00	\$ -	\$ 79,908.00
CPP	\$ 10,032.10	\$ -	\$ 11,809.20	\$ -	\$ 11,809.20	\$ -	\$ 19,445.40
Net	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ -	\$ 1,910.70
	\$ 39,412.53	\$ 10,677.67	\$ 43,502.77	\$ 13,611.33	\$ 57,114.10	\$ -	\$ 58,551.90

	Current-1/3 Non Taxable		\$60,000 External Income, Basic Deductions		Increase - 1/3 Non Taxable		Revised - Fully Taxable
	Taxable	Non	Taxable	Non	Taxable	Non	Taxable
City Income	\$ 21,355.33	\$ 10,677.67	\$ 27,222.67	\$ 13,611.33	\$ 40,834.00	\$ 60,000.00	\$ 49,908.00
*External Income	\$ 60,000.00	\$ -	\$ 60,000.00	\$ -	\$ 60,000.00	\$ -	\$ 60,000.00
Tax	\$ 81,355.33	\$ 10,677.67	\$ 87,222.67	\$ 13,611.33	\$ 100,834.00	\$ -	\$ 109,908.00
CPP	\$ 20,104.50	\$ -	\$ 22,499.10	\$ -	\$ 22,499.10	\$ -	\$ 31,558.80
Net	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ -	\$ 1,910.70
	\$ 59,340.13	\$ 10,677.67	\$ 62,812.87	\$ 13,611.33	\$ 76,424.20	\$ -	\$ 76,438.50

	Current-1/3 Non Taxable		\$90,000 External Income, Basic Deductions		Increase - 1/3 Non Taxable		Revised - Fully Taxable
	Taxable	Non	Taxable	Non	Taxable	Non	Taxable
City Income	\$ 21,355.33	\$ 10,677.67	\$ 27,222.67	\$ 13,611.33	\$ 40,834.00	\$ 90,000.00	\$ 49,908.00
*External Income	\$ 90,000.00	\$ -	\$ 90,000.00	\$ -	\$ 90,000.00	\$ -	\$ 90,000.00
Tax	\$ 111,355.33	\$ 10,677.67	\$ 117,222.67	\$ 13,611.33	\$ 130,834.00	\$ -	\$ 139,908.00
CPP	\$ 32,237.40	\$ -	\$ 34,607.30	\$ -	\$ 34,607.30	\$ -	\$ 44,235.10
Net	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ 1,910.70	\$ -	\$ 1,910.70
	\$ 77,207.23	\$ 10,677.67	\$ 80,704.67	\$ 13,611.33	\$ 94,316.00	\$ -	\$ 93,762.20

* Please note we have created scenarios where external income is hypothetical in order to illustrate the effects of
 1 Current City income under current practice (2/3 taxable, 1/3 non-taxable),
 2 Increase in City income under current practice (2/3 taxable, 1/3 non-taxable),
 3 Increase in City income under changed practice (100% taxable).