



<b>Title: CORPORATE VEHICLE POLICY</b>		<b>Number: 8039</b>
<b>Reference:</b> Administrative Committee March 6, 2013	<b>Adopted by City Council:</b> March 18, 2013  <b>Effective:</b> June 3, 2013	<b>Supersedes:</b> Policy 0131 March 20, 2000
<b>Prepared by:</b> CORPORATE SERVICES DIVISION		

## STATEMENT

THE CITY OF MEDICINE HAT RECOGNIZES THAT SOME EMPLOYEES ARE REQUIRED TO OPERATE CITY VEHICLES DURING THE COURSE OF THEIR DAILY DUTIES. FURTHER, A SUBSET OF THOSE EMPLOYEES ARE REQUIRED TO KEEP CITY VEHICLES IN THEIR POSSESSION AFTER REGULAR WORKING HOURS IN ORDER TO PERFORM CITY RELATED WORK INCLUDING RESPONSE TO EMERGENCY CALL-OUTS. IN ALL SUCH INSTANCES, EMPLOYEES WILL BE GOVERNED BY WELL-UNDERSTOOD USAGE GUIDELINES. QUALIFYING EMPLOYEES WILL BE COMPENSATED FOR INCOME TAX LIABILITY BASED ON AN APPROVED TOP-UP FACTOR OF 56% OF THE TAXABLE BENEFIT INCURRED, CORRESPONDING TO A 36 PERCENT MARGINAL TAX RATE.

## PURPOSE

The purpose of the Corporate Vehicle Policy is to establish guidelines for:

1. Providing City vehicles to employees during working hours.
2. Providing City vehicles to employees who perform work outside of regular working hours.
3. Defining acceptable usage of City vehicles for personal purposes.
4. Treatment of income tax considerations resulting from authorized personal usage of City vehicles.
5. Consistent application of this Policy and its principles across all divisions while recognizing unique operational requirements.

## PRINCIPLES

1. City vehicles shall not be provided to employees as an employment benefit (i.e., a perk).
2. City vehicles will be made available to employees to carry out their day-to-day functions in circumstances where operational requirements warrant a vehicle and where that need cannot practically or cost-effectively be met through other means. This applies to both regular working hours and after hours.
3. The only permitted personal use of City vehicles is designated staff taking vehicles to and from work with the Chief Administrative Officer (CAO) and/or Chief Operating Officer (COO) approval. The sole exception to this personal use limitation is on-call first responder staff on rotation, who are required to keep the vehicle with them at all times to ensure rapid response to emergency call-out situations after hours. These employees adhere to the relevant policies and procedures limiting their mobility and activities while on rotational on-call duty, including Procedures listed in Section 3 of this Policy.
4. The City of Medicine Hat will only compensate two categories of employees for the taxable benefit resulting from permitted personal use; rotational on-call first responders in both the Municipal and Energy Services Division, and out-of-town operators in the Gas Utility Department. These compensated employees will be paid a fixed factor of 56 percent the amount of the taxable benefit incurred, corresponding to a combined 36 percent marginal federal and provincial tax rate.
5. All City Vehicles will be equipped with log books to record all personal use and business related kilometers driven.
6. Departmental application of this Policy is the responsibility of each General Manager while consistent application across the entire organization is the responsibility of the Administrative Committee.

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## 1. DEFINITIONS

### 1.01 Corporate/City Vehicle

Any vehicle owned or leased by the City of Medicine and operated by one of its employees.

### 1.02 Regular Working Hours

That period of time during which the employee normally reports for duty and is earning his/her regular salary.

### 1.03 Off-duty/On-call/Standby

That period of time other than regular working hours when an employee is expected to respond to a work-related incident when called to do so as per established departmental protocols.

### 1.04 Non-work-related Passengers/Cargo

Any person or cargo transported in a City vehicle which is unrelated to the employee's assigned work responsibilities (e.g. immediate family member).

### 1.05 Normal Place of Work

The location to which an employee normally reports for work on a daily basis (he/she may be dispatched from this location to carry out various work related responsibilities).

### 1.06 Personal Use

As defined by Revenue Canada (see Appendix 'A'). For clarity note that the distance travelled between the employee's normal place of employment and home is considered personal use.

## 2. RESPONSIBILITIES

### 2.01 City Council

- (a) Review and adopt this Policy and any future amendments.
- (b) Review and approve capital budget requests for fleet additions/replacements.

### 2.02 Administrative Committee

- (a) Ensure that the application of this Policy is reviewed periodically.
- (b) Ensure that the stated guiding principles are being consistently applied across all departments and divisions by the General Managers.
- (c) Recommend to Council necessary Policy amendments as required.
- (d) Review capital budget requests for new vehicles and recommend approval to Council.

### 2.03 General Managers or Designate

- (a) Provide vehicles to staff based upon the criteria listed within the Procedures Section of this Policy and to periodically justify his/her department's use of City vehicles to the Administrative Committee as required.
- (b) Establish the operational requirement for vehicles to carry out departmental functions and prepare capital budget requests to ensure the necessary vehicles are available to meet that requirement.

This Policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

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2.04 Fleet Manager

- (a) Consult with General Managers to ensure that the most operationally and cost effective vehicle option is used when filling an established requirement for a City vehicle.

2.05 Employees

- (a) Understand and follow this Policy including its principles and Procedures.
- (b) Conduct any assigned duties that require the use of a City vehicle in accordance with this Policy.
- (c) Advise departmental timekeepers of changes to their place of residence and the corresponding number of round trip kilometres between home and their normal place of work.
- (d) Maintain a log book for all personal and business related kilometers travelled using a City vehicle and report to Payroll log book data as required. The log book shall contain:
  - 1. date of travel;
  - 2. number of kilometers travelled; and
  - 3. origin and destination of travel.

2.06 Departmental Timekeepers

- (a) Enter into the Payroll System the number of personal use kilometres for each employee who is assigned the use of a City vehicle for standby duties on a rotating or intermittent basis as that employee actually performs those duties.

2.07 Payroll

- (a) Regularly review Revenue Canada Income Tax Regulations and take action necessary to ensure the City is complying with these regulations.
- (b) Develop and maintain processes to record and report all required taxable benefit amounts.
- (c) Enter taxable benefit data into the Payroll system at the beginning of each year and calculate any adjustment amounts at year-end for all employees who are provided a vehicle that is to be taken home daily.

### 3. PROCEDURES

3.01 Providing City Vehicles to Employees during Working Hours:

- (a) City vehicles will be made available to employees to carry out their day-to-day functions in circumstances where operational requirements warrant a vehicle and where that need cannot practically or cost-effectively be met through other means.
- (b) Employees shall use City vehicles solely for the purposes of carrying out the operational mandate assigned by the General Manager or designate.
- (c) Employees shall not be permitted to carry non-work-related passengers or cargo unless extraordinary circumstances warrant or permission has been granted by the General Manager or designate.

3.02 Providing City Vehicles to Employees during Off-Duty/Standby Periods

- (a) A clear operational requirement must be established prior to any employee taking a vehicle home (and keeping it with him/her) while off-duty or on standby for emergency call-out.
- (b) City vehicles shall only be taken home or used for out-of-town travel purposes when such use is clearly work-related. When on vacation, employees will leave City vehicles at their normal place of work.

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- (c) Criteria in determining whether a City vehicle should be provided to and taken home by an employee who is responsible for responding to after-hours calls shall include the following:
  - (1) Operational practicality (i.e., the need for a vehicle equipped with standard tools to perform required tasks when called out).
  - (2) Whether other more cost-effective options exist (e.g., apply Car Allowance Policy 0108 and reimburse employee for any work-related use).
  - (3) Frequency of actual call-out experience.
  - (4) Necessity for the work to be performed outside of normal working hours.
  - (5) Expectations of the public for immediate service.
  - (6) Urgency of response time.
  - (7) Potential consequence of a delayed response.
  - (8) Any governing regulations or legislative requirements that exist.
- (d) As a general guideline, Supervisors, Managers and General Managers shall not normally take a City vehicle home, unless they are the first line responder and/or the above criteria warrant this action.

3.03 Appropriate Personal Usage of City Vehicles while on stand-by call-out duty.

- (a) Unrestricted personal use of a City vehicle by any employee is prohibited.
- (b) Employees on stand-by must:
  - (1) Remain within the geographical boundary related to his/her department's area of responsibility as defined by the General Manager.
  - (2) Only the authorized City employee may operate the City vehicle at any time.
  - (3) Operation of the City vehicle while impaired by alcohol or drugs is forbidden.
  - (4) The employee must respond directly to the prescribed work or incident location when called to do so.
  - (5) The transport of passengers or personal items in the vehicle must not potentially interfere with the employee's ability to respond within established time guidelines.
  - (6) Any personal use of a City vehicle, particularly with respect to transporting passengers or personal items, must not only be appropriate, but also be seen to be appropriate by any reasonable member of the public (examples of inappropriate personal use include: hauling furniture/appliances; transporting material to the landfill; driving the City vehicle to a tavern or pub).

3.04 Treatment of Taxable Benefit Arising out of Employee Personal Use of Corporate Vehicles.

- (a) Application of this Policy shall recognize and comply with Revenue Canada Income Tax Regulations (refer to Appendix A for listing of applicable regulations).
- (b) The City of Medicine Hat will compensate employees for the taxable benefit resulting from permitted personal use, as defined in Principle No. four, by paying employees a factor of 56 percent of the amount of the taxable benefit incurred from taking vehicles to and from work while assigned a City vehicle.

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### 3.05 Record Keeping Related to Taxable Benefit

- (a) Operating departments shall keep Payroll informed when employees are added to/deleted from the list of employees who are provided with City vehicles to take home.
- (b) For employees who are assigned standby duties and take a City vehicle home on a rotating or intermittent basis, the following shall apply:
  - (1) The departmental timekeeper will enter the number of personal use kilometres for each employee into the Payroll system along with regular time sheet data.
  - (2) The employee will advise the departmental timekeeper of any changes in place of residence that affects the number of total round trip kilometres between home and work.
- (c) For employees who have ongoing standby responsibilities and take a City vehicle home on a daily basis, the following shall apply:
  - (1) Payroll will enter taxable benefit data into the Payroll system at the beginning of each year for each applicable employee and ensure the appropriate taxable benefit is calculated each bi-weekly pay period.
  - (2) Payroll will calculate and record any adjustment amounts at year-end that are required to account for actual employee personal usage of the City vehicle throughout the year.
  - (3) The employee will provide Payroll with a copy of the vehicle log book at year-end and as requested to ensure that personal use recorded is consistent with Payroll records.

## 4. ATTACHMENTS

### 4.01 Appendix A - Applicable Revenue Canada Income Tax Regulations

## ***Appendix 'A'***

### **Applicable Revenue Canada Income Tax Regulations**

1. Personal Use of a city-owned vehicle includes:
  - vacation trips
  - personal shopping trips
  - travel between employee's place of work and home, even though the employee may have to return to work after regular duty hours (exception: employer required employee travel between home and a point of call other than the employer's normal place of business where the employee normally reports is not considered personal in nature).
2. Maintaining radio contact with the employer's place of business while driving home does not change the personal nature of the trip.
3. Employers and employees should keep records on the use of motor vehicles so that the total kilometres driven in a calendar year by an employee may be properly apportioned between work and personal use.