
2019 OPERATING BUDGET BRIEFING NOTE

2022 Projected Election Costs

Issue/Background:

The Budget Committee at its meeting on February 6, 2019 requested the City Clerk to provide a Briefing Note on the expected costs in future years to remain compliant with the Municipal Elections Act, 1996 (MEA).

The MEA designates the City Clerk as the independent statutory officer responsible for administering Toronto elections in accordance with all MEA requirements and underlying principles. The MEA provides clerks with significant discretion in administering elections and their independence is a fundamental underpinning of the legislative framework. To ensure the integrity, fairness and transparency of municipal elections, unless the MEA provides a specific role, municipal councils have no authority to direct the clerk in the conduct of an election.

To ensure that clerks are able to carry out their duties independently and in compliance with the MEA without having to take cost-saving “short-cuts” which could compromise the process, the MEA has given clerks requisitioning authority. Section 7 states that “the costs incurred by the clerk of a local municipality in conducting an election shall be paid by the local municipality” and requires that the payment be made “as soon as possible after the clerk has signed a certificate verifying the amount.”

In order that the clerk can be election-ready at all times (e.g. in the event a by-election becomes necessary within its short timeframe) and to give reasonable notice to the municipality of election costs over a term, many municipalities have established election reserves.

The reserves are based on the clerk forecasting, as closely as possible, the costs of election readiness and compliance over a term and making the funds available on an annual and as-needed basis through the operating budget. The clerk monitors the reserve very closely and continuously because there are many events that can occur throughout a term that impact readiness and compliance, including but not limited to legislative changes, by-elections, questions on the ballot or changes Council makes to election by-laws within the areas of its authority.

When such events occur, the clerk will immediately notify the Treasurer, or in certain circumstances Council, that funds additional to those in the Reserve are required.

If the funds were not immediately provided, the City Clerk would proceed to carry out their statutory duties regardless and charge all costs to the City which would be obligated to pay them under S.7.

Key Points:

Operating Budget

- The Election Reserve and 2019 Capital and Operating Budgets as presented are currently adequate.
- The City Clerk's Office approved 2018 Operating Budget included \$12.5 million to administer the 2018 municipal election with an additional \$2 million budget adjustment to cover the unanticipated costs resulting from Bill 5, the Better Local Government Act, 2018.
- The City Clerk has confirmed that preliminary actuals are \$11.9 million, with \$2.02 million directly attributed to the ward boundary changes resulting from Bill 5, the Better Local Government Act, 2018 becoming law on August 14, 2018 and subsequent court orders.
- The City Clerk's 2019 Operating Budget request includes \$5.05 million for Election Services and \$1.19 million for post-election activities.
- City Council has also authorized an annual draw of \$1.2 million from the Election Reserve Fund to 2021 for a total of \$4.8 million to pay contribution rebates associated with the 2018 municipal election.
- The administration of the 2022 election is currently projected at \$10.8 million based on 2018 preliminary actuals adjusted for inflation at an annual rate of 2%. This projection does not contemplate potential costs of new election programs and initiatives that may be implemented in future years. It is difficult to predict election costs with any certainty given there are so many unknown factors. The City Clerk would not permit funding shortfalls to negatively impact the administration of an election or by-election in compliance with the MEA and its principles.
- Election costs are fully recovered from the Election Reserve, funded by non-program contributions at \$11 million annually including \$1.2 for contribution rebates. Forecasts of the Election Reserve Fund appear sufficient to cover projected costs of the 2022 municipal election. The City Clerk closely monitors the Election Reserve Fund and regularly identifies requirements that would necessitate additional fund contributions.

Capital Budget

- The City Clerk's 2019 Capital Budget request includes \$5.93 million over five years for technology development and support, with cash flow of \$1.15 million in 2019, \$2.63 million in 2020, \$0.88 million in 2021, \$0.61 million in 2022 and \$0.65 million in 2023.
- The City's tabulators were purchased eighteen years ago, and have been used for six general municipal elections, ten by-elections and leased for elections in other jurisdictions. The tabulators are at the end of their useful life and need to be replaced.

- Costs to replace the tabulators are currently not included in the City Clerk's Office approved ten-year capital plan. The City Clerk is undertaking a cost benefit and risk analysis of buying or leasing new tabulators and anticipates reporting to City Council in late 2019 with further information and cost impacts. Additional contributions to the Election Reserve Fund will be required if new tabulators are leased not purchased and if new tabulators are purchased, they will be debt funded.

Possible Future Costs

- In the case of events the costs of which cannot be known or made certain occur, including legislative changes, by-elections or changes made by Council within its authority (contribution rebates, languages, ranked choice vote counting etc.) the Clerk will notify the Treasurer or Council of required changes to election funding.

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