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**Item No. 5.1**  
**Audit & Finance Standing Committee**  
**July 19, 2019 special meeting**

**TO:** Chair and Members of Audit & Finance Standing Committee  
Original Signed

**SUBMITTED BY:** \_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

**DATE:** July 5, 2019

**SUBJECT:** Special Election: Authorization for Reserve Withdrawal

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**ORIGIN**

Resignation of Steve Craig, Councillor for District 15, Lower Sackville, due to their election as Member of the Legislative Assembly.

**LEGISLATIVE AUTHORITY**

*Municipal Elections Act*, R.S.N.S., 1989, c.300, (MEA) section 13, Special Elections are required to fill a vacancy when a councillor resigns.

Administrative Order 2014-015-ADM, the *Financial Reserves Administrative Order*, section 6:

The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

Administrative Order One, Schedule 2, Audit & Finance Standing Committee, Terms of Reference, section 8 (g), Other Duties:

(g) the creation or modification of reserves and withdrawals not approved in the approved budget.

**RECOMMENDATION**

It is recommended that the Audit and Finance Standing Committee recommend that Halifax Regional Council authorize an unbudgeted withdrawal from Municipal Election Reserve Account Q511 to fund A125 cost centre in the amount of \$250,000 to conduct a single district special election for District 15, Lower Sackville.

## **BACKGROUND**

On June 18, 2019 Steve Craig was elected as Member of Legislative Assembly, for Sackville. On July 10, 2019 in accordance with HRM Charter, section 14 (1), Councillor Craig's resignation was received.

The *Municipal Elections Act* requires that within four weeks after a vacancy occurs, Council name a day for a Special Election to fill the vacancy (section 13 (1)(b)) and that the election will be held not more than eleven weeks after the meeting of the Council at which time the date for the election was set.

On June 13, 2017 Regional Council passed a motion to direct the use of telephone and personal computing device as the only two means of voting to be used for the next special election that may be required prior to the 2020 regular municipal elections.

## **DISCUSSION**

Staff are completing a report to Regional Council with respect to the legislative and administrative requirements to hold a special election created by the vacancy. This report is required to authorize a withdrawal of \$250,000 from the Election Reserve, Q511 to fund the upcoming special election.

In preparation of this report, staff have reviewed the costings to conduct a special election and the following have been factored into the proposed budget:

- Value of the contract for e-voting services (based on RFP)
- Privacy Impact Assessment
- Third Party Security Assessment
- Call Center & Voter Help Center staff, equipment and configuration
- Per diem rates for on-site election staff
- Number of eligible electors on the electoral list received from Elections Nova Scotia, as well as other logistics and factors such as postage rates

As this is the first municipal election that is employing only electronic methods for recording votes, a privacy impact assessment will be commissioned. This assessment will increase the overall cost of the special election.

In addition, locations will be maintained to ensure that all electors have access to a personal computing device and in person assistance. Although the staffing complement may decrease, the cost to establish these areas, and ensure that proper technology is in place will remain a budgetary item.

### **New Approach to Election Project Funding**

In past elections, a portion of Information Communications Technology costs were absorbed by that department. Going forward, the Election reserve, and the amount withdrawn will incorporate total election related costs. This approach to financial planning allows for better and more accurate budgeting, and it also provides the public with a better sense of the costs associated with administering an election. These costs have been factored into the current reserve withdrawal request that is before committee.

## **FINANCIAL IMPLICATIONS**

The withdrawal is based on a proposed project budget. Throughout the special election staff will look for opportunities to find cost savings and apply reductions, without compromising services. Therefore, if there are cost savings, the withdrawal amount may be decreased. Funding has been confirmed with Financial Reporting division, Accounting.

**Budget Summary, Municipal Election Reserve, Q511**

Projected balance in Reserve, June 30, 2019	\$2,341,296
Pending Revenue to March 31, 2020	\$ 371,555
Commitments to March 31, 2020	<u>\$ (405,575)</u>
Projected net available balance, March 31, 2020	\$2,307,276
Withdrawal per recommendation	<u>\$( 250,000)</u>
Revised projected net available balance, March 31, 2020	\$2,057,276
Proposed 2021 budget information:	
Contributions	\$ 740,300
Election Costs (proposed budget + estimated increase)	<u>\$(2,600,000)</u>
Projected net available balance, March 31, 2021	\$ 198,576

**Obligation Reserve, Municipal Election Reserve, Q511** is to provide funding to conduct regular and special Municipal elections. Contributions to the reserve are through annual transfers from the operating budget and interest earned on the reserve. Withdrawals are for conducting special and regular elections pursuant to legislation and routine maintenance of election data, systems and election initiatives deemed necessary by the Election office to ensure critical information is current and in place for special and regular elections. This is an unbudgeted withdrawal from the reserve, however, based on information provided to date, there will be sufficient funds in the reserve to fund the 2020 Municipal election.

**RISK CONSIDERATION**

Events have brought focus on perceived issues using electronic means to store related information and conduct elections. An external security assessment will occur. A specified procedures audit will be conducted by Ernst and Young. As this is the first election using only internet and telephone methods a privacy impact assessment will be conducted. All possible measures will be carried out to ensure that any concerns are mitigated, and the integrity of the vote, and vote count is upheld.

**COMMUNITY ENGAGEMENT**

A comprehensive communications and engagement plan will be prepared by staff. Staff will include high level detail of the engagement in the report to Council, that establishes the special election date, and approval of administrative matters.

**ENVIRONMENTAL IMPLICATIONS**

Not applicable

**ALTERNATIVES**

There are no alternatives offered.

**ATTACHMENTS**

None

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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