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Budgeting in an Election Year

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The Law

Municipal Elections Act:

- Section 7 – Cost of election payable by local municipality.

Municipal Act:

- Section 275 – After the nomination day of a new council (unless $\frac{3}{4}$ of the new council is the same as the old) council shall not dispose of any property or make any expenditure which exceeds \$50,000; or hire or dismiss any employee (lame duck).
- Section 289 & 290 – A budget for the year immediately following a year where a regular election is held may only be adopted in the year to which the budget applies.
- Section 291 – Multi-year budgets (2-5 years) require annual review and re-adoption, and for the year immediately following a year where a regular election is held, the re-adoption may only occur in the year to which the budget applies.

Reg. 530/22 (Strong Mayors):

- Head of Council shall propose a budget by February 1st.

The Practical

- The budget/year prior to the election.
- Council remuneration review (outgoing Council to adjust salary of incoming Council).
- The election itself.
- New (or returning) Council orientation/strategic planning.
- New budget.

Budget/Year Prior to the Election

Strategic planning and long term decision making can be difficult in the final year of council. Possible political transition shortens the time horizon of councils actions, which can lead to prioritizing the short term benefit over long term policy.

- There can be a desire by Council to complete legacy projects.
- There can be a desire by Councillors who are running for re-election to push for:
 - Low tax rates not supported by the long term financial plan; and
 - Programs or projects that are special interest, or not core to municipal services.
- There can be a desire by staff to use this year to finalize long-term capital plans that may span multiple council terms.
- There can be a desire by staff to take advantage of the familiarity or indifference of a council in its final year and make changes to policies that may not have been considered in other circumstances.

Council Remuneration Review

It is typical to review Council compensation in the last year of Council, and have any changes be effective for the start of the new Council cycle.

- Leads to a more unbiased approach, where the outgoing council has less personal interest in choosing the correct level of compensation.
- Outgoing council has experience in the workload required for the job of Councillor.
- Typically this is done by a consultant or internal HR, benchmarking your municipality against a list of comparable municipalities.
- Important to have transparency, such as publishing the review process and rationale.
- Consider citizen advisory committees for input on remuneration fairness.

Election Costs

- The election itself can be a costly endeavor with software, wages, and other costs.
- There are two methods of budgeting for election costs:
 1. Accept that in an election year there will be significantly more costs and a larger budget will be required.
 2. Attempt to average the election costs over the term of council, using reserves (election reserve contribution in each year, withdraw from reserve in the election year to cover costs) or by having vendors equal bill in each year.
- Make sure to budget for contingency, such as unexpected overtime, technology failures, or recounts.
- Consider cost-sharing opportunities with neighboring municipalities for shared services (e.g., voting technology).

New Council Orientation & Strategic Plan

Municipalities are complicated businesses. It is important to orient new Councillors to the business before asking them to make decisions.

- Orientation should involve senior staff (doubles as a great introduction for staff and council).
- Include training on municipal finance basics (e.g., reserves, debt limits, asset management).

Leadership changes may shift priorities. In order to understand those priorities, it is important to have a clear strategic direction from council.

- Encourage early goal-setting workshops to align budget with council priorities.
- Consider using a professional facilitator to manage and collect/publish councils strategic plan.

First Budget with a New Council

- Emphasize the importance of flexibility in the first budget to accommodate new priorities.
- Clearly identify for Council which services are core and unchangeable, and where Council can make changes.
- Suggest a phased approach: short-term operational budget followed by strategic capital planning.
- Identify risks such as delayed approvals, policy reversals, public scrutiny.
- Create mitigation strategies such as contingency funds, phased project launches, legal reviews.