



City of Richmond

Report to Committee

To: General Purposes Committee
From: J. Richard McKenna
City Clerk
Date: October 31, 2002
File: 8125-01
Re: Disposition of Surplus Election Campaign Funds held In Trust by the City

Staff Recommendation

That following a recommendation from Council regarding a possible non-general revenue use of surplus election campaign funds transferred to general revenue, that the City Clerk prepare a policy based on that recommendation, and report to Council on the status of any such funds and on any requests on the disposition of those funds.

J. Richard McKenna
City Clerk

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Staff Report

Origin

In 1993 the *Local Government Act* was amended to require the filing of extensive election campaign financial disclosure statements by both candidates and elector organizations. Based on these disclosures, surplus funds had to be reported, and any candidate who had a surplus over \$500 had to remit the entire surplus to the Local Government, to be held in trust for that candidate's possible use in the next local government election. If that candidate is not a declared candidate in the next Local Government Election the funds automatically become the general revenue of the city. The purpose of this report is to suggest alternatives in the form of a City policy to deal with the funds which the City has received from this source, on a consistent rather than an ad hoc basis.

Analysis

As indicated above, the *Local Government Act* clearly states that such funds become part of the General Revenue of the City. Thus the lawful disposition of these funds, which are very minor in relation to the overall budget of the City, is entirely up to Council. However, because of the somewhat unusual source of these funds, if Council was disposed to do so, there are several alternatives which could be considered. Among these are:

Suggestion 1 - transfer the funds to an existing reserve fund, such as the Affordable Housing Statutory Reserve Fund, and have the funds expended from that fund by bylaw, with a 2/3 majority vote of Council.

Suggestion 2 - transfer the funds to the City Grant's Budget, in which case the grant criteria would apply to the expenditure of any such funds. Council could also direct that any unexpended surplus be specifically carried forward to the following year.

Suggestion 3 - transfer the funds to a specially created "Former Candidate Scholarship Fund" and establish criteria for applications to the fund. Here no names would be attributed to "contributors" to the fund which may appeal to those seeking anonymity.

For any of the above suggestions I anticipate that an explanatory letter would be sent to all former candidates advising them of the use to which their (former) funds had been made.

Suggestion 4 - hold the funds in general revenue and solicit the opinion of the former candidates in question as to the disposition of the funds. Here the former candidate assumes some responsibility that the original donors would be sympathetic to their suggested use of the donated funds, above and beyond any strictly legal question as to their use. Obviously Council would have the final say on any such recommendations and therefore on the propriety of any expenditures.

Financial Impact

The amounts involved are typically minor, constituting only a few thousand dollars.

Conclusion

If Council adopts one of the non-general revenue policy options, a policy reflecting that position would be presented to Council in due course. If, however, Council takes no action on the recommendation proposed, any funds held would remain in general revenue and those former candidates would be advised accordingly of Council's position.

A handwritten signature in black ink, appearing to read "J. Richard McKenna", with a large, sweeping flourish extending to the right.

J. Richard McKenna
City Clerk

JRM:jrm