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1. CALL TO ORDER

The Chair called the meeting to order at 11:11 a.m. in Halifax Hall, 2nd Floor City Hall, 1841 Argyle Street, Halifax.

2. APPROVAL OF MINUTES – January 19, 2011

Correction: Motion on page 8 to be corrected to include the names of the Mover and Seconder.

MOVED by Councillor Karsten, seconded by Councillor Walker that the minutes of January 19, 2011, as amended, be approved. MOTION PUT AND PASSED.

3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

MOVED by Councillor Karsten, seconded by Councillor Uteck that the agenda, as presented, be approved. MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES – NONE

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS

7.1 Draft Terms of Reference

The draft Terms of Reference, as revised on January 19, 2011, was before the Committee. During the ensuing discussion, the Committee agreed to remove the specific names of Councillors from the Terms of Reference so that the Composition would simply list the six Community Councils, with one representative to be nominated per Community Council, and two members at large, also to be nominated by the Community Councils.

MOVED by Councillor Walker, seconded by Councillor Karsten that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve the Audit and Finance Standing Committee Terms of Reference as approved by the Committee on February 9, 2011. MOTION PUT AND PASSED.

8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE

9. REPORTS

9.1 STAFF

9.1.1 Advanced Capital Funding

In response to a request from the February 1, 2011 Regional Council session that the Audit and Finance Standing Committee review HRM's Advanced Capital Budget Approval Policy, Mr. Peter Duncan, Manager, Infrastructure Planning, provided a verbal overview of the existing policy.

A copy of the presentation was circulated at this time.

Mr. Duncan noted that Councillor Johns had expressed concern, at the February 1, 2011 Regional Council session, with the format of how the Advanced Capital Funding information was presented to Council. Mr. Duncan advised that the following reporting changes would be made in order to provide more details on the projects by including information such as:

- actual costs, commitments and available funds in regard to the project budget
- the percentage of the project completed
- the projected total costs to complete the project
- the reason for over/under expenditures including details on significant issues encountered (ie: environmental contamination etc.)
- the information will be provided to the Capital Project Steering Committee, and possibly the Audit and Finance Steering Committee, on a monthly basis with a quarterly report to Regional Council.

Councillor Karsten suggested that information on the savings to the municipality resulting from the implementation of this policy would also be of interest. He requested that the lists for Advanced Capital be more specific; rather than bundling the projects under one title and amount such as "Intersection Improvement Program - \$1.4 million", he suggested that a list be provided outlining how those funds were allocated. The addition of clearer descriptions would provide more transparency/clarity.

Ms. Cathie O'Toole, Director, Finance, advised that the Auditor General's findings were consistent with Councillor Karsten's suggestions. Finance staff are committed to determining what additional detail can be included in the capital budget.

In response to a concern raised by Councillor Uteck, Ms. O'Toole explained that the HRM multi-year financial policy prohibits any money being moved around without being approved by Regional Council. Projects funded through advanced funding are far enough along that the funding would be spent. Funds allocated through the advanced funding policy are not funds that would be transferred to another project.

Mr. Phil Townsend, Director, Infrastructure and Asset Management, clarified that currently, if there was a surplus for an advanced capital project that could not be spent in that year the balance may be borrowed toward another advanced capital project, however; going forward, advanced capital projects will only be budgeted for what can be spent in that year.

Councillor Uteck requested that staff notify the area Councillor on projects in their area not able to be completed in that year.

In response to a question by Councillor McCluskey, Mr. Townsend explained that when a project is closed out the funds remaining from that project are rolled into CRESSPOOL and identified as a funding source. A new project cannot be started from the CRESSPOOL fund. Ms. O'Toole clarified that money cannot be added to nor taken from CRESSPOOL without Council's knowledge/approval.

MOVED by Councillor Karsten, seconded by Councillor Dalrymple that the Audit and Finance Standing Committee advise Regional Council that they have reviewed the Advanced Capital Budget Approval Policy and are comfortable maintaining the status quo in regard to the reporting format to Regional Council. MOTION PUT AND PASSED.

9.1.2 Budget and Business Planning

Ms. Cathie O'Toole, Director, Finance, advised that Mr. Brad Anguish, Director, Business Planning and Information Management, intends to provide the Committee with an Information Report by mid-March containing options for the Committee's consideration in regard to the 2011/12 Budget and Business Planning process.

Following discussion on the issue, it was **MOVED by Councillor Uteck, seconded by Councillor Walker that the Audit and Finance Standing Committee recommend that Halifax Regional Council direct staff to work toward a hybrid model for the Budget and Business Planning process that would include informal Business Unit presentations for the Operating Budget and an Open House format for the Capital Budget. MOTION PUT AND PASSED.**

In response to a question by Councillor McCluskey on whether or not there would be any large increases in assessment on any larger properties that HRM could lose on appeal in court, staff advised that the deadline for appeals has past. HRM has appealed more properties (commercial) than last year resulting in two favourable decisions for HRM. Staff will forward the requested assessment information to the Committee.

9.1.3 Interim Award Policy Discussion

Ms. Cathie O'Toole, Director, Finance, assisted by Ms. Anne Feist, Operations Manager, Procurement, presented proposed amendments to Administrative Order 35, Procurement Policy, in response to a request by Regional Council on February 1, 2011 that a review of the Interim Award Policy be undertaken by the Audit and Finance Standing Committee.

Following discussion on the issue, it was **MOVED by Councillor Uteck, seconded by Councillor Karsten that the Audit and Finance Standing Committee recommend that Halifax Regional Council amend Section 9, Subsection (5) Award of Contracts, Administrative Order 35, Respecting the Procurement Policy, as follows:**

1. **Modify the budget program / condition to ensure purchases are within scope by including the wording “...and is within scope” to Subsection (5) (a) as follows:**

“Where the funds and programs have been approved by HRM as part of the annual business planning and budget process and the expenditure will not result in an over expenditure of the entire budget and is within scope”.

2. **That the Interim Award Policy only be in effect during the Regional Council Christmas and Summer breaks and that the more than eight (8) business days between Regional Council meetings requirement be eliminated.**
3. **That Regional Council direct staff to consider Interim Award authority for projects on a case by case basis such as the 2011 Canada Games / the Central Library project.**

In response to a suggestion by Councillor Karsten that a cap of \$2 million be considered, and; a question on whether staff had investigated best practices to determine what other municipalities do in this instance, Mr. Phil Townsend, Director, Infrastructure and Asset Management, explained that, with the exception of the Washmill Court matter, typically a one week delay would not be an issue, however; with the Washmill Court matter staff were confident that one week would make a difference and advised HRM's Chief Administrative Officer to sign off. It would be a rare exception where one week would make a difference. In regard to what other municipalities do, some do nothing after the project has been approved through the budget process as everything beyond that is deemed to have been approved by the Council.

MOTION PUT AND PASSED.

9.2 MEMBERS OF THE COMMITTEE

9.2.1 Councillor McCluskey - Councillor Appointments to the Special Events Advisory Committee

Following discussion on Councillor Johns' request from the February 1, 2011 Regional Council session that the Audit and Finance Standing Committee consider Councillor appointments to the Special Events Advisory Committee be done similar to the Councillor appointments to the Grants Committee where one Councillor is nominated per Community Council, it was **MOVED by Councillor Karsten, seconded by Councillor Uteck that the Audit and Finance Standing Committee forward an**

Information Report to Regional Council advising that discussion had been held in regard to amending the Composition of the Special Events Advisory Committee to six Councillor appointments, one per Community Council, with the decision being to maintain the current Composition.

The Committee noted that there had been a recent amendment to the Special Events Advisory Committee's Terms of Reference in regard to increasing the Councillor appointments from three to five. A further increase in Councillor representation on the Special Events Advisory Committee was not recommended at this time. It was also noted that the Special Events Advisory Committee intends to consider potential amendments to their Composition to include additional representation from external groups/organizations.

MOTION PUT AND PASSED.

9.2.2 Councillor McCluskey – Capital Cost Contributions

Mr. Peter Duncan, Manager, Infrastructure Planning, provided a verbal overview of the Capital Cost Contribution program from its inception to the present.

A copy of the presentation was circulated at this time.

In response to questions from the Committee, Mr. Duncan advised that a report is expected early this spring in regard to including transit services as a Capital Cost Contribution Charge (CCC). The issue of adding a service such as transit to the CCC's is not as straight forward as one might think; when a benefit is assigned it may or may not correlate to usage. A Consultant was recently hired by HRM to also study the possibility of CCC's for regional services such as Recreation, Waste Water Treatment, Solid Waste Resources, Library, Fire and Police. Currently, HRM does not have the authority under the Municipal Government Act to implement those charges, however; once the reports are received and reviewed, consideration may be given as to whether or not amendments to the Halifax Charter would be sought.

Councillor Walker cautioned that adding services to the CCC's may be alright in theory but the consequence could add a cost of \$3,000 to \$4,000 per lot that someone would absorb in their taxes or in the purchase price of the lots. Concern also arises when a property is no longer capped resulting in a huge increase in property taxes for services that should have been there. Also, permits required to renovate a home may cost more than the planned addition/renovation.

Councillor Uteck suggested that the issue of CCC's be evaluated as part of the five year Regional Plan review, to commence this year, as the CCC's were brought in to help bring about the Regional Plan.

In response to a question by Councillor Uteck, Mr. Duncan advised that an assessment, in regard to the payback expected from development after ten years, is permitted under

the policy provisions. One of the nineteen (19) policies in the best practices guide allows Council to ask if a proposed development project would be too risky. It is possible to require a developer to provide a bond up front.

Councillor Uteck suggested that information on how much was invested and how much repayment was obtained on that investment be included as part of the five-year Regional Plan review. She noted that the Bedford South development was a good example as the business case expected the development area to be built out by 2010 and the project is only approximately \$500,000 behind. She requested that the same type of update be provided for the other projects. Mr. Duncan offered to provide this information for the next Audit and Finance Standing Committee meeting.

Ms. O'Toole clarified, in response to concerns raised by Councillors Uteck, Walker and McCluskey, that staff have provided Information Reports to the former Audit Committee on the status of funds collected through the CCC's and that information can be forwarded to Councillor Uteck. She also noted that the taxpayers have not contributed toward the Highway 101 interchange as it is treated as a receivable and once staff determine whether any portion is not recoverable they will take action. In regard to potential for double taxation in regard to CCC's, this would not necessarily be true in all situations as a person paying for their own well/septic would not be paying the CCC; their costs would be based on services.

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 Corporate Overtime Review

Mr. Larry Munroe, Auditor General, verbally presented the draft Corporate Overtime report.

Due to time constraints, it was **MOVED by Councillor Karsten, seconded by Councillor Uteck that the matter be deferred to the March 16, 2011 Audit and Finance Standing Committee meeting for further discussion. MOTION PUT AND PASSED.**

9.4 ADMINISTRATIVE STANDING COMMITTEE

9.4.1 Proposed Civic Events Working Group

Due to time constraints this matter was deferred to the March 16, 2011 meeting.

10. MOTIONS – NONE

11. ADDED ITEMS – NONE

12. NOTICES OF MOTION – NONE

13. NEXT MEETING DATE – March 16, 2011

14. ADJOURNMENT

The meeting was adjourned at 1:37 p.m.

Chris Newson
Legislative Assistant