



**AUDIT & FINANCE STANDING COMMITTEE  
MINUTES  
December 17, 2014**

PRESENT: Councillor Bill Karsten, Chair  
Mayor Mike Savage  
Councillor Gloria McCluskey  
Councillor Linda Mosher  
Councillor Reg Rankin  
Councillor Steve Craig

REGRETS: Councillor Barry Dalrymple

STAFF: Mr. Greg Keefe, Chief Financial Officer  
Mr. John Traves, Municipal Solicitor  
Mr. Richard Butts, Chief Administrative Officer  
Mr. Liam MacSween, Legislative Assistant

*The following does not represent a verbatim record of the proceedings of this meeting.*

*The agenda, supporting documents, and information items circulated to the Audit & Finance Standing Committee are available online: <http://www.halifax.ca/boardscom/SCfinance/141217afsc-agenda.php>.*

*The meeting was called to order at 10:00 a.m., moved into an In Camera session at 11:33 and reconvened at 12:00 p.m. the Standing Committee adjourned at 12:04 p.m.*

**1. CALL TO ORDER**

The Chair called the meeting to order in Council Chambers, 3<sup>rd</sup> Floor City Hall, 1841 Argyle Street, Halifax.

**2. APPROVAL OF MINUTES – NONE**

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

Additions:

Item No. 12.1 – Audit & Finance Appointment to the Grants and Special Events Advisory Committee

The Chair noted that as this is the first meeting of the Audit Finance Standing Committee which includes new members appointed to the committee, the Election of Chair and Vice-Chair can be dealt with at this time and added to the agenda.

Councillor Mosher suggested that the election of Chair be postponed to the next meeting of the Audit & Finance Standing Committee held in 2015.

**MOVED by Councillor Mosher, seconded by Councillor Rankin that Councillor Karsten that the election of Chair be postponed until the next regular meeting of the Audit & Finance Standing Committee.**

**MOTION PUT AND PASSED.**

The Legislative Assistant noted that Information Item # 2, Memorandum from the Director of Finance and ICT dated September 23, 2014 re: Heritage Day – Financial Implications will be forwarded as an Information item to Halifax Regional Council.

**MOVED by Councillor Rankin, seconded by Councillor McCluskey that the agenda be approved as amended.**

**MOTION PUT AND PASSED.**

**4. BUSINESS ARISING OUT OF THE MINUTES**

**5. MOTIONS OF RECONSIDERATION – NONE**

**6. MOTIONS OF RESCISSION – NONE**

**7. CONSIDERATION OF DEFERRED BUSINESS – NONE**

**8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE**

**9. REPORTS**

**9.1 STAFF**

**9.1.1 Award – Unit Price Tender No. 13-401 – Halifax Ferry Terminal & Law Courts Wastewater Collection**

The following was before the Committee:

- *A staff recommendation report dated October 31, 2014*

**MOVED by Mayor Savage, seconded by Councillor Mosher that It is recommended that the Audit and Finance Standing Committee recommends that Regional Council, by motion:**

1. a) authorize and direct the Chief Administrative Officer, or his delegate, to negotiate and enter into a Memorandum of Agreement (the "MOA" (Attachment A) between the Province of Nova Scotia Department of Transportation & Infrastructure Renewal (the "Province") and the Halifax Regional Municipality, to commit the parties to a 50/50 cost share arrangement relative to the proposed Halifax Ferry Terminal and Provincial Law Courts wastewater collection laterals;  
  
b) subject to the execution of the MOA, award Tender No. 13-401 - Halifax Ferry Terminal & Law Courts Wastewater Collection, to the lowest bidder meeting specifications, Brycon Construction Limited, for a total tender price of \$596,098.78 (net HST included), with HRM funding from Project No. CB000044 – Halifax Ferry Terminal/Law Courts Wastewater Collection, as outlined in the Financial Implications section of the October 31 staff report;  
  
c) authorize and direct the Mayor and Municipal Clerk to enter into a, Lease Amendment with Armour Group Limited, ("Armour") as outlined in the discussion section of the October 31, 2014 staff report; and  
  
d) authorize and direct the Mayor and Municipal Clerk to enter into a license agreement, if necessary, with Heritage Gas Limited, to provide natural gas connections to Historic Properties;
2. a) authorize an increase to PO # 2070583188 for Construction Administration Services of Tender No. 13-401 - Halifax Ferry Terminal & Law Courts Wastewater Collection, to CBCL Ltd., on an hourly rate to the maximum value of \$83,845.94 (net HST included) with funding from Project No. CB000044 – Halifax Ferry Terminal/Law Courts Wastewater Collection, as outlined in the Financial Implications section of the staff report dated October 31, 2014;  
  
b) authorize a budget transfer from Project No. CBX01343 – Facility Maintenance, to Project No. CB000044 – Halifax Ferry Terminal/Law Courts Wastewater Collection, in the amount of \$342,736.50;  
  
c) approve an increase to Project No. CB000044 - Halifax Ferry Terminal/Law Courts Wastewater Collection, in the amount of \$60,000, with funding from Reserve Q328 Operating Surplus Reserve; and  
  
d) authorize an increase to Project No. CB000044 – Halifax Ferry Terminal/Law Courts Wastewater Collection, in the amount of \$400,657, to reflect cost sharing to be outlined in the MOA;
3. **The authorization to enter into the MOA with the Province and to award Tender No. 13-401 – Halifax Ferry Terminal & Law Courts Wastewater Collection to Brycon Construction Limited is subject to HRM receiving confirmation from the Province of its commitment to cost share as set out in Attachment "A" of the staff report dated October 31, 2014**

Mayor Savage commented that this matter is something that staff has known about for some time and inquired as to why it took so long to fix.

Mr. Terry Gallagher, Manager of Corporate Facility Design & Construction, commented that this matter has been a very difficult project to come to a resolution on and involved a great deal of work at the site, and staff's time to understand the full breadth of the problem . He further commented that negotiations

with the other stakeholders involved also lead to delays in this coming before the Audit & Finance Standing Committee.

In response to a follow up question from Mayor Savage, Mr. Gallagher noted that the contractor retained for this project has held his price for over a year and has not tried to inflate costs.

Councillor Rankin commented that it would seem that HRM is not responsible at face value, for the work being conducted at the law courts and that rather it should be a responsibility of the Halifax Water Commission project. He further commented that the initial problem, likely would have been corrected by the municipality in the past, had staff known about it.

Councillor McCluskey asked for clarification as to why the Halifax Regional Water Commission is not responsible for this project.

Mr. Gallagher commented that initially staff was of the opinion that the repair work would be a matter for the Halifax Regional Water Commission to undertake. He advised that staff discovered a legal issue, confirmed by Legal Services, which stipulates that the responsibility for the repair work falls back on the property owner. He further commented that there was a time period during the transfer of assets to Halifax Water in which Halifax Water could have been notified of the problem, but stated that this time period had lapsed.

In response to a follow up question from Councillor McCluskey, Mr. Gallagher commented that the backups began in 2010 at the Halifax Ferry Terminal

Councillor McCluskey further inquired as to why the Municipality has to recover costs for Armour Group and whether or not businesses will be affected by the work.

Mr. Gallagher replied that the recovery costs relate to the parking agreement for the site and noted that work crews will have to move parking spaces which are leased to the company to conduct work that is necessary to complete the project. He further advised that staff have a contingency plan in place to mitigate the impact on businesses during the construction period. He concluded by stating that the preferred time to begin work is over the summer.

Councillor Craig commented that he is rather surprised at the length of time involved in identifying the problem and complete the necessary work at the Law Courts. He commented that he has witnessed a great deal of instances where residents who have cross lateral issues related with their properties have a resolution to their problem in much less time. He commented that members of Council should have been notified of this issue much earlier.

Councillor Hendsbee commented that there are properties which exist in the downtown that were not fully captured by the Harbour Solutions project in which effluent is still being discharged in the harbour. He commented that instances such as this, it is very important for Council to get a full handle on situation as there will likely be others discovered in the future.

Councillor Karsten agreed with Councillor Hendsbee's assessment and suggested that staff look in to other properties that may not have been captured by the Harbour Solutions projects to identify potential issues earlier rather than later.

Councillor Rankin commented that he sees this issue as one of deferred improvement. He commented that staff had conducted due diligence to try and avoid a bill on behalf of the municipality but did not succeed. He commented that the Province must also pay their bill too and noted that he has no problem supporting the motion.

**MOTION PUT AND PASSED.**

**9.1.2 Bank Account for Investment Purposes**

The following was before the Committee:

- *A staff recommendation report dated December 5, 2014*

**MOVED by Councillor McCluskey, seconded by Councillor Rankin that the Audit and Finance Standing Committee recommend to Regional Council to:**

1. **Authorize staff to open an account for investment purposes with the National Bank of Canada.**
2. **Authorize the HRM bank signing officers for these accounts to be the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Director of Finance and Treasurer and the Deputy Treasurer.**
3. **Authorize any two of the HRM bank signing officers to execute any Agreements required and any disbursements from these accounts with the exception of transfers to other HRM bank accounts which may be authorized by one signing officer or individuals as designated by the Treasurer.**

#### **9.1.3 Investment Activities – Quarter Ending September 30, 2014**

The following was before the Committee:

- *A staff recommendation report dated December 5, 2014*

**MOVED by Councillor McCluskey, seconded by Mayor Savage that Audit and Finance Standing Committee forward the staff report dated December 5, 2014 to Halifax Regional Council as an information item.**

Mr. Derek Tynski, Deputy Treasurer answered questions from the committee pertaining to the Investment Bank Accounts.

**MOTION PUT AND PASSED.**

#### **9.1.4 Write-off of Uncollectible Accounts**

The following was before the Committee:

- *A staff recommendation report dated December 2, 2014*

**MOVED by Councillor Rankin, seconded by Councillor McCluskey that the Audit & Finance Standing Committee:**

1. **Forward the staff report dated December 2, 2014 to HRM Regional Council for approval;**
2. **The real property tax accounts in the amount of \$277,240.72 comprised of \$170,975.50 principal and \$106,265.22 interest as listed on Schedule 1 of the December 2, 2014 staff report be formally written out of the books of account for accounting purposes; and**
3. **If the accounts listed on Schedule 1 remain on future assessment rolls, then each account will continued to be billed for property taxes.**

Councillor McCluskey inquired as to why members of the Audit & Finance Standing Committee did not receive the names of the account holders which are associated with the write-off accounts.

Mr. Jerry Blackwood, Manager of Revenue, commented that staff did not provide the names associated with the accounts based on the recommendation of Legal Services and Access and Privacy staff.

Councillor McCluskey noted that many of the owners of the properties associated with the write-off accounts are unknown and inquired if they would be listed on the assessment roll.

Mr. Blackwood commented that staff has several title searching firms on contract to determine the most up to date information associated with the land titles.

Several members of the Committee expressed concern by not having names associated with write-off accounts and noted that this has typically been the practise in the past as it is public knowledge.

Mr. Ben Fairbanks, solicitor and report co-author, noted that the information pertaining to the write-off accounts is readily available. He advised that the write-off accounts may identify certain land title issues associated with the properties and noted staff's recommendation to not identify a connection between the determination of those issues, and the names associated with the write-offs.

Mr. John Traves, Municipal Solicitor, commented that a supplemental In Camera report can be provided to members of the committee which identifies names associated with the accounts. He further advised that land title issues are a matter for individual property owners to resolve and reiterated Mr. Fairbank's point regarding the potential for a privacy concerns relating to identifying property owners who may have land title issues associated with their property.

**MOVED by Councillor McCluskey, seconded by Councillor Rankin that a supplemental In Camera report be forwarded to Halifax Regional Council which outlines the names of the owners associated with the staff report dated December 2, 2014.**

**MOTION PUT AND PASSED.**

The motion before the committee now reads:

**MOVED by Councillor Rankin, seconded by Councillor McCluskey that the Audit & Finance Standing Committee recommend that Halifax Regional Council authorize the following:**

- 1. That the real property tax accounts in the amount of \$277,240.72 comprised of \$170,975.50 principal and \$106,265.22 interest as listed on Schedule 1 of the staff report dated December 2, 2014 be formally written out of the books of account for accounting purposes; and**
- 2. If the accounts listed on Schedule 1 of the staff report dated December 2, 2014 remain on future assessment rolls, then each account will continued to be billed for property taxes.**
- 3. That a supplementary In Camera report be provided to Halifax Regional Council which identifies the account owners associated with the uncollectable accounts**

In response to a question from Councillor Rankin, Mr. Greg Keefe, Chief Financial Officer commented that a number of the taxes have ceased to be a lien on the property which is still a debt, is still collectable, and comprises a financial reality that these items should not be shown on the books.

Further discussion ensued.

**THE MOTION, AS AMENDED, WAS PUT AND PASSED.**

## **9.2 OFFICE OF THE AUDITOR GENERAL**

### **9.2.1 Office of the Auditor General: Risk Ranking & Follow-Up Process**

The following information was before the Committee:

- *A presentation from the Office of the Auditor General dated December 17, 2014*

The Chair invited Mr. Larry Munroe, Auditor General to provide a presentation on Risk Ranking & Follow Up Processes. Mr. Munroe commented that he had the privilege to spend time with the Chief Librarian over the last week and remarked that the public consultation process respecting the new Central Library was a very fine example of the municipality reaching out to the public and conducting great planning and engagement.

Mr. Munroe provided a presentation respecting Risk Ranking & Follow-Up Process and concluded by thanked his staff for their work on the report.

The Chair thanked Mr. Munroe for his presentation and requested questions of clarification from members of the Audit & Finance Standing Committee.

Councillor McCluskey thanked Mr. Munroe and his staff for the presentation and requested an update as to when the Audit & Finance Standing Committee will begin to see the upcoming reports listed on slide 15 of the presentation come forward.

Mr. Munroe commented that the Auditor General's Office will begin providing those reports almost immediately starting in January 2015.

Councillor Mosher thanked Mr. Munroe and his staff and inquired if each of the new reports will have a risk ranking associated with it.

Mr. Munroe commented that he will look in to that and keep it under consideration.

Councillor Craig expressed his support for the Auditor General's presentation and commented that he believes that the risk ranking process will help staff develop and action plan to assist in risk management.

Further discussion ensued.

### **9.3 INVESTMENT POLICY ADVISORY COMMITTEE REPORT**

#### **9.3.1 Investment Policy Advisory Committee Report — Quarter ending September 30, 2014**

The following was before the Committee:

- *A staff recommendation report dated December 4, 2014*

**MOVED by Councillor McCluskey, seconded by Mayor Savage that the Audit & Finance Standing Committee forward the Committee report dated December 4, 2014 to Regional Council as an information item.**

**MOTION PUT AND PASSED.**

### **10. MOTIONS – NONE**

### **11. IN CAMERA**

The following items were ratified in public session:

#### **11.1 Property Matter**

*A matter pertaining to providing instruction and direction to officers and employees of the Municipality pertaining to the acquisition / sale of land in regard to*

**11.1.1 Increase to Capital Budget Account and Industrial Lot Inventory Re-Purchase – Private and Confidential Report**

**MOVED by Mayor Savage, seconded by Councillor McCluskey that the Audit & Finance Standing Committee recommend to Halifax Regional Council to:**

- 1. Approve an increase of \$4,259,590.63 to the Capital Budget Account CQ000011 – Lot Inventory Repurchase with funding from Q121, Industrial Park Reserve, with no net increase to the Capital Budget; and.**
- 2. Following the repurchase of the property identified in Table 1 of the private and confidential staff report in accordance with the approved Buy-Back Agreement, approve the addition of the property to the lot inventory with the minimum unit selling price as provided in Table 1 of the confidential staff report.**

**It is further recommended that this report not be released to the public.**

**MOTION PUT AND PASSED.**

**11.2 Legal Matter**

*A matter pertaining to legal advice*

**11.2.1 Land Titles Clarification – Program Mandate – Private and Confidential Report**

**MOVED by Councillor Rankin, seconded by Mayor Savage that the Audit & Finance Standing Committee forward the Private and Confidential staff report to Regional Council as an In Camera Item.**

**MOTION PUT AND PASSED.**

**11.3 Personnel Matter**

*Citizen and Councillor appointments to boards and committees in keeping with the Public Appointment Policy adopted by Regional Council in August 2011, to be found at <http://www.halifax.ca/boardscom/documents/Citizenrecruitmentpolicy.pdf>*

**MOVED by Councillor Craig, seconded by Councillor Rankin that the Audit & Finance Standing Committee convene to In Camera to discuss with a personnel matter.**

**MOTION PUT AND PASSED.**

The Audit and Finance Standing Committee convened to In Camera at 11:33 a.m. to deal with a personnel matter. The Audit & Finance Standing Committee reconvened to public session at 12:00 p.m. to ratify the following:

**11.3.1 Citizen Appointments to Boards and Committees – Private and Confidential Report**

The following motion was ratified in public session:

**MOVED by Councillor McCluskey, seconded by Councillor Mason that the Audit & Finance Standing Committee recommend to Regional Council the following nominations:**

- 1. Four Citizen members to the Grant Committee**
- 2. Four Citizen members to the Investment Policy Advisory Committee; and**



3. **Three Citizen members to the Special Events Advisory Committee.**

**MOTION PUT AND PASSED.**

**12. ADDED ITEMS**

- 12.1 **Audit & Finance Standing Committee Appointments and Selection of Chair for the Grant and Special Events Advisory Committees**

**MOVED by Councillor McCluskey, seconded by Councillor Rankin that the Audit & Finance Standing Committee appoint Councillor Dalrymple as Chair of the Grant Committee.**

**MOTION PUT AND PASSED.**

**MOVED by Councillor Rankin, seconded by Councillor McCluskey that the Audit & Finance Standing Committee appoint Councillor Craig as Chair of the Special Events Advisory Committee.**

**MOTION PUT AND PASSED.**

**13. NOTICES OF MOTION – NONE**

**14. DATE OF NEXT MEETING – To be Determined.**

- 14.1 **Approval of the 2015 Schedule**

**MOVED by Councillor McCluskey, seconded by Councillor Craig that the Audit & Finance Standing Committee approve the proposed 2015 meeting schedule as presented.**

**MOTION PUT AND PASSED.**

**15. ADJOURNMENT**

The meeting was adjourned at 12:05 p.m.

Liam MacSween  
Legislative Assistant