



**AUDIT & FINANCE STANDING COMMITTEE
MINUTES
January 21, 2015**

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

GUESTS: Councillor David Hendsbee
Councillor Darren Fisher
Councillor Waye Mason
Councillor Jennifer Watts
Councillor Russell Walker
Councillor Stephen Adams
Councillor Matt Whitman
Councillor Brad Johns
Councillor Tim Outhit

STAFF: Mr. Greg Keefe, Chief Financial Officer
Mr. Richard Butts, Chief Administrative Officer
Mr. John Traves, Municipal Solicitor
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 Standing Committee are available online: <http://www.halifax.ca/boardscom/SCfinance/150121afsc-agenda.php>

The meeting was called to order at 1:30 p.m., and recessed at 2:28 p.m. The Standing Committee reconvened at 2:35 p.m. and adjourned at 4:15 p.m.

1. CALL TO ORDER

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

- **Election of Chair and Vice-Chair**

The Legislative Assistant called for nominations for the position of Chair of the Audit & Finance Standing Committee.

MOVED by Councillor Mosher, seconded by Councillor McCluskey that Councillor Karsten be nominated as Chair of the Audit & Finance Standing Committee.

The Legislative Assistant called for further nominations for the position of Chair, there were no further nominations.

MOVED by Councillor McCluskey, seconded by Councillor Rankin that nominations for the position of Chair cease. MOTION PUT AND PASSED.

The Legislative Assistant called for the question with respect to the main motion.

MOTION PUT AND PASSED.

Councillor Karsten was elected as Chair of the Audit & Finance Standing Committee.

The Chair opened the floor for nominations for the position of Vice-Chair.

MOVED by Councillor McCluskey, seconded by Councillor Rankin that Councillor Mosher be nominated for the position of vice-chair.

The Chair called three times for further nominations. There were no further nominations for the position of Vice-Chair.

MOVED by Councillor Rankin, seconded by Councillor Dalrymple that nominations for the position of Vice-Chair cease. MOTION PUT AND PASSED.

The Chair called for the question with respect to the main motion.

Councillor Mosher was elected as Vice-Chair of the Audit and Finance Standing Committee.

2. APPROVAL OF MINUTES – November 26 & December 17, 2014

MOVED by Councillor McCluskey, seconded by Councillor Craig that the minutes of November 26 & December 17, 2014 be approved as circulated. MOTION PUT AND PASSED.

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

Additions/Deletions: None

MOVED by Councillor Rankin, seconded by Councillor Mosher that the agenda be approved as presented. 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 Reports
 - 9.1.1 Volunteer Search & Rescue Grants Program: Proposed Administrative Order 2014-018-ADM

The following was before the Standing Committee:

- *A staff recommendation report dated December 18, 2014*

MOVED by Councillor Dalrymple, seconded by Councillor McCluskey that the Audit & Finance Standing Committee recommend that Regional Council:

1. **Adopt Administrative Order 2014-018-ADM Volunteer Search and Rescue Grants Program, effective immediately;**
2. **Amend the Community Grants Program eligibility criteria to exclude volunteer search and rescue organizations, commencing in fiscal year 2015.**

Councillor Dalrymple expressed his support for the recommendation and noted that the report will be forwarded to Regional Council for final approval. He further expressed his appreciation for the hard work conducted by ground search and rescue units which are comprised of volunteers and noted that a Grants Program specifically for volunteer search and rescue groups is worthy of Council's support.

Councillor Hendsbee thanked the Chair for allowing him to speak and inquired if the \$10,000 allocation for the Joint Emergency Management team will affect the program moving forward.

Deputy Chief Hollett, Halifax Regional Fire and Emergency noted that the allocation is within Halifax Regional Fire and Emergency Service's Business plan and will not affect the program going forward.

In response to a follow up question from Councillor Hendsbee, Ms. Peta-Jane Temple, Team Lead, Grants and Contributions, noted that volunteer groups have been briefed by staff and are aware of the procedures involved in the proposed grants process. She advised that Grants and Contributions staff will be assisting Fire and Emergency Services to prepare a report to the Grant Committee after Council provides its recommendation on this matter. She further noted that it is the goal of staff to ensure that the funding is provided before the end of the fiscal year (March 31, 2015).

Councillor McCluskey expressed her support for the recommendation and echoed Councillor Dalrymple's comments respecting the hard work of volunteer search and rescue groups throughout the municipality.

Mayor Savage noted his support for the recommendation and referenced the recent evacuation in the Lake Major area at which he had a chance to see volunteer search and rescue groups at work. He commented that he spoke with members of the RCMP and Halifax Regional Police who indicated that they were very impressed with the organized and professional assistance that was provided by the groups.

Councillor Mason commented that it was brought up at one of the participatory budgeting meetings in District 7 that ground search and rescue services can be utilized at Point Pleasant Park. He commented that everyone in all parts of the municipality can support the proposed program.

Councillor Dalrymple inquired if there will be an impact respecting the awarding of grant money if the March 31, 2015 deadline is not met.

Ms. Temple commented that Fire Services staff as well as Grants and Contributions staff will work diligently to make the March Grant committee meeting with a report, subject to the direction of Regional Council.

Mr. Greg Keefe, Chief Financial Officer commented that staff cannot approve funding without the direction of Regional Council. He advised that he will speak with staff members to ensure that if an unexpected delay were to take place, accommodations can be made to ensure that the grant funding is awarded.

MOTION PUT AND PASSED.

9.1.2 Special Events Grants Process-Administrative Orders

The following was before the Standing Committee:

- *A staff recommendation report dated December 5, 2014*
- *A revised copy of Attachment 6 of the staff report dated December 5, 2014*

MOVED by Councillor Mosher, seconded by Councillor Craig that the Audit & Finance Standing Committee recommend that Halifax Regional Council:

- 1. Adopt the Marketing Levy Special Event Reserve Grants Administrative Order #2014-020-GOV as outlined in Attachment 1 of the staff report dated December 5, 2014;**
- 2. Adopt the Regional Special Events Grants Administrative Order #2014-021-GOV as outlined in Attachment 2 of the staff report dated December 5, 2014;**
- 3. Approve the revised Marketing Levy Special Event Reserve Business Case as outlined in attachment 5 of the staff report dated December 5, 2014**
- 4. Approve the transfer of oversight for event grants to the Grants Committee from the Special Events Advisory Committee; and**
- 5. Approve the Regional Events and Cultural Initiatives Operational Event Programs criteria and realignment.**

Councillor Craig requested comment from staff respecting the proposed Administrative Orders.

Ms. Denise Schofield, Manger of Regional Recreation Services and Culture, noted that there are several reasons for the proposed Administrative Orders respecting the special events grants process. She stated that in 2011, the Auditor General released a report regarding Grant and Contributions which recommended a more centralized approach to granting. She remarked that there has been a concerted effort of having all manners of granting on behalf the municipality dealt with by the Grant committee. She noted that the main purpose of the proposed Administrative Orders is to further align special events grants with the Grant Committee.

Councillor Craig further inquired about the inclusion of outside business groups such as Destination Halifax and the Hotel Association within the current composition of the Grant Committee.

Ms. Schofield noted that the Special Events Advisory Committee had representation from those in the tourism and hotel industries for input respecting matters related to tourism and economic development,

particularly as it applied to the Marketing Levy Special Events Reserve (MLSER). She advised of several challenges faced by the committee respecting quorum given that a portion of its membership has day jobs within their respective industries. She stated that oftentimes these individuals would be unable to attend meetings because of their work commitments which delayed granting decisions. She provided further commentary pertaining to discussion relating to conflict of interest situations among the committee membership, as quite often special events grants involve the usage of hotels and other venues in which some committee members may have a direct interest in. She concluded by noting that the staff report proposes that consultations with members of the tourism and hotel industries take place as there is a great deal of value to their input, especially with respect to the Marketing Levy Special Events Reserve.

Councillor Craig inquired if there has been any thought on the part of staff in re-examining the composition of the Grants Committee to reflect the proposed changes in the special events grants process.

Ms. Denise Schofield noted that both the Grant Committee and the Special Events Advisory Committee are subcommittees of the Audit Finance Standing Committee. She stated that staff would await direction from the Audit and Finance Standing Committee on the composition of the Grant Committee.

Councillor Craig stated that he would like to hear comments from his colleagues in this regard and noted that the composition of the Grants Committee should be reconsidered given the proposed changes to the special events grant process.

Councillor Hendsbee referenced page 11 of the staff report and inquired as to whether the organizations listed would be brought forward as part of proposed the annual event program. He listed several other organizations which were not included within the table.

Ms. Schofield advised that the organizations listed on the table are events that have been grandfathered in to the Special Events program over the years and noted that the organizers have not had to apply for an event grant as part of the process. She commented that some of the groups identified by Councillor Hendsbee do not fall within the grandfathered events and have had to reapply for funding every year. She provided commentary on staff's proposal to require all groups to apply for event grants as part of the new process to ensure that there are no inequities within the program.

Councillor Dalrymple expressed his concern about removing the opportunity for Councillor and citizen appointees to serve on the Special Events Advisory Committee. He provided commentary respecting the benefit of having residents and industry representatives who provide different points of view and perspectives. He commented that he would support a motion for a staff report to expand citizen and councillor involvement on the Grant Committee, in light of the proposed changes to the special event grant process.

Councillor McCluskey expressed her support for the staff recommendation and provided commentary respecting issues surrounding conflict of interest on Special Events Advisory Committee. She further advised that she would be supportive of the Special Events Advisory Committee and the Grant Committee becoming one committee.

Councillor Johns expressed his disappointment with the recommendation and noted that he has served on the committee off and on for many years. He advised that the Marketing Levy Special Events Reserve (MLSER) is a tax that was placed on the hotel industry to help fund special event programs in HRM, particularly in the downtown. He provided further commentary with respect to the work that the Special Events Advisory Committee has undertaken to bolster economic development in HRM. He congratulated and thanked all members of the business community who faithfully attended meetings of committee and echoed Councillor Dalrymple's comments respecting the contributions offered from those within the industry. He concluded by expressing his view that the Special Events Advisory Committee has not been supported and looked after properly.

Councillor Mason agreed with Councillor John's assessment and noted that the hotel industry specifically requested a tax on hotel beds to fund the MLSER with an aim of setting up events that will result in more

hotel stays in Halifax. He noted direct concern that was communicated to him from the Hotel Association respecting language in the proposed Administrative Order that does not concretely involve industry representation respecting consultations with staff.

Ms. Schofield commented that the revised process will include consultation with hotel and tourism industry representatives prior to the application being submitted to the Grant Committee to ensure that the industry perspective is included for consideration.

In response to a follow up question from Councillor Mason, Ms. Schofield noted that the language in the proposed Administrative Order uses the phrase “may consult” as opposed to “shall consult” because there may be instances where consultation with the hotel industry is not appropriate.

Councillor Craig commented that he is not disappointed with the staff recommendation but reiterated an earlier point regarding further examination of the composition of the Grant Committee given the proposed changes.

Councillor Dalrymple agreed with Councillor Craig’s assessment and noted that he is in support of the recommendation overall. He suggested that the proposed changes will allow for more after the fact accountability respecting the special events grants process. He referenced item number 13 on page six of the staff report and noted that sporting events will not be included under Admin order 2014-021-GOV respecting Regional Special Events Grants.

Ms. Schofield noted that the proposed Administrative Order referenced by the Councillor refers to local community events. She advised that the accompanying proposed Administrative Order, pertaining to the Marketing Levy Special Events Grants covers larger sporting events for economic development purposes. She advised of staff’s recommendation for two separate Administrative Orders to deal with overlap and the confusion of the two types of events.

Councillor Dalrymple inquired if the Canal Days event and the Halifax County Exhibition will remain grandfathered as part of the new Administrative Order.

Ms. Schofield noted that the items that are listed within the staff report are events that have been previously grandfathered. She advised that the proposed process will request that all groups submit an application to ensure equity within the application process. She remarked that for the upcoming year, it has been requested that funding levels already requested from community groups, not be adjusted.

Councillor Mosher thanked staff for their work on this matter and inquired if staff will provided assistance to groups to assist with the application process.

Ms. Schofield replied in the affirmative and noted that staff will provide assistance to groups to ensure that they are aware of the application criteria.

In response to a follow up question from Councillor Mosher, Ms. Schofield noted that there is no specific category for multicultural festivals in the proposed administrative order at this point. She noted that some festivals may fall under different categories and commented that those types of assessments will take place during the application process.

Councillor Johns inquired about the status of the Summerfest Grant program.

Ms. Schofield noted that the new administrative order would place the Summerfest Grant in to a new category such as a community celebration event or a community anniversary event.

Councillor Johns provided commentary respecting the creation of Summerfest grant and noted that it was put in place to ensure that smaller type summer events held in former municipal units, such as Bedford Days, would be able to continue post amalgamation. He inquired if there are provisions within the administrative order to ensure that these events will still exist.

Ms. Schofield noted that the opportunity for those events to exist is still possible under the proposed Administrative Orders. She advised that the same amount of funding remains for the programs, but to ensure that there is better equity, an application would have to be submitted from the event organizers for consideration by the Grant Committee.

Councillor Johns expressed concern with the proposed changes and noted that the Summerfest Grant identified specific funds for specific uses and should remain as part of the new process.

Councillor Rankin agreed with Councillor John's assessment and inquired about the overall envelope respecting community grants fundings.

Ms. Elizabeth Taylor, Manager of Cultural Initiatives commented that the overall envelope will increase with respect to the community grants program due to a high number of events. She advised that the \$25,000.00 envelope that is currently in place is not meeting its objectives and noted that the intent of the increased envelope is to allow community groups to access more funding.

Councillor Outhit noted that he is quite surprised to see that Bedford Days was not included in the grandfathered list of special events. He remarked that Bedford Days is funded in large part by the community and private sector investment. He commented that both he and the community that he represents will not support the recommendation.

Councillor Mason referenced language provided in Administrative Order #2014-020-GOV, page 7 that suggests that staff may consult with federal and provincial agencies. On page 25, he noted that the language suggests that staff will consult with destination Halifax. He commented that this may need to be revisited by staff.

Mr. John Traves, Municipal Solicitor commented that he views the discrepancy outlined by Councillor Mason as a typo which can be revised as the report is forwarded to Regional Council given that the intent of the language is for discretionary consultation with federal and provincial agencies. He further noted that the revision would not require an amendment to the motion.

MOTION PUT AND PASSED.

The following supplemental motion in relation to Item No. 9.1.2 was proposed by Councillor Dalrymple:

MOVED by Councillor Dalrymple, seconded by Councillor Craig that the Audit and Finance Standing Committee recommend that Halifax Regional Council request a staff report examining expanding the number of Council and resident members of the Grants Committee.

MOTION PUT AND PASSED.

9.1.3 Appointment to the Executive Standing Committee

The Chair called for nominations for an Audit & Finance Standing Committee representative for appointment to the Executive Standing Committee.

MOVED by Councillor McCluskey, seconded by Councillor Craig that Councillor Karsten be nominated for appointment as the Audit & Finance Standing Committee representative to the Executive Standing Committee

The Chair called three more times for further nominations for appointment to the Executive Standing Committee. There were none.

MOVED by Councillor Dalrymple, seconded by Councillor McCluskey that nominations for appointment to the Executive Standing Committee Cease. MOTION PUT AND PASSED.

The Chair called for the question with respect to the main motion.

MOTION PUT AND PASSED.

Councillor Karsten was appointed as the Audit & Finance Standing Committee representative to the Executive Standing Committee.

9.1.4 Appointment to the Investment Policy Advisory Committee

The chair called for nominations for an Audit & Finance Standing Committee representative to the Investment Policy Advisory Committee.

MOVED by Councillor McCluskey, seconded by Councillor Dalrymple that Councillor Craig be nominated for appointment as the Audit & Finance Standing Committee representative to the Investment Policy Advisory Committee.

The Chair called three more times for further nominations to the Investment Policy Advisory Committee. There were no further nominations.

**MOVED by Councillor Mosher, seconded by Councillor McCluskey that nominations cease.
MOTION PUT AND PASSED.**

The Chair called for the question with respect to the main motion.

MOTION PUT AND PASSED.

Councillor Craig was appointed as the Audit & Finance Standing Committee representative to the Investment Policy Advisory Committee.

9.2 OFFICE OF THE AUDITOR GENERAL

9.2.1 A Performance Review of the Washmill Lake Court Extension Project ©

The following was before the Standing Committee:

- *A report from the Office of the Auditor General's Office dated January 21, 2015.*
- *A presentation dated January 21, 2015.*

Mr. Larry Munroe, Auditor General, provided a presentation pertaining to the Performance Review of the Washmill Lake Court Extension Project.

Councillor Adams left the meeting at 3:33 p.m.

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

Mayor Savage thanked Mr. Munroe and his staff for the report and noted that it is evidence as to why the municipality is well served by the Office of the Auditor General. He expressed his view that a number of positive outcomes have come out this review, such as greater oversight of approved infrastructure projects by Council and stronger control mechanisms. He stated that it is the first time that the committee has seen the report and noted that there is a great deal of material to go over. He suggested that Mr. Munroe be invited back to the next meeting of the Audit and Finance Standing Committee to answer questions of clarification.

Councillor Craig thanked Mr. Munroe and his staff for the report and suggested, from a process improvement point of view, that the Auditor General consider releasing reports in advance of the meeting so that committee members can prepare questions. He commented that he views that many of the issues that have been presented out of the Washmill Lake Court Extension project can be attributed to

management policies of a relatively immature organization. He advised that the responses provided by Chief Administrative Officer show a great deal of maturation and improvement from a managerial perspective but noted that more work needs to be done. He inquired if the Auditor General signs the reports.

Mr. Munroe stated that he typically does not sign his reports as it not seen as a practice within his field but noted that he would look in to the matter.

MOVED by Councillor Rankin, seconded by Councillor Mosher that discussion of the Performance Review of the Washmill Lake Court Extension Project be deferred to the next meeting of the Audit & Finance Standing Committee.

MOTION PUT AND PASSED.

Mr. Munroe provided commentary on the great deal of work that was undertaken as part of the report on the Washmill Lake Court Extension Project. He acknowledged his team and thanked them for the quality of their work and their patience in compiling the report. He introduced Kate Wall, Jordy Mann, David Marr, Cindy Lee, Andrea Barnes Young, and Madeline Trider.

The Chair thanked Mr. Munroe and his staff again for their contributions on the project and noted that he looks forward to further discussion on the matter.

9.3 INVESTMENT POLICY ADVISORY COMMITTEE – NONE

9.4 SPECIAL EVENTS ADVISORY COMMITTEE – NONE

9.5 GRANTS COMMITTEE – NONE

10. MOTIONS

11. IN CAMERA

11.1. Approval of In Camera Minutes November 26 & December 17, 2014

The following motion was ratified in public session:

MOVED by Councillor McCluskey, seconded by Councillor Mosher that the In Camera Minutes of November 26 & December 17, 2014 be approved as circulated.

MOTION PUT AND PASSED.

12. ADDED ITEMS

13. NOTICES OF MOTION

14. DATE OF NEXT MEETING – February 20, 2015

15. ADJOURNMENT

The meeting adjourned at 4:15 p.m.

Liam MacSween
Legislative Assistant