

AUDIT AND FINANCE STANDING COMMITTEE  
MINUTES

April 24, 2013

PRESENT: Councillors: Bill Karsten, Chair  
Russell Walker, Vice Chair  
Mayor Mike Savage  
Gloria McCluskey  
Tim Outhit  
Barry Dalrymple  
Lorelei Nicoll  
Linda Mosher  
Stephen Adams

Guest Councillors: David Hendsbee  
Darren Fisher  
Waye Mason  
Jennifer Watts  
Deputy Mayor Rankin  
Matt Whitman  
Steve Craig

STAFF: Mr. Greg Keefe, Director of Finance and Information,  
Communications & Technology/CFO  
Ms. Marian Tyson, Acting Director, Legal Services  
Mr. Matt Godwin, Legislative Assistant

TABLE OF CONTENTS

1.	CALL TO ORDER.....	3
2.	APPROVAL OF MINUTES – April 17, 2013.....	3
3.	APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS.....	3
4.	BUSINESS ARISING OUT OF THE MINUTES – NONE.....	3
5.	MOTIONS OF RECONSIDERATION – NONE.....	3
6.	MOTIONS OF RECISION – NONE.....	3
7.	CONSIDERATION OF DEFERRED BUSINESS – NONE.....	3
8.	CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE.....	3
9.	REPORTS.....	3
9.1	STAFF.....	3
	9.1.1 2013-14 Project and Operating Budget Recommendation Report .	3
9.2	MEMBERS OF THE STANDING COMMITTEE.....	8
9.3	OFFICE OF THE AUDITOR GENERAL – NONE.....	8
9.4	SUB-COMITTEES.....	8
	9.4.1 Grants Committee.....	8
	9.4.2 Investment Policy Advisory Committee.....	8
	9.4.3 Special Events Advisory Committee.....	8
10.	MOTIONS – NONE.....	8
11.	ADDED ITEMS – NONE.....	8
13.	IN CAMERA – NONE.....	8
14.	NEXT MEETING DATE – May 15, 2013.....	8
13.	ADJOURNMENT.....	9

**1. CALL TO ORDER**

The Chair called the meeting to order at 9:34 a.m. in Halifax Council Chambers, Halifax City Hall.

**2. APPROVAL OF MINUTES – April 17, 2013**

**MOVED by Councillor Nicoll, seconded by Councillor McCluskey that the minutes of April 17, 2013 be approved as presented. MOTION PUT AND PASSED.**

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

**MOVED by Councillor Walker, seconded by Mosher 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 RECISION – NONE**

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

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

**9. REPORTS**

**9.1 STAFF**

**9.1.1 2013-14 Project and Operating Budget Recommendation Report**

The Project and Operating Budget Recommendation Report, dated April 22, 2013 were before the committee, along with the 2013/14 Proposed Operating Budget, the 2013/14 Proposed Capital Budget and the 2013/14 Detailed Change report.

Mr. Richard Butts, Chief Administrative Officer, opened the discussion by explaining the late arrival of the budget, which was as a result of the election. He thanked Councillors and the committee for their participation and thanked staff for their efforts.

Councillor Outhit entered the meeting at 9:39 a.m.

Mr. Butts provided the context for the budget and the options presented to Council, noting that the budget is responsive to Council priorities, while revenues will go up and

the tax rate will go down under the Consumer Price Index (CPI) +1 option. He noted that the reliance on debt for capital expenditures is very low.

Mr. Butts noted that revenue is up by about \$18 million, with \$11 million of this being attributed to growth. Expenditures, on the other hand, are mostly related to inflation, service increases and collective bargaining agreements. He further noted that the Greater Halifax Partnership (GHP) will receive an additional \$170,000.00, which reflects the revenue they would have received each year over the last six years to accommodate inflation changes.

Mr. Greg Keefe, CFO, noted there will be 71 new positions, mostly due to transit service increases and staffing at Community and Recreation Services, specifically at the BMO Centre.

Mr. Butts noted that staff are proposing a three-year project budget, with a greater emphasis on state-of-readiness and Council's strategic priorities. The presentation offered a list of new projects.

Mr. Keefe noted that debt will drop by 3% per household, as compared to Halifax Water's 20% debt ratio, which has a great deal of intensive debt-financed capital expenditures.

Mr. Keefe provided background on commercial and residential taxes.

Mr. Butts noted that the projected surplus in January was roughly \$15.7 million, but at year-end it will be closer to \$26 million. He noted that there is an option for a 0% residential tax increase and under this most residents will see a 0% increase or a reduced tax bill.

The Chair thanked staff for their presentation and their work more broadly on this.

Councillor Hendsbee entered the room at 10:26 a.m.

**MOVED by Councillor Mosher, seconded by Councillor Walker that the Audit and Finance Standing Committee recommend the 2013/2014 Project and Operating Budget to Regional Council for approval as per Attachment B – "Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2013/14."**

Councillor Mosher indicated this is the second time since amalgamation staff have reported a surplus and each year HRM is progressing. She asked why staff are providing a \$170,000.00 increase to GHP, with Mr. Butts responding that this is a 2% increase to allow them to sustain current operations and reflects Council's priorities with respect to economic development.

Mr. Larry Munroe, Auditor General, responded to the increase in his office's budget, noting that the increase reflects an increase in wage costs and outside legal services.

Councillor Walker referenced slide #7 and asked how much HRM is paying to manage the BMO Centre with the Sackville Sports Stadium, with the CAO responding that he would get this information.

Councillor Walker referenced slide #29 and asked if the population decreases what will happen with the gas tax, with the CFO responding that the slide reflects current circumstances and adding 2%; if there is a change in the formula their projections may be high.

Councillor Walker referenced slide #34 and asked if the Grants-In-Lieu includes Citadel Hill, with the CFO responding that HRM billed on the amount HRM has now, not on what may be expected from the federal government.

Councillor Walker referenced slide 38, asking what Gross Domestic Product (GDP) number staff are using now to calculate this, with Mr. Keefe responding that the actual rate is now 3.037 and staff are using the GDP as a measure, but dividing by the assessment to get the rate.

Councillor Outhit commended staff on the surplus and asked if changes have to be made to the *Municipal Government Act* or the Halifax Charter to continue having to bill to the Province, or is there another way to have the Province take over the collection of this money rather than HRM.

Mr. Bruce Fisher, Manager, Financial Policy and Planning indicated that the legal requirement is that the funds come from HRM, but the method of collection is within HRM's control.

Councillor Outhit asked if the committee will have to rescind its earlier motion recommending the CPI+1 option at a previous meeting of the Audit and Finance Standing Committee, with the Chair responding that the recommendation has changed at this meeting with a new vote being held and rescission is not necessary.

Councillor Nicoll asked how staff were not aware of such a large surplus, with the CAO responding that staff were aware, but were being conservative as it was still early days.

Councillor Nicoll indicated that HRM has a hand in determining wages in collective agreements with respect to policing, but not with education and staff should revisit this. With respect to the GHP, she indicated support for the increase and would like to see more concrete measures of economic development. She also asked if Metro Transit is receiving the support it needs.

The CAO responded with respect to the GHP that they are focusing on job growth, income growth and business attraction. They are taking into account the Auditor General's report.

Mr. Eddie Robar, Director, Metro Transit advised that they are working with a three-year plan that projects a decrease in the transit tax rate and new technology will allow Metro Transit to find more service efficiencies.

Councillor McCluskey voted against the previous recommendation, but indicated she is pleased to see this alternative. She asked what will happen to the rest of the surplus, with the CAO responding that the surplus will be brought forward at year-end and will look for direction from Council at that time.

Councillor McCluskey noted she is pleased to see funds being set aside for the state of good repair and, with reference to slide 31, asked what the status of the Dartmouth Sportsplex is, with Mr. Brad Anguish, Director of Community & Recreation Services, noting that staff are finishing the preliminary design work and conducting the business case.

Councillor Dalrymple congratulated staff on their efforts and noted he was pleased to see in the comparative charts that HRM is in the bottom 1/3 in the country with respect to a number of taxation indicators. He was also pleased to see the debt shrinking and hoped that tax fairness would be on the horizon, especially regarding suburban and rural communities.

The Mayor commended staff on their work and indicated that it has been because of the efforts of Council and staff that residents are seeing a prudent, responsible budget. He indicated his support for the bridging the gap program and for the infusion of funds to the GHP. He asked about the Mayor's Office budget and the CAO responded that there is no expenditure increase in the office.

The Mayor further asked staff what the funding increase is for Fire Services and Halifax Regional Police as a function of collective bargaining agreements, with the CAO responding that it is roughly \$5.3 million.

Deputy Mayor Ranking left the meeting at 11:17 a.m.

Councillor Fisher noted that a previous presentation indicated street-scaping in the centre hubs would be on hold after this year, with the CAO responding that this remains unchanged.

Ms. Jane Fraser, Director, Planning and Infrastructure noted there will be \$1 million for hubs and corridors. She indicated that staff will look for more opportunities for next year.

Councillor Fisher asked if there is a chart showing a comparison between cities with respect to the multiplier, with Mr. Bruce Fisher responding that Moncton's is 2.8 and he may be able to bring forward an Altus Group report detailing more information on this.

Councillor Mason commended staff on the budget and was pleased to see planned spending on maintenance and state-of-good-repair. With reference to page #7, Councillor Mason noted there are 288 capital related priorities and he asked if multi-district facilities (MDF) are among them, with Mr. Keefe responding that there is an envelope of money to work on MDFs and staff created an MDF reserve, which will be one source of money.

Councillor Mason asked if the Detailed Change Report will be online, with Mr. Keefe responding that they would be.

Councillor Mason encouraged reinvestment in street-scaping for the centre hubs and asked who will be doing the marketing for the new convention centre.

The CAO responded that Trade Centre Ltd. will be doing the marketing until a Board of Directors for the venue is in place, which is expected by the summer. He further clarified that staff are working with the Province on legislation pertaining to the convention centre.

Councillor Watts noted that “burden” is not the best language to use when discussing taxation, as HRM residents get good value for money through services. She asked if fees are going up and that fees pertaining to affordable housing should be waived. She also asked about the operationalization of the Urban Forest Master Plan and whether state-of-good-repair spending includes sidewalks.

The CAO responded that there are no increased fees in the budget; the increased revenue is a result of prosperity.

Mr. Ken Reashor, Director, Transportation and Public Works noted a snow-clearing report will come forward on April 30, 2013, including the prioritization of clearing for bus stops. The state-of-good-repair funding for sidewalks is presenting \$1.8 million and, with respect to the Urban Forest Master Plan, capital dollars are going into this.

The CAO wished to clarify an earlier point pertaining to fees, noting that there will be a new fee for fire inspection.

Councillor Craig commended staff on the budget and noted it puts HRM in an enviable position. He asked if there will be a detailed document distributed which indicates spending per district, with Mr. Keefe responding that that detail is in the blue book and Councillors will have the opportunity to directly contact staff with budget questions.

Councillor Hendsbee indicated he would like to see a resolution on the rural/suburban tax on recreational facilities and noted that the regional transportation tax should incorporate active transportation. He also spoke to commitments related to Metro X, the expansion of Highway 107 and others, which should be fulfilled.

Councillor Outhit noted that he supports economic development, but asked for more detail about the additional contribution to the GHP, with Mr. Butts responding that GHP revenue was eroding over time and staff are seeking out new private sector partners to assist with funding.

Councillor Outhit asked if residents' tax bill will look the same this year as it did last year, with Mr. Keefe responding that it will for most residents, but for commercial taxation there is no cap. 30% of businesses will go down, but for the other 70% there may be increases depending on circumstances.

Councillor Outhit responded by indicating that the increase is not 0% if some businesses will be paying higher taxes.

Councillor Nicoll asked for more information on the Bridging the Gap program and Mr. Butt's responded that Human Resources are working with unions and colleges/communities to provide experienced people.

The Mayor looked for further clarification on taxation and asked if HRM is not collecting more this year than last year apart from growth, with Mr. Keefe responding that this is the case.

Councillor Outhit left the meeting at 11:56 a.m.

The question was called for the motion on the floor.

**MOTION PUT AND PASS UNANIMOUSLY.**

- 9.2 MEMBERS OF THE STANDING COMMITTEE**
- 9.3 OFFICE OF THE AUDITOR GENERAL – NONE**
- 9.4 SUB-COMITTEES**
  - 9.4.1 Grants Committee**
  - 9.4.2 Investment Policy Advisory Committee**
  - 9.4.3 Special Events Advisory Committee**
- 10. MOTIONS – NONE**
- 11. ADDED ITEMS – NONE**
- 13. IN CAMERA – NONE**
- 14. NEXT MEETING DATE – May 15, 2013**



**13. ADJOURNMENT**

The meeting was adjourned at 12:06 a.m.

Matt Godwin  
Legislative Assistant