

**HALIFAX REGIONAL COUNCIL  
COMMITTEE OF THE WHOLE  
APRIL 8, 1998**

**PRESENT:**

Mayor Walter Fitzgerald  
Deputy Mayor Reg Rankin  
Councillors: Bill Dooks  
Gordon R. Snow  
David Hendsbee  
Ron Cooper  
Harry McInroy  
Jack Greenough  
Condo Sarto  
Bruce Hetherington  
Clint Schofield  
John Cunningham  
Jerry Blumenthal  
Graham L. Downey  
Larry Uteck  
Howard Epstein  
Bill Stone  
Ron Hanson  
Stephen Adams  
Barry Barnet  
Bob Harvey  
Peter Kelly  
Jack Mitchell

**REGRETS:**

Councillor Russell Walker

**STAFF MEMBERS:**

Mr. Ken Meech, Chief Administrative Officer  
Mr. George McLellan, Deputy Administrative Officer  
Mr. Ron Singer, Director of Finance  
Mr. Bruce Fisher, Budget Co-ordinator  
Ms. Jane Nauss, Assistant Municipal Clerk

**TABLE OF CONTENTS**

**1. 1998/99 PROPOSED OPERATING BUDGET  
(con't from March 11/98) ..... 3**

**2. ADJOURNMENT ..... 11**

Mayor Fitzgerald called the meeting to order at 9:30 a.m.

**1. 1998/99 PROPOSED OPERATING BUDGET (con't from March 11/98)**

Mr. George McLellan, Deputy Chief Administrative Officer, addressed Council reviewing the budget discussions to date, noting that staff was prepared to respond to queries Council may have. Further, it is anticipated that the Committee of the Whole will recommend to Council, the levels of revenue and expenditure, then staff will deal with the issue of the tax structure.

Mr. Ron Singer, Director of Finance, addressed Council reviewing highlights and assumptions.

Through the use of overheads, Mr. Bruce Fisher, Budget Co-ordinator, made the following comments:

- C Proposed Operating Budget totals \$438 million (\$296 million to be financed through property tax);
- C Tax Rates calculated as agreed upon in 1997-98.

Mr. Fisher advised that since February 17, 1998, however, **\$8.8 million** in new expenditures have been realized due to the following:

C	Increase in 1997-98 Deficit	\$7,000,000
	- includes :Tax Shortfall	
	:Federal Grants-in-Lieu	
	:Salaries & Fiscal Services	
	:Valuation Allowance	
C	Allowance for Assessment Appeals	1,000,000
C	Increase in Operating Reserves (Fiscal Services)	600,000
C	Additional 3 RCMP Officers	<u>207,300</u>
		<u>\$8,807,300</u>

Mr. Fisher advised these new expenditures could be dealt with, noting the following:

C	Proposed Operating Budget Rates (0.006)	
C	Proposed Adjustments <b>(1,217,200)</b> .	
	/Negative - Increase in HRM Deficit	7,000
	- Increase in Allowance for Appeals	1,000

	- Increase in Operating Reserves	600
	- Additional 3 RCMP Officers	<u>207</u>
		\$8,807
/Positive	- Provincial Transition & Other Funding	(2,600)
	- Increase in Interest Revenue	(1,000)
	- Interest Paid on Reserve Loans	(500)
	- Decrease to Capital from Operating	(4,600)
	- Decrease to Snow and Ice Budget	(1,000)
	- Adjustment to Real Estate (overhead charged to Sale of Land Account)	(250)
	- Reduction in Lease Costs for Solid Waste Carts	(75)
	- Cole Harbour Pool (Gross of 20,000)	0
	Subtotal	<u>(\$10,025)</u>
	<b>TOTAL</b>	<b>\$1,217</b>

Mr. Fisher reviewed the revised recommendation (1998/99) for Residential Tax Rates by Urban, Suburban and Rural:

	URBAN	SUBURBAN	RURAL
97/98 Tax Rates	1.379	1.232	1.025
Increase in General Tax Rate	0.038	0.038	0.038
Changes in Tax Rates:	-0.001	-0.001	
- Recreation, Fire, Streetlights, Crosswalk Guards			
- Metro Transit, Sidewalks	-0.006		
- Sidewalk Plowing	-0.007		
Total Change	0.024	0.037	0.038
98/99 Tax Rates	1.403	1.269	1.063
Percent Change	1.7%	3.0%	3.7%
Impact on \$100,000 Home	\$24	\$37	\$38

Mr. McLellan referred to various critical elements to the presentation, noting the following:

- C Negotiations re wages is an ongoing assumption;
- C Reserves are depleted (Sale of Land Account balance is less than \$1 million);

- C Valuation Allowance (there should be a balance of approximately \$20+ million, however, there is only \$15 million). It is anticipated that a tax sale could reduce this figure;
- C Equipment and Operating Reserves have been depleted;
- C Suggesting \$4.6 million (Capital Grant) be brought into the Operating Budget, and utilized to support the Capital from Revenue.

Councillor Hendsbee took his place at the meeting (10:00 a.m.).

Mr. McLellan suggested that any capital accounts that are maintaining a surplus, should be closed. Therefore, a policy should be introduced whereby a non-active capital account (no activity for at least six months) is closed, with any excesses to be placed into a fund/pool. If the funds are to be accessed, the request would have to be justified through the Finance Department. It was noted further excesses in the capital pool will be monitored and that staff will report back to Council on this aspect.

Councillor Downey took his place at the meeting (10:05 a.m.).

With regard to the Provincial monies (net program of \$10.2 million), this represents \$3 million for Halifax Regional Municipality. It had been suggested these funds could be utilized to reduce taxes, however, staff was recommending that the Reserves be reinstated. This, then, could be the start of a five year financial plan. Staff is suggesting \$.6 million could be put back into the Operating Reserve, \$2-\$3 million into the Valuation Account (through a tax sale), and the Sale of Land Account balance could be reinstated (sale of land).

Reference was made to areas of uncertainty:

- C Mandatory Education Rate could change (could affect the budget by \$2.2 million)
- C Federal Grant in Lieu - assessment levels on properties have been cut (could affect the budget by \$1.4 million).

Reference was also made to impacts on next year's Operating Budget which will not affect this year's budget: the Halifax County Pension Plan has a one year holiday - \$900,000 to be reinstated next year; Local Improvement Charges - \$500,000 to be reinstated next year. Also, there will be withdrawals - this year - from the Sale of Land Account for Debt Charges totalling \$1.2 million (the balance of which is not available at the current time). Mr. McLellan also advised staff was intending to reinstate interest on the Reserves.

In closing, Mr. McLellan advised this budget does have some elements of reinstating hope for the future.

Mayor Fitzgerald thanked Mr. McLellan for his presentation.

In response to an enquiry from Councillor Kelly as to how the municipality has reached

such a level of debt, Mr. Ron Singer, Director of Finance, reiterated some of the comments made by Mr. McLellan, Deputy Chief Administrative Officer:

- C Assessment Appeals;
- C Federal Grants in Lieu;
- C Salaries & Fiscal Services;
- C Valuation Allowance.

Mr. Singer advised that through a tax sale, it is anticipated taff will be in a position to reduce the Valuation Allowance by \$2-\$3 million. If there is no tax sale, however, the deficit could increase by \$2 million.

In response to a further enquiry from Councillor Kelly on the \$5 million to potentially be allocated to the municipality from the Province, Mr. Ken Meech, Chief Administrative Officer, advised if the full amount is realized, \$2.6 million has already been accounted for in this budget. The remainder, however, could go towards capital reserves.

Councillor Kelly requested a copy of information referenced by staff, that was not provided through overheads.

Deputy Mayor Rankin assumed the Chair (10:40 a.m.).

In response to a suggestion from Councillor Schofield that sidewalk and curbs be district area rated, Mr. McLellan advised this could be considered.

Councillor Dooks enquired as to what the municipality can do to bring in a lesser tax rate for the rural areas. Further, it was suggested Council must establish an environment to enable residents to trust their municipal government.

Mayor Fitzgerald assumed the Chair (11:10 a.m.).

**MOVED by Deputy Mayor Rankin and Councillor Kelly to table the 1998/99 preliminary Operating Budget until the April 28 Regular Session of Council, pending receipt of a commitment from the Province on transition costs; further, that the funds, when received, be applied to the tax rate.**

Councillor Barnet took his place at the meeting (11:20 a.m.).

Councillor Hetherington requested two scenarios as it pertains to sidewalk snow plowing:

- C what the area rate would be for the former City of Dartmouth, and
- C what the area rate would be for the former Halifax County Municipality.

Mr. McLellan advised that staff has the information.

Councillor Hetherington advised that although it has been stated the general tax rate was subsidizing Dartmouth sidewalk snow plowing, this was actually incorrect. In response, Mr. McLellan advised that the subsidy of the general rate was *not* directly attributable to the former Dartmouth area.

Councillor Hetherington enquired if the community of Dartmouth was to have another .07 on the tax rate applied, could sidewalk snow plowing be continued. In response, Mr. McLellan advised that staff would not recommend this. This recommendation is based on the fact that staff feel the average cost to provide a service in an area is based upon what is distributed.

Councillor Hetherington expressed concern noting this was opposite of the argument given during last years Operating Budget deliberations. As the former City of Halifax did not want sidewalk snow plowing, it was decided that an area rate should be set for those other areas that did want this service.

On a **Point of Information**, Councillor Blumenthal advised that the concept last year was that the service should be offered to everyone, thereby sharing the rate.

Councillor Hetherington agreed to the Motion on the floor as long as area rates could be discussed.

Mr. Ken Meech, Chief Administrative Officer, advised that Council must make a decision as to whether or not it wants to area rate sidewalk snow plowing, however, from an equity point of view, this is not being recommended by staff.

Councillor Stone enquired as to area rate costs (in total and for each District) for sidewalk snow plowing for Districts 15, 16, 17 and 18.

**MOVED by Councillors Uteck and Adams to amend the Motion to apply half of the potential Provincial funds to the Reserves, with the remainder to be applied against a tax increase.**

Mr. McLellan cautioned Council noting it is being recommended that a portion of the \$2.6 million (Provincial funding) be used to build the reserves to build stability rather than affecting the tax rate.

No vote was taken on the Motion.

Councillor Harvey suggested funds be cut from the existing budget document, if not, then Council should approve the rates.

Deputy Mayor Rankin assumed the Chair (11:40 a.m.).

Councillor McInroy referenced \$200,000 for consulting fees for the dumpsite on Bissett

Road, noting this could be cut from the budget. Further, reference was made to the Greater Halifax Partnership noting the allocation should be reduced to \$500,000.

### **RECESS**

Following a break at 12 Noon, the meeting resumed at 1:10 with the following Members in attendance: Mayor Fitzgerald, Deputy Mayor Rankin, and Councillors Dooks, Snow, Hendsbee, Cooper, McInroy, Greenough, Sarto, Hetherington, Schofield, Cunningham, Blumenthal, Downey, Uteck, Stone, Hanson, Barnet, Harvey, Kelly, and Mitchell.

Absent with regrets was Councillor Walker. Absent from the afternoon Session was Councillors Epstein and Adams.

Deputy Mayor Rankin assumed the Chair (1:10 p.m.).

Councillor Hendsbee expressed concern with the tax structure itself. Further, the Councillor stated he was not prepared to move forward until he has an opportunity to critique each line by line item.

Councillors Cooper and Hanson took their places at the meeting (1:25 p.m.).

Councillor Barnet suggested that Council should rationalize service levels (reference was made to street sweeping being carried out every seven days.) The Councillor suggested this service should be reviewed. Further, the Councillor stated the municipality is competing with private companies as it pertains to recreation services. Councillor Barnet advised there were facilities charging a \$3-\$5 fee where it costs the municipality \$10-\$20 to provide that service. This needs to be revisited.

Councillor Barnet stated that although staff have prepared a viable budget, Council still needs to address the tax structure issue. The Councillor suggested Council moves forward towards something that is acceptable to all, and accept a 1.5 percent increase.

Councillor Downey enquired as to what would happen with one single tax rate (residential) across the board. In response, Mr. Singer advised as this would be a blended rate, the Residential rate would be \$1.47, with Commercial being 2.55 times \$1.47. Further, this does include the Supplementary Funding.

Councillor Downey stated he would not be utilizing his District Funds, noting the municipality could not afford it.

Councillor Cunningham expressed concern with the April 28 date referenced in the main Motion, noting the budget should be approved prior to that date.

In response to an enquiry from Councillor Greenough as to what would need to be generated in order to reduce this to a 1.5 percent increase (general rate) across the



board, Mr. Singer, Director of Finance, advised it would be impossible to do as each area has a different rate (reference was made to Chart 9). However, other than changing the tax structure entirely, if \$4 million could be taken out of the equation, it would drop the rural percentage to approximately 1.5 percent. The urban rate, however, would flatten out to zero, and suburban would be closer to zero.

Mayor Fitzgerald assumed the Chair (2:05 p.m.).

Councillor Greenough stated that on the basis of a possible \$5 million from the Province, the municipality has already taken into revenue \$2.6 million. This leaves \$2.4 million to come forward. If this does come forward, the municipality is looking now for \$1.6 million, which is achievable. Therefore, there should be a compromise. Council should accept a 1.5 percent increase, and refer this matter back to staff to determine a balancing figure (\$1.6 million) within the budget document.

Deputy Mayor Rankin suggested his Motion reflected this suggestion.

Councillor Cooper referenced tax structure appeals - those appeals that pertain to services paid for but not received. The Councillor suggested this needs to be dealt with. In response, Mr. Ken Meech, Chief Administrative Officer, advised this should be dealt with separate from the budget.

Councillor Uteck suggested the \$1 million in discretionary funds should be cut from the budget, at least in the urban area.

Councillor Barnet suggested the tax structure issue has a major impact on this budget and needs to be resolved. The Councillor enquired as to how Council could apply any principle of fairness with residents paying for services they do not receive. Further, the Councillor enquired if the issue of tax structure could be discussed at this point in time. In response, Mayor Fitzgerald responded in the negative.

Councillor Uteck suggested this be dealt with in terms of what existed pre-amalgamation to which Councillor Barnet agreed.

Mayor Fitzgerald advised the issue of revisiting the suburban boundaries can be discussed Thursday, April 16, 1998 - 12:30 p.m. Mr. Ron Singer advised that to calculate rates under different scenarios could take several weeks, therefore, at the April 16 meeting, staff will listen to comments from Council and subsequently, prepare a report.

Councillor Cunningham cautioned Council noting a tax rate should be set now.

Councillor Barnet stated he was not looking for a new tax structure but a policy that defines the existing tax structure.

Councillor Hetherington referenced Regional Operations requesting a listing of exact costs

(last year) as it pertains to use of vehicles, mileage paid out, and distance travelled.

In response to an enquiry from Councillor Sarto as to what exactly entailed the suburban area, Mr. Singer advised this was an arbitrarily selected area (Fall River, Waverley, Hammonds Plains, Timberlea, Purcell's Cove) on the peripheral urban area.

Councillor Sarto requested staff prepare a list of options (reductions) that would amount to approximately 2 percent which would reduce the general rate by under 5 cents (two scenarios - \$2.9 million and \$5.9 million).

Councillor Stone referenced Supplementary Funding enquiring as to the amount of funding raised last year in the former City of Halifax, and how those monies were spent. Further, the Councillor enquired as to where the funds will be allocated for the upcoming year.

Mr. Ken Meech, Chief Administrative Officer, advised the issue of Supplementary Funding can be discussed on April 16, 1998 with the Suburban Boundaries issue.

Councillor Hanson suggested a tax rate increase of 1.5 percent this year with no increase for the next two years.

Councillor Blumenthal suggested a Committee be struck to work on a tax rate for next year, subsequent to approval of this year's Operating Budget.

A memorandum prepared for Mr. Dan English, Deputy Chief Administrative Officer, on "Regional Museum - 1998/99 Operating Budget" was before Council. During the March 8, 1998 Committee of the Whole meeting, it had been suggested that funds be made available in the 1998/99 Operating Budget to keep the Museum operating until December 31, 1998. It has been determined that the Museum will require a net budget of \$300,000.

**MOVED by Councillors Cunningham and Uteck that the Regional Museum's net budget for the entire fiscal year 1998/99 be increased from the proposed \$150,000 to \$300,000. MOTION PUT AND PASSED UNANIMOUSLY.**

A vote on the Main Motion took place.

**MOTION DEFEATED.**

Another Motion was put on the floor.

**MOVED by Councillors Greenough and Stone that Council approve the 1998/99 Operating Budget, subject to adjusting the tax increase on the general rate to 1.5 percent over last year's rate, taking into revenue the full \$5 million from the Province, with the remaining \$1.6 million to be referred back to staff to determine this amount within the proposed budget; further, that this be brought back to**

**Council before the next Committee of the Whole. MOTION PUT AND PASSED.**

**2.           ADJOURNMENT**

**MOVED by Councillors Blumenthal and Cunningham to adjourn the meeting at 3:45 p.m. MOTION PUT AND PASSED UNANIMOUSLY.**

Jane Nauss  
ASSISTANT MUNICIPAL CLERK