

HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE
MINUTES

October 10, 2006

PRESENT:

Mayor Peter J. Kelly
Deputy Mayor Russell Walker
Councillors: Krista Snow
Gloria McCluskey
Andrew Younger
Bill Karsten
Becky Kent
Jim Smith
Mary Wile
Patrick Murphy
Dawn Sloane
Sue Uteck
Sheila Fougere
Debbie Hum
Linda Mosher
Stephen Adams
Robert Harvey
Reg Rankin
Gary Meade

REGRETS:

Councillor Steve Streach
Councillor David Hendsbee
Councillor Harry McInroy
Councillor Brad Johns
Councillor Gary Martin

STAFF:

Mr. Dan English, Chief Administrative Officer
Ms. Geri Kaiser, Deputy Chief Administrative Officer
Ms. Mary Ellen Donovan, Municipal Solicitor
Ms. Jan Gibson, Municipal Clerk
Ms. Sheilagh Edmonds, Legislative Assistant

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1. CALL TO ORDER

Mayor Kelly called the meeting to order at 1:08 p.m.

2. APPROVAL OF THE MINUTES - None

3. CAPITAL COST CONTRIBUTION POLICY

A revised staff report dated October 5, 2006 was submitted.

A copy of a report entitled, Final Report Infrastructure Charges Study, dated September 2006, prepared by SGE Acres was submitted.

A copy of the consultant's PowerPoint presentation was submitted.

Mr. Paul Dunphy, Director of Community Development addressed Council and advised that today's presentation would focus on the completed report and recommendations by the consultants, SGE Acres; and the next steps in the process, should Council adopt the report.

Referring to the revised staff report, Mr. Dunphy explained that it outlines the next steps staff will take if Council adopts the recommendations in the consultants report. He noted that the staff report contains a Union of Nova Scotia Municipalities resolution in support of the Municipal Government Act amendments which would be required with the adoption of the report. He added that, with UNSM meeting next week, staff are hopeful that Council will be able to deal with this matter at this evening's meeting. In regard to the revision in the staff report, he pointed out that it is not a change in intent, but that the revision simply provides stronger direction to staff.

Mr. Dunphy introduced the consultants, Mr. Chris Lowe, Mr. Harry Kitchen, and Ms. Enid Slack who provided an overview of the consultant's report.

At 1:11 p.m. Councillor Mosher entered the meeting.

Mr. Chris Lowe, Project Manager, SGE Acres, began the presentation with a definition and rationale for infrastructure charges and outlined HRM's approach to these charges. He explained that HRM is currently using some of these charges under the Municipal Government Act at the subdivision approval stage, but that HRM is not applying them to regional wastewater treatment facilities. He noted that it could do so in future and approval would not be required from the Utility and Review Board. Mr. Lowe explained that HRM currently uses some of the powers under Section 81 of the Act for sewer redevelopment charges and local improvement charges and it can broaden the application if it wants without any amendments to the MGA.

Mr. Lowe advised that, currently, under Sections 81, and 274 to 276 of the Municipal

Government Act, HRM can introduce infrastructure charges related to water, sanitary & storm services for both new development and redevelopment projects. He pointed out that Section 81 also allows charges related to roads but not for regional transportation rolling stock, i.e. ferries & buses. Mr. Lowe provided a brief summary of what the Provinces of British Columbia, Alberta, and Ontario have done in regard to similar charges, and noted that this information was presented to Council in a presentation they made previously.

With regard to the application of the charge, Mr. Lowe advised that it can be applied as uniform, which would be the application of the same charges for all developments within the Municipality and can be applied under Section 81 of the MGA. Secondly, the charges can be variable, meaning a different charge for different developments in the Municipality and can be applied under Sections 274 - 276 of the MGA; or thirdly, there can be a combination of both variable and uniform. Mr. Lowe also noted that the charges can vary by housing type and are usually higher for single family dwellings.

Mr. Lowe advised that the consultants concluded that growth in population requires capital expenditures in a wide range of service areas. Possible services for inclusion in infrastructure charges were ranked from what is essential for growth to occur to what is less essential and, therefore, more discretionary. He explained that HRM has five different groupings of charges it can consider as follows:

- C Essential hard high cost services with standards and permitted under the MGA
- C Essential hard high cost services with standards but will require MGA amendments
- C Less essential other services with standards but will require MGA amendments
- C Discretionary soft services that require HRM standards and MGA amendments
- C Discretionary soft services that require HRM standards & MGA amendments and are difficult to calculate.

Mr. Lowe reviewed the report's recommendations as follows advising that HRM can go forward with these under the current MGA or with amendments to the MGA:

- C HRM should consider expanding the current Capital Cost Contribution charges to include sewage treatment plants, solid waste, transit rolling stock/facilities.
- C Any expanded application of the current CCC Program should include all types of development (including infill developments & subdivisions).
- C The charges should be based upon clearly defined standards of service
- C CCC charges should be reviewed every 5 years to ensure that they are meeting all of the growth-related capital requirements
- C CCC charges should be placed in dedicated reserve funds
- C Growth-related capital costs should be applied on a development by development basis if costs vary by location or be uniform across the region where costs are the same
- C CCC Charges should reflect the costs of servicing different property types (single family dwellings, apartments, commercial and industrial properties).

Mr. Lowe advised that as far as an impact on the market, the report determined that every

\$1,000 (net) increase in housing costs will negatively impact on the purchase intentions of 450 households. Mr. Lowe also added that if housing affordability is an issue, it should be dealt with in other ways and not included in capital cost contribution calculation because those calculations should focus on growth related charges to allow new development to occur.

In conclusion, Mr. Lowe advised that the next steps in the process if Council were to adopt the report would be a MGA Legislative Amendment, a UNSM Resolution, and then the development of a business case for a designated staff team, which would initially look at a wastewater treatment charge.

Mr. Dunphy addressed Council and noted that the MGA Amendments and UNSM resolution as referred to by Mr. Lowe were in Council's agenda package for the Council meeting this evening, and with regard to the business case for setting up the staff team, there are three or four other business cases being made in relation to a particular account that staff are looking at to draw funds. He added that staff will put their business case forward with the others for review by EMT and a recommendation for withdrawal from that account will go to Council. With regard to the Wastewater Treatment charge, Mr. Dunphy advised that staff have begun discussion with industry representatives and major developers. Staff have reviewed the methodology and the breakdown of costs related to Harbour Solutions and believe they have a meeting of the minds with regard to methodology and costing.

MOVED by Councillor McCluskey, seconded by Councillor Karsten that Regional Council:

- 1. Adopt the report entitled "Infrastructure Charges Study" prepared by SGE Acres Ltd., dated September 2006 as the basis for developing new policy and by-laws;**
- 2. Instruct staff to develop a capital cost charge for wastewater treatment facilities, to be collected at the Building Permit stage and applied to all developments requiring a new sewer connection; and**
- 3. Ask the Union of Nova Scotia Municipalities to adopt the resolution appended as Attachment 1 to enable the application of capital cost charges for buses, ferries, transit facilities and solid waste facilities**

Mr. Dunphy and the consultants responded to questions.

Prior to a vote being taken on the motion, the following discussion took place.

At 1:40 p.m. Councillor Uteck entered the meeting.

Councillor Rankin spoke in support of the motion and he asked that the designated project team work out a definition of 'hard services'. The Councillor also suggested that the term 'developer' is misleading as this will impact everyone who builds a home not just developers.

At 1:42 p.m. Ms. Mary Ellen Donovan, Municipal Solicitor entered the meeting and took her seat in Council.

Councillor Fougere expressed caution with regard to the charges, noting that the City of Vancouver has been gradually eliminating middle income housing due to the variety of similar charges. She suggested that Council needs to be cognizant of the broad implications of implementing more charges because it can impact on the affordability of housing for middle income home buyers. Councillor Fougere requested that when this matter comes back to Council, staff provide base case information as it relates to a small, medium, and large developers. The Councillor indicated that she would like Council to have a clear picture of the costs, if Council implements new capital costs on the charges it already has.

Mr. Dunphy advised that staff will break down the costs and provide information to Council based on a per unit cost for a single-unit dwelling, a condo or apartment unit as it relates to a sewage treatment plant charge; and, for a typical sized commercial space.

Councillor Fougere questioned if it was possible for Council to bring the resolution to the Union of Nova Scotia Municipalities under their current regulations.

In response, Deputy Mayor Walker advised that Council has missed the cut-off date to submit the resolution to UNSM, pointing out that deadline was in July. He added that at this point in time, the resolution would have to be considered an emergency resolution, however, it is unlikely this would be seen as an emergency. He indicated that Council may have to wait until next year's convention.

In response to a question by Deputy Mayor Walker in regard to how much extra will be charged on a lot, Mr. Dunphy advised that staff have done some preliminary studies as to what would be involved for a sewage treatment plant charge and, at this time, it would not be a significant burden. Mr. Dunphy pointed out that each time staff brings forward a new charge, they will be updating the cumulative charges that accrue to a homeowner or business, and it will then be Council's decision on how it wishes to proceed with the charge.

Councillor Mosher noted that although HRM has experienced a lot of growth, the assessments are very high and the Municipality's reliance on property taxes is high. She pointed out that the Municipality receives small amounts of funding from other levels of government and suggested that HRM needs to approach the Province on this, adding that HRM gives the Province 25% of its tax dollars. Councillor Mosher advised that this information should be communicated to the public, particularly at the public hearing stage.

In response, Mr. Dunphy commented that the first way of bringing this to the public's attention would be to put it in the consultant's report. He pointed out that HRM has the lowest development charges, however, the total charges become quite high when the HST portion is included.

At 2:11 p.m Councillor Murphy entered the meeting.

Councillor Uteck advised that she felt this should be on the general tax rate and that all

development fees should be listed on the development permits. She expressed concern about resulting confusion for someone who applies for a permit to build a house, and that information regarding all the charges which will apply should be presented to the individual when they are at the permit application stage.

Councillor Rankin requested that staff provide him information regarding the methodology they developed.

In response to a question by Councillor Younger, Mr. Dunphy advised that, currently, there are discrepancies in regard to subdivisions and capital cost contributions. He pointed out however, in preliminary discussions with those involved in the industry, they have indicated they are pleased there will not be any more exemptions and that the charges will be uniform and consistent for all forms of development regardless of where it is. He added that the industry sees this as a step forward.

DECISION:

MOVED by Councillor McCluskey, seconded by Councillor Karsten that Regional Council:

- 4. Adopt the report entitled “Infrastructure Charges Study” prepared by SGE Acres Ltd., dated September 2006 as the basis for developing new policy and by-laws;**
- 5. Instruct staff to develop a capital cost charge for wastewater treatment facilities, to be collected at the Building Permit stage and applied to all developments requiring a new sewer connection; and**
- 6. Ask the Union of Nova Scotia Municipalities to adopt the resolution appended as Attachment 1 to enable the application of capital cost charges for buses, ferries, transit facilities and solid waste facilities**

MOTION PUT AND PASSED.

At 2:35 p.m. Committee of the Whole recessed.

Councillor Adams entered the meeting at 2:44 p.m.

At 2:50 p.m. Committee of the Whole reconvened.

4. SUPPLEMENTARY FUNDING JOINT WORKING GROUP REPORT

A staff report dated October 3, 2006 was submitted.

A letter dated October 6, 2006 from Mr. Gary O’Hara, Chair, Halifax Regional School Board

was circulated.

Mr. Bruce Fisher, Manager of Fiscal and Tax Policy addressed Council and reviewed staff's financial impact analysis on the Supplementary Funding Joint Working Group Report which Council requested at the May 30, 2006 Committee of the Whole meeting.

Mr. Fisher advised that in Council's request to staff for a financial impact analysis, staff was asked to look at the following matters:

- C CSAP's position
- C The impact on fiscal capacity
- C The harmonization of rates
- C The role of the Province

With regard to CSAP's position, Mr. Fisher noted that a written response has been submitted which advises that they believe the issues should be discussed in a much broader context and forum than has been to date. Mr. Fisher advised that the impact on fiscal capacity is that, if the report was approved, the School Board and HRM would both have their own taxing powers. He added that, secondly, with regard to the implications of achieving equity, it is not clear what this would cost or if it would be within the 10% cap.

Mr. Fisher pointed out that, for the purposes of trying to understand the proposal, staff assumed that equity was equal to per student distribution. Currently, there is a significant amount of range in funding between Halifax, Dartmouth, Bedford and the County. Mr. Fisher explained that the size of the tax base is a key factor in this issue, advising that the majority of students are in Bedford and the County, and the majority of the commercial tax base is in the cities. Therefore, the tax base per student is very strong in Halifax and Dartmouth and much less so in Bedford and County.

Mr. Fisher advised that staff came up with three possibilities as to how to deal with supplementary education as follows:

- C Re-distribute current funding
- C Increase funding to 10% of the budget
- C Increase funding to the Halifax per student amount.

In conclusion, Mr. Fisher advised that staff regard education as a Provincial responsibility, and if the Province were to take over full funding of education then, presumably, supplementary funding would become a moot point. He pointed out that staff have a key concern that as Council provides supplementary funding, the Province will claw it back. Mr. Fisher advised that for these reason staff were recommending against approving the recommendations of the Joint Working group.

MOVED by Councillor Rankin, seconded by Councillor Uteck that Regional Council withhold support for the recommendations of the Supplementary Education Joint Working Group, and confirm that education is a Provincial responsibility and should be funded through Provincial fiscal capacity, not through property taxation.

Councillor Rankin, speaking in support of the motion advised that to do so otherwise, the Municipality would be transferring taxing powers to the School Board and would be shifting the accountability and responsibility to the School Board. He referred to the Hogg Report noting that it addresses issues of inequity of funding and suggested staff provide the best implementation of the Hogg Report.

Councillor Fougere advised that she would not be supporting the recommendation. She expressed disappointment that the recommendations made by the joint committee were not included in the report for comparison purposes. She emphasized that the Joint Working Group did not make a recommendation to give the School Board taxing power. Councillor Fougere added that the Board applied to make a presentation to Council on independent research on the issue of public support for supplementary funding, however this was referred to staff. Councillor Fougere noted that representatives of the School Board were in the public gallery and suggested that if Council wished to hear this information, the School Board could to speak to the item at this time.

Prior to a vote being taken on the motion, the following motion was placed:

MOVED by Councillor Fougere, seconded by Councillor Kent that a representative of the School Board address Council on this matter at this time. MOTION PUT AND PASSED.

In response to a question by Councillor Rankin, Mr. Fisher advised that staff will return to Council with information on the Hogg Report.

Ms. Carol Olsen, Superintendent, Halifax Regional School Board addressed Council and advised that the School Board has polled residents in HRM on two occasions in regard to the support HRM ratepayers have for supplementary funding/education. She explained that the results show that regardless where they live, taxpayers in Halifax have set a high standard for education and are prepared to support supplementary funding in order to give their children additional opportunities. Ms. Olsen further noted that ratepayers have indicated that student achievement is one of their top two priorities, and that the results showed overwhelmingly that ratepayers would pay more for supplementary funding; and they also support harmonization of the tax base across the jurisdiction. Ms. Olsen advised that when barriers to student success are ranked, funding comes out most frequently. She added that for the ratepayers, funding and the ability to provide the services to the students is the most important issue that comes to mind.

Councillor Fougere addressed the issue and pointed out that, historically, the Municipality has been in a position that it supported additional money for educational purposes, and it only became an issue at amalgamation due to the inequity. She added that the Joint Working Group put forward a solution which involved having the levy shown on the tax bill. Councillor Fougere added that this is not a new concept, noting that the former County used to show it on their tax bill, as far back as 1957, and the City of Halifax also showed it on their tax bill.

Councillor Fougere explained that the reason it was suggested the Municipality collect the money on behalf of the School Board was for the benefit of the taxpayers and the various

organizations involved, adding that the School Board does not have a taxation collection system whereas the Municipality does. She pointed out that the suggestion by the Joint Working Group enables it to be transferable to other school boards in the Province and to other Municipalities.

Several Councillors spoke in support of the staff recommendation, advising that their concern with the Joint Working Group recommendations is that it would give the School Board taxing powers.

Councillor Hum spoke in opposition to the motion advising that the staff report did not give sufficient information. In reference to CSAP's letter advising they were not invited to meet with the Joint Working Group, the Councillor explained that the Group was not in a position to invite them due to a legal position against HRM.

Councillor Mosher, speaking in support of the staff recommendation noted that it is important to get the Province to understand it is their responsibility to fully support and fund education, and that HRM should be making this a Provincial issue.

Councillor Kent advised that she would not support the recommendation, and suggested that if staff was not going to support it, an alternative should have been presented.

Ms. Cathie O'Toole, Acting Director of Finance addressed Council to clarify the role that Finance staff had with the Working Group. She explained that staff could not directly participate in the committee because it would have put them in conflict of interest. Instead, staff provided the information that was asked of them. Ms. O'Toole added that staff could not be part of forming the recommendation because their role was to be able to represent the broad financial best interest of the Municipality and, as such, knew they would be in a position of having to respond to the recommendation coming forward. Ms. O'Toole referred to the wording of the recommendation and suggested that perhaps it would have been better to reconfirm that education funding is a provincial responsibility. With regard to a 'go forward' position, she advised that staff would agree that HRM has to work the other school boards in the Province and get the Province to resolve it.

The Chair advised that due to time constraints the meeting had to adjourn and that this matter would be **deferred to the next Committee of the Whole.**

5. ADJOURNMENT

The meeting adjourned at 3:52 p.m.

Jan Gibson
Municipal Clerk