

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE
MINUTES

February 23, 2010

PRESENT:

Mayor Peter Kelly
Deputy Mayor Brad Johns
Councillors: Steve Streach
Barry Dalrymple
Lorelei Nicoll
Gloria McCluskey
Darren Fisher
Bill Karsten
Jackie Barkhouse
Jim Smith
Mary Wile
Jerry Blumenthal
Dawn Sloane
Sue Uteck
Russell Walker
Debbie Hum
Stephen Adams
Robert Harvey
Tim Outhit
Peter Lund
Reg Rankin

REGRETS:

Councillors: David Hendsbee
Jennifer Watts
Linda Mosher

STAFF:

Mr. Dan English, Chief Administrative Officer
Ms. Mary Ellen Donovan, Municipal Solicitor
Ms. Christen MacDonald, Acting Municipal Clerk
Ms. Barbara Coleman, Legislative Assistant
Ms. Melody Campbell, Legislative Assistant

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1. CALL TO ORDER

Mayor Kelly called the meeting to order at 1:00 p.m

2. APPROVAL OF THE MINUTES - February 9, 2010

Due to time constraints the approval of the minutes of February 9, 2010 has been deferred until the next session of Committee of the Whole.

3. FISCAL FRAMEWORK

- Two presentations titled 2010-2011 Fiscal Framework were circulated to Council.
- A document titled Background Briefing Package was circulated to Council.

Mr. Dan English, CAO, introduced the Fiscal Framework for 2010-2011. The Fiscal Framework is a tool used to frame the budget for the upcoming year and into the future. The decisions Council makes today will provide the strategic direction staff needs to draft a budget during very challenging times.

Mayor Kelly retired from the meeting with Deputy Mayor Johns assuming the Chair at 1:15 p.m.

Ms. Cathie O'Toole, Director, Finance, provided the presentation on the Fiscal Framework for 2010-2011.

Councillor Hum entered the meeting at 1:18 p.m.

Ms. O'Toole indicated that the purpose of the presentation was to receive direction from Council in three areas:

- assumptions for HRM's service levels and level of expenditures that will be used to develop the budget
- assumptions regarding fees and rates in terms of preparation of the budget
- direction regarding the long term strategy of HRM

Mayor Kelly resumed the Chair at 1:30 p.m. with Deputy Mayor Johns returning to his seat in Council.

Councillor Karsten entered the meeting at 1:37 p.m.

Ms. O'Toole reviewed the Projected Operating Expenses and the Projected Revenue

noting a shortfall of 30 million dollars. To offset this deficit, four options have been proposed:

- Option 1: Expand Transit, Maintain Services, Increase tax rate - No service reductions
- Option 2: Expand Transit, Reduce Other Services, \$13 m in Service Reductions - Fee increases
- Option 3: Expand Transit, Reduce other Services, \$10 m in Service Reductions - Rate for new services
- Option 4: Expand Transit and Cut other Services - \$7 m in Service Reductions

Ms. O'Toole addressed how HRM could balance the gap of \$30 million in the budget this year giving some ideas for service reduction:

- elimination of Visitor Information Centres \$376,000
- eliminate expanded weekly summer green cart \$355,000
- Municipal Operation Services reduction \$490,000
- reduce Community Facility Partnership Program \$500,000
- HRM Police secondment to international policing \$400,000
- eliminate the bookmobile \$200,000

She acknowledged the short term risks as well as the long term risks. She also elaborated on the short term strategies based on Option 3 or 4 and the long term strategies noting that following the guidelines of the Regional Plan is the best way to control expenditure growth.

Ms. O'Toole indicated that the next steps would be:

- receiving direction on the Fiscal Framework from Council
- tabling the budget on April 13
- open houses and a detailed review by Councillors with staff April 13 - 20
- debate on budget begins April 28
- May 6 - Approval of the budget.

Mr. English thanked Ms. O'Toole and staff for their Fiscal Framework presentation. He advised Council that staff are looking for feedback and direction to enable the budget process to move forward.

In response to a question by Councillor Adams, staff advised that the provincial tax component is included in the tax bill. It was noted that the average tax bill is \$2250.00. Staff advised that property taxes in HRM are comparable to other cities in Canada.

Councillor Streach noted that there is a total increase of \$40 million to the operating budget. He advised that HRM residents are already highly taxed and that he does not want to increase the tax burden to the residents. He advised that he does not like any

of the options provided at this point. He noted that HRM has been trying to meet the high expectation of balancing the wants and needs of the community. He added that another issue is that HRM has seen a 75% increase in financial burdens downloaded from the Province.

Councillor Outhit advised that the reason that some of the larger projects were approved is that HRM had the opportunity to receive funding from other levels of government. He advised that HRM needs to work with other levels of government for increased funding to HRM. The Councillor noted that HRM needs to cut its operating budget by 5%. He suggested that the capital district funds could be an item of consideration.

Councillor Walker suggested a renegotiation of contracts, such as the solid waste contracts. He added that this is the first year that there has been no increase in assessments.

Councillor Uteck questioned the status of supplementary funding for education. Staff advised that HRM still has a notice provision, stating that starting in 2011-2012 year, that HRM would be entitled to a reduction of supplementary funding of 10%. The Councillor advised that residents would not support a tax increase.

Councillor Rankin advised that staff revisit non-essential services and the efficiency of HRM departments. He added that supplementary funding for education is not a municipal mandate. He stated that the residents of HRM do not want a tax increase.

In response to a question by Councillor Karsten, Ms. O'Toole advised that the average home value is now \$182,400. Councillor Karsten questioned what a tax increase of 3% would be on average on a home valued at \$182,400. He stated that HRM has to increase taxes if increased services are to be considered.

Councillor Dalrymple stated that area rates needs to be considered in the overall tax burden to residents. Mr. Fisher advised, in response to a question by the Councillor, that the \$120 tax rate increase for transit services, noted in the presentation, includes the general, local and regional tax rate. Mr. Fisher noted that if a resident is more than one kilometre from a transit stop, they would not have an increase, noting that they would pay general and regional taxes but no local tax. The Councillor suggested that HRM does not have the budget to provide weekly green cart pickup.

Councillor Smith stated that HRM needs to consider which services are essential and which services are non-essential. He added that he is concerned about the streets and roads budget. He questioned the need for HRM to spend \$300,000 to \$400,000 on trails noting that trails are not essential core services. He advised that he would not want to lose the capital district funding adding that this is the only way for some projects to be funded in individual districts, for example, building and maintaining playgrounds.

Councillor Sloane suggested that staff consider additional revenue services, such as personal income tax, sale tax, property taxes, non-residential property tax, commuter taxes and unit based taxes. She suggested that an increase in the capital cost contribution be considered.

Councillor Hum advised that staff consider the costs of solid waste services. She stated that if residents want increased pickup service, that it be funded through an area rate. She stated that all contracts should be reviewed. Ms. O'Toole further advised that HRM cannot opt out of contracts without significant costs incurred by HRM.

Council recessed at 3:20 p.m.
Council reconvened at 3:40 p.m.

Councillor Nicoll entered the meeting.

Deputy Mayor Johns assumed the Chair at this time.

Councillor McCluskey advised that not only operating budgets, but capital projects must be considered. She suggested that some larger projects be scaled down to be more affordable. Councillor McCluskey suggested that staff consider reductions in conference and training funding. She added that there is a need to grow the commercial sector as it supplies most of the tax revenue. The Councillor agreed that HRM cannot afford weekly green cart pick up. She suggested that HRM not pay up front for services on developments that developers should be paying for. Ms. O'Toole advised that staff has requested that business units come back with scenarios to reduce budgets by 3%. Ms. O'Toole added that Finance has considered seven million dollars worth of ideas of cost cutting measures, including a decrease of over \$1 million in efficiencies, \$2.8 million in services, \$2.4 million in belt tightening and \$1.8 by investigating what can come off the top. She added that the large capital projects are well funded. Ms. O'Toole advised that commercial taxes are being discussed.

Councillor Blumenthal advised staff that consultant fees and outside legal service fees be considered as part of the budget process. He advised that much of the work done by consultants should be done in house by HRM staff. He advised that he does not want to lose district capital funding as these funds provide projects for the community.

Mayor Kelly entered the meeting at 3:46 p.m. and assumed the Chair.

Councillor Lund raised concern regarding increased transit tax without an increase in services adding that any transit taxes should be added to only those getting new or improved services. The Councillor suggested that Council receive a list of projects in the business units to enable Council to consider priorities.

Deputy Mayor Johns supports the reduction in trail funding. He suggested that staff

consider reducing the amount of money paid to reserves for this year. He suggested a review of programs as they stand now and further suggested that the library project may have to be delayed. The Deputy Mayor added that some projects have gone forward with the anticipation of additional federal and provincial funding. He stated that the funding of the four-pad arena in Bedford should have been further discussed with the other levels of government. He stated that HRM may have to say *no* or redefine its priorities when it comes to projects. The Deputy Mayor requested that consideration be given to an increase in the hotel levy tax and that HRM request the province to step up for transit funding. He advised he does not support the loss of district capital funding as it provides projects for his community. Ms. O'Toole advised that HRM is required to move forward on the library project. She advised that transit funding is being considered.

Councillor Streach suggested the Fiscal Framework information be tabled and discussed at a future meeting.

Councillor Walker advised that the item titled: Some ideas for service reduction - HRM Police secondment to international policing, slide 31 of the presentation should have been presented to the Police Commission for direction.

Councillor Dalrymple raised concern regarding the proposal to eliminate the book mobile, noting that many districts rely on its service. He advised that he does not want to lose district capital funding as it supports tremendous amounts of projects for the districts. The Councillor noted that, based on population, HRM is the least funded municipality by the Federal and Provincial governments.

Councillor Streach stated that this is a time for a change of mind set in HRM. He added that HRM must cut more financially and find efficiencies to meet its fiscal responsibility.

Councillor Sloane expressed concern regarding a proposed increase in parking fees. She added that if parking fees increase, it will negatively affect people visiting and doing business in the downtown. She added that HRM cannot permit those who travel to the downtown to park for no cost on city streets.

Councillor Smith suggested that HRM request the Government of Nova Scotia to honour its agreements, such as the Memorandum of Understanding regarding mandatory education and the phasing in of HRM funding reductions for corrections and housing.

Due to time constraints, the meeting was adjourned with Council's agreement to continue discussion of Fiscal Framework at the next Committee of the Whole meeting.

4. ADJOURNMENT

The meeting was adjourned at 4:45 p.m.

Cathy Mellett
Acting Municipal Clerk