

# HALIFAX REGIONAL MUNICIPALITY

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## HALIFAX REGIONAL COUNCIL COMMITTEE-OF-THE-WHOLE MINUTES January 20, 1997

PRESENT:

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

ABSENT:

Bruce Hetherington (Regrets)

STAFF MEMBERS:

Mr. Ken Meech, Chief Administrative Officer  
Mr. Wayne Anstey, Municipal Solicitor  
Mr. Ron Singer, Director of Finance  
Mr. Bruce Fisher, Budget Coordinator  
Ms. Vi Carmichael, Municipal Clerk  
Ms. Patti Halliday, Assistant Municipal Clerk

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**1. PRESENTATION - HALIFAX REGIONAL SCHOOL BOARD:**

- ! Copies of the Halifax Regional School Board Presentation to Halifax Regional Municipality regarding Supplementary Funding were circulated to Council.

Ms. Vicki Brown, Chair, Halifax Regional School Board, introduced the following members of the Halifax Regional School Board in attendance for the presentation: Don Trider, Superintendent; Sheldon Doyle, Vice Chair; Sandra Everett, Member at Large; David Gray, Director of Finance. Ms. Brown also acknowledged the presence in the gallery of the following Board members: Linda Brennan, Norma Kennedy, Stephen Boyce, Emmett Austin, Don Chard, Austin Mannelle, Carolyn McFarlane, Daniel Clarke, Stella Campbell, Madeleine Dillon, Glen Greenhorn.

Ms. Brown delivered the School Board's presentation of which copies were circulated to members of Council.

In response to questions from Councillor Epstein regarding the federal infrastructure program, Dr. Trider responded the level of technology would be enhanced if they are successful in obtaining infrastructure funding.

Councillor Epstein expressed concerns with accountability of funds. He noted the presentation document refers to accounting after the funds have been spent. Councillor Epstein stated residents in his District are greatly concerned with possible erosion of these funds and are looking for assurance the dollars raised in their area will be spent in their area on particular programs. Councillor Epstein stated he does not see any indication of a mechanism in the document that will guarantee this. Ms. Brown replied it is her understanding the supplementary funding and the relative programs in Halifax and Dartmouth will be maintained in these areas. Ms. Everett added members of the School Board are cognizant of the people they represent. However, programming can be affected by such factors as provincial funding and priorities of the citizens. The School Board can guarantee Council the funds will be accounted for exactly how they are used for programming in Halifax and Dartmouth.

In response to questions from Councillor Kelly, the following points were made:

- ! With respect to Provincial funding, Mr. Gray replied the education funding workgroup will probably make a recommendation to the Minister in March 1997, so the amount committed by the Province will not be known for a few more months.
- ! Dr. Trider stated a review of facilities is in progress and the first recommendations will be going to the Board on January 28, 1997 with respect to removing some non-school buildings from the Board's operation as well as a recommendation to sell one of the facilities. On the program side, the review is underway for many of the programs that have resulted in a variation of programming across the region (ie. length of primary day, French immersion).
- ! An overall plan for programming should be brought forward in the next two

months.

- ! With respect to the issue of Provincial accountability, Dr. Trider stated there are many School Boards across the region making concerted efforts to show education is underfunded provincially. Regarding school capital construction, the School Board will be making demands that the capital projects, many intended to deal with overcrowding, be renewed.

Councillor Kelly stated there needs to be some guarantee that the Province will not take away funding as HRM increases funding.

In response to a question from Councillor Barnet, Dr. Trider replied the School Board's Research and Technology Department assesses the level of technology that is in the schools at the present time and attempts to develop a prioritized list. He suggested there could be flexibility to achieve a more rapid implementation in the other schools.

Councillor Uteck arrived at 6:00 p.m.

Councillor Harvey stated the move towards equity is welcomed and people are prepared to have their tax dollars go to support this.

Councillor Blumenthal stressed the importance of checking the demography of an area before making decisions to close schools.

Councillor Cooper asked for further explanation of the note in Table 2. Dr. Trider replied the additional resources would go towards increasing the two multimedia/Internet labs and related software and/or to add computers to those particular schools. An assessment would be undertaken to determine what each school would receive. Councillor Cooper questioned taking funds to upgrade the schools in the cities and to enhance the most modern school in the Province (Auburn Drive) rather than making a real start to upgrade the other schools in the system.

With respect to partnerships, Councillor Cooper suggested the School Board should make the schools in the former County area more accessible to the community.

Councillor Stone agreed with Councillor Epstein that more exact accounting needs to be put in place to show how the supplementary funding is being spent. He questioned what would happen if a program being paid for through supplementary funding was discontinued. Dr. Trider replied the funds would need to be moved to some other program in the area or turned back and would have to remain in the same geographical area. Ms. Everett added any supplementary money raised in Halifax or Dartmouth will only be used within those areas. Also, Council would be made aware of any major programming changes (ie. length of primary day) before they are implemented.

In response to questions from Councillor Stone, the following points were made:

- ! With respect to field trips, Dr. Trider stated there is a mechanism in place for

funding of field trips that would be maintained if that extra level is funded.

- ! Regarding special services such as speech therapists, resource teachers, social workers, etc., Dr. Trider stated these services draw heavily from the regular funding formula, and the level of support will not change unless the formula changes. With respect to supplementary funding and these services, the status quo would remain.

With respect to the infrastructure application, Councillor Hendsbee asked what would be the cost sharing ratio. Dr. Trider replied if the one-third ratio was kept it would be \$7.5 million. Councillor Hendsbee stated he hopes there will be opportunities for private partnership with the infrastructure application. Dr. Trider replied, with respect to the infrastructure application, the partners would be the School Board and the Municipality. The School Board is aggressively pursuing partnerships in the whole provision of technology and technical/maintenance support.

Councillor Hendsbee expressed concern with the lack of opportunity for community groups to utilize the school buildings and conditions should be attached to supplementary funding to enhance this.

Deputy Mayor Greenough stated the School Board's request is a move in the right direction, and there clearly needs to be a more equitable level of funding throughout the Municipality.

**MOVED by Deputy Mayor Greenough and Councillor Harvey that the School Board's proposal of a uniform level of supplementary funding across the region using a phase-in period of three to five years be approved in principle with referral to staff for assessment and a subsequent report to Council.**

Councillor Uteck stated education on an urban level can be delivered to the whole urban area at a similar cost, and this request should be dealt with as a capital cost. Equity in the urban area should be achieved immediately and not phased in. Ms. Everett replied the School Board's desire is to reach the point where they are operating one school system throughout the region.

Councillor Mitchell asked if the School Board has any funding put aside for external activities in the school yard area. Dr. Trider replied money for these items would come out of the annual capital budget or on-going maintenance.

Councillor Rankin stated all expenditures need to be known before any decisions are made on any particular expenditure for 1997-98. In response to a question from Councillor Rankin regarding commercial rates, Mr. Anstey replied the HRM Act currently does not provide for area rates on commercial, and this would have to be addressed as an amendment to the Act. Councillor Rankin stated the issue of supplementary funding is an issue of affordability and not a required service under the HRM Act. HRM's responsibility is for municipal services, and anything above that is subject to affordability to pay.

Councillor Snow expressed concern with the lack of resources being directed to the area where the funds were raised as well as class sizes. Dr. Trider assured there will be benefits to the areas that have area rates, as there has to be tangible evidence of this immediately across the region. With respect to class sizes, Dr. Trider replied the School Board tries to prioritize how the funding should be applied.

In response to a question from Councillor Snow asking if the Board has any plans to put more pressure on the Province, Ms. Brown replied they have had frequent meetings with the Minister and he recognizes the overcrowding situation.

Councillor Downey expressed concern with school closures in his area. There are sufficient children in his District to keep the schools filled, but they are attending schools in other areas. He stated the reasons why parents are choosing to move their children to other schools needs to be addressed rather than closing the schools. Dr. Trider replied the report of the School Review Committee will carry a recommendation with respect to bringing children back into the area. Supplementary funding has never been linked to the school review issue. Mr. Doyle added the School Board is pressured by the Provincial Government with respect to excess spaces. They have undertaken area reviews to look at bringing children to the areas.

Councillor McInroy stated he would like to see some clarification on the differences in programs between urban and rural. He did not think there is a large contingent that believe the level of programming needs to be raised in the urban areas. Dr. Trider responded there are variations in the delivery of service. Programs may be delivered in different ways, but as a Board they avoid references to any disparity in quality of education.

Councillor Hanson also expressed concerns with overcrowding.

Councillor Dooks expressed gratitude to the School Board for identifying the needs of District 1. However, he stated the timing is wrong as the residents are looking at an increase in the municipal tax rate as well as a requested increase in the area rates by the fire departments.

Councillor Harvey stated he would like the staff report to include some analysis of Councillor Uteck's variation. To understand the School Board's proposal in its total fiscal context, Councillor Harvey stated Council needs to see Year 1 of it as part of the draft operating budget.

In response to Councillor Harvey's comments, Deputy Mayor Greenough amended his Motion.

**MOVED by Deputy Mayor Greenough and Councillor Harvey that the Motion be amended as follows: that the School Board's proposal of a uniform level of supplementary funding across the region using a phase-in period of three to five years be referred to staff for the appropriate assessment and a subsequent report**

to Council within a month.

Deputy Mayor Greenough noted the report should address the comments made by Councillor Harvey.

**MOTION PUT AND PASSED UNANIMOUSLY.**

The vote was then taken on the Main Motion as amended.

**MOTION PUT AND PASSED UNANIMOUSLY.**

**RECESS**

A ten minutes recess was taken at 7:05 p.m. The meeting reconvened at 7:15 p.m.

**2. PROPOSED TAX STRUCTURE REFORM**

Mayor Fitzgerald acknowledged the presence in the gallery of Mrs. Murray, a resident of Head of St. Margaret's, noting she is a frequent visitor to Council meetings.

Mr. Meech noted there has been some fine tuning of Option 2-c as a result of an analysis of the presentation on January 14, 1997. In the future, there will be an information package prepared and distributed for the benefit of the public to give people a better understanding of how the proposed rates were set.

Mr. Ron Singer, Director of Finance, began the presentation by reviewing Option 2-c. With the use of overheads, he then reviewed the details of the urban and rural tax bases. Mr. Bruce Fisher, Budget Coordinator, reviewed some examples of changes to items that could be charged to urban, rural or split between the two. Mr. Singer stated the relationship the core area has to the rural area is a 9:1 ratio in terms of assessment. To shift any dollars from the urban core to the rural area would create a 9¢ increase for the rural area for every 1¢ moved.

Deputy Mayor Greenough stated it is clear to find ways to lessen the burden in the rural areas will be difficult without making a transitional payment or grant.

**MOVED by Deputy Mayor Greenough and Councillor Dooks that the Option 2-c formula as outlined in Tax Structure Report #2 be adopted with the following amendment: indicating a base rate of \$1.00 in the rural areas with the resulting shortfall in revenue being generated by adding half cent on the urban base rate for \$1.36. This new tax structure will be phased in over the next three years and be considered a transitional funding formula. The rates are also subject to change for 1997/98 due to budget and reassessment.**

Deputy Mayor Greenough explained the reasoning behind this motion is that the rural area is predominately residential or farmland. This transitional funding can be justified on the basis of sharing some of the commercial tax dollars raised in the more urban areas of the municipality. Part of the difficulty in the rural area is there is very little



commercial tax raised in this part of the region, and there needs to be some levelling of the burden as a consequence of that. The transitional period would need to be reviewed at the end of the three year phase-in period.

In debate of the motion, responding to a question from Councillor Kelly, Mr. Singer explained the calculations for fire services. Councillor Kelly asked what incentives or credits are there for communities within the urban core area that have volunteer fire departments which, in the case of District 21, save HRM over \$500,000 per year. Mr. Gary Greene, Commissioner of Fire Services, replied there have been some services extended to District 21 that it did not have before such as fire prevention, training, and automatic response from Halifax. Mr. Greene stated fire service in District 21 can be converted to complete paid service without any cost to HRM.

Referring to transit services, Councillor Snow stated he could not vote for the motion until residents receive services for which they are paying.

Responding to a question from Councillor Uteck inquiring about the phase-in period, Mr. Singer stated the original proposal recommended a phase-in period of four years. Deputy Mayor Greenough is proposing a subsidy in the fiscal services section of the budget of approximately \$8.5 million. A five cent reduction from \$1.05 to \$1.00 is an \$8.5 million shift to the urban area. Councillor Uteck stated it is not yet established that anyone will receive a savings. He suggested Council should not be spending money that it may not necessarily have. Mr. Singer replied the model is based on collecting \$279 million of net cost from the taxpayer, and it is just being divided differently than in the previous year. However, if there is additional supplementary funding required, the amount will be increased. Mr. Fisher indicated if the supplementary funding was equalized across all of HRM, another \$6 million would need be added resulting in a rural rate of \$1.306 for a total rate of \$1.47 with area rates.

Councillor Blumenthal stated he would be voting against the motion as it creates a tax increase for residents of the former City of Halifax. When amalgamation occurred, Halifax brought forward \$10 million cash and \$10 million in services, and should not be required to pay any more taxes.

(Councillor Hanson left the meeting at 8:15 p.m.)

Councillor Hendsbee stated the rural area should be paying a portion of the costs for the five major recreational facilities. Also, there are twenty-seven other neighbourhood facilities currently in the general tax rate which should be allocated to the urban core rate. If not, other community facilities not on the list should be included. With respect to libraries, there are fourteen libraries in HRM with only three being located outside the core area. The rural area should only be paying the costs for these services directly related to that area.

Councillor Cooper expressed concern with the effect on the commercial properties in the urban and rural areas. Option 2-c appears to be providing a tax break of \$2.6

million for Halifax commercial and increases of approximately \$800,000 for both Bedford and \$800,000 the County areas. He asked what kind of effect this will have on these businesses and if staff has examined this. Mr. Singer replied this is a significant impact and something they did not take lightly. There is wide variance in the weighting factors between the municipalities. Halifax had the highest commercial tax rate. From an economic perspective, staff felt it might not be wise to keep it at that high rate. They decided to go with the average of the weighting factor. Councillor Cooper expressed concern that many of the commercial businesses in the rural and suburban areas may relocate to the urban area to receive the lower tax rate. Mr. Singer noted the assessments on commercial properties are lower in the rural areas which would result in lower taxes. It has been researched that businesses do not necessarily choose their locations based on the tax rate.

Deputy Mayor Greenough assumed the Chair at 8:25 p.m.

Councillor Cunningham suggested there should not be a phase-in period since the motion proposes a substantially lower increase for the rural areas than what was originally proposed. Therefore, the need to phase-in is eliminated. Councillor Cunningham suggested the motion should be split to vote on the two aspects separately.

Councillor Walker stated he was not in favour of the motion making the following points:

- ! major recreational facilities should be in the general rate
- ! solid waste and streets cost more in the County and the public should be informed of this
- ! residents should pay for the services they receive
- ! the public is not being educated on the costs of services

Councillor Epstein agreed with Councillor Walker that ultimately the only fair system that can be adopted is a uniform rate per \$100 throughout the whole HRM and the differences be accounted for by differences in assessments. There are a variety of ways to accommodate the problem faced by the rural area, and Councillor Epstein stated he was open to finding a reasonable solution. He noted there are already tax exemption programs for people with low income. If these need to be elaborated or developed, it should be done. The phase-in period also helps to absorb the impact. With respect to revenues, Councillor Epstein stated there is no reason they cannot be distributed based on urban or rural.

(Councillor Adams arrived at 8:30 p.m.)

Councillor Epstein stated a rate which the rural area is comfortable with needs to be determined and phased-in over a period of time. The problem he has with the motion on the floor is the rural rate is too low.

Councillor Rankin stressed the importance of the phase-in period to mitigate the impact on those receiving a tax increase. He also expressed concern with the areas that do not receive transit service.

Mayor Fitzgerald resumed the Chair at 8:45 p.m.

Councillor Barnet expressed difficulty with the rationalization of the motion. With respect to Parks and Grounds, he questioned how much money is expended outside the core area. If the amount is negligible, it should be incorporated only to the urban area and would make a difference of \$1.01 for the rural area and \$1.36 for the urban area. This would give staff clear rationale and ability to appropriate funds in the future. Mr. Fisher replied information is not available to split out all of these costs. If \$600,000 - \$700,000 of the \$7.8 million is actually being used for the rural area, with the 9:1 ratio, it would not make a significant shift in the rate if it was placed completely in the urban rate.

Councillor Dooks stated he would like to have the motion deferred to provide the opportunity for public input.

**MOVED by Councillor Dooks and Adams that the motion on the floor be deferred pending the opportunity for public input through meetings held in various communities. MOTION PUT AND DEFEATED.**

Councillor Stone agreed with Councillor Barnet that other items need to be examined to lessen the burden for the rural area and the money found elsewhere rather than through the tax rate. Councillor Stone reiterated the basis for the municipal tax rate is assessment. With respect to holding public sessions in various areas, Councillor Stone stated this would further delay the process.

### **RECESS**

A fifteen minute recess was taken at 9:00 p.m. The meeting reconvened at 9:15 p.m.

Councillor Kelly asked if a breakdown can be provided of the level of services received for each area. Mr. Meech replied a lot of this work has already been done, and it only creates more division.

In response to a suggestion made by Councillor McInroy that Council should try to look ahead to the 1997-98 budget to deal with this issue rather than looking back, Mr. Meech replied staff would need to enter the new assessment base before any speculation can be done. Mr. Singer added this can be done, but it would take a couple of weeks.

Councillor Mitchell stated there needs to be a public input process to take place in the Council Chamber.

Councillor Adams reiterated he is still in favour of a single rate.

Councillor Hendsbee stated there are still two pieces of missing information, next year's budget and the change in assessments, that need to be obtained before a decision can be made regarding a tax structure. Allowance also needs to be made for public input.

Councillor Cooper agreed the residents need an opportunity to make submissions regarding the proposed tax structure.

Councillor Harvey expressed concern with the effect of the proposed commercial rate for businesses on Sackville Drive.

Mr. Singer stated staff will put together an information report showing Option 2-c with the change. Mr. Meech added this will be the basis for public information.

Deputy Mayor Greenough reiterated his motion. Councillor Cooper asked if the areas newly identified as urban could be released from the phase-in period. Mayor Fitzgerald ruled against this. Deputy Mayor Greenough noted his motion reduces the phase in period from four years to three years. The vote was then taken.

**MOTION PUT AND PASSED.**

For the record, Mayor Fitzgerald stated he was against the Motion.

**MOVED by Councillors Sarto and Blumenthal that the meeting adjourn at 10:00 p.m. MOTION PUT AND PASSED UNANIMOUSLY.**

Vi Carmichael  
MUNICIPAL CLERK