

**HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE
MINUTES
MARCH 2, 2005
(afternoon session)**

PRESENT:

Mayor Peter J. Kelly
Deputy Mayor Goucher
Councillors: Krista Snow
David Hendsbee
Harry McInroy
Gloria McCluskey
Andrew Younger
Bill Karsten
Becky Kent
Mary Wile
Patrick Murphy
Sue Uteck
Sheila Fougere
Russell Walker
Debbie Hum
Linda Mosher
Brad Johns
Robert P. Harvey
Reg Rankin
Gary Meade

REGRETS:

Councillors: Steve Streach
Jim Smith
Dawn Sloane
Stephen D. Adams

STAFF:

Mr. Dan English, Acting Chief Administrative Officer
Ms. Jan Gibson, Municipal Clerk
Ms. Patti Halliday, Legislative Assistant

Table of Contents

1. Budget Deliberations 3

 Fiscal Services 3

 Halifax Regional School Board 4

2. Recess 6

The meeting reconvened at 1:10 p.m.

3. BUDGET DELIBERATIONS

Fiscal Services (cont'd)

Councillor Snow expressed concern regarding the boundaries for urban, suburban and rural, particularly in the area of Beaver Bank/Kinsac and suggested this area needs to be changed from urban/suburban to suburban/rural. Mr. Bruce Fisher, Manager, Financial Planning, responded that the boundary can only be set once a year, and this would take place when Council votes on the final budget. He noted it would be difficult to change a few properties without changing the criteria. Councillor Snow stated there is something fundamentally wrong with the way boundaries in that area are classified and they need to be changed with this budget.

MOVED by Councillor Karsten, seconded by Councillor Snow, that an analysis of changing the criteria for the urban/suburban/rural boundaries be put in the parking lot. MOTION PUT AND PASSED.

Councillor Karsten stressed the importance of examining the residential tax deferral and exemption program before the budget is passed. Ms. Dale MacLennan, Director, Financial Services, stated the commitment that would need to be made would be whether or not to include \$500,000 in the budget to allow for enhancements to the program. She noted the details of the program could be addressed at a later date.

Councillor Mosher agreed that there is a disparity of services in some areas and the taxation categories need to be reviewed for changes.

MOVED by Councillor Mosher, seconded by Councillor Snow, that the issue of tax structure classifications be re-examined for all of HRM with respect to services and that definitions of what constitutes urban/suburban/rural be clarified. MOTION PUT AND PASSED.

Mr. Fisher clarified that the tax structure is based on services available to the residents not what is located on their street or directly in front of their property.

Councillor Younger stated there are significant areas in his District which do not have transit services nor sidewalks, and he cannot justify that they should be paying the urban rate. Mr. English suggested the possibility of providing a tax rebate to those areas that may have a tax rate category change after the budget is approved could be examined as

part of the report.

Deputy Mayor Goucher stated he would like the Kearney Lake Rd. area examined for a change to the suburban rate.

In response to comments of Councillor Hum, Mr. Fisher indicated he had some district specific information regarding assessment increases that he would circulate to Council.

Staff agreed to review the principles for the use of the fuel tax revenue in response to comments of Councillor Rankin with respect to the entire municipality receiving some benefit.

Responding to a question of Councillor McCluskey, Mr. Fisher stated most participants in the residential tax rebate and deferral programs prefer the rebate program. He noted staff is looking at increasing the rebate amount for lower income homeowners.

Councillor Kent suggested staff send information regarding the criteria for tax structure to all members of Council so they can review their own district and report back to staff with any very apparent areas that need to be changed. Mr. Fisher responded that staff would send out the background information and they are interested in specific areas that Council wants reconsidered. However, he noted that the urban rate would have to be increased to cover the deficit or items will need to be cut from the budget.

Councillor Harvey expressed concern regarding revisiting criteria for tax rate categories at this time. He suggested this should be done for the 2006-07 budget as major changes now will delay approval of the budget and impact existing rates. The Councillor suggested one solution to the issue would be to have one single tax rate.

Councillor Hendsbee suggested instead of having area rates, it may be a better tax benefit for his residents to pay the suburban rather than the rural rate with additional area rates. The Councillor also suggested revenue received from the gas tax should be more equitably distributed across HRM or something returned to the rural areas. Also, the breakdown of the funding should be 1/3 transit, 1/3 existing infrastructure and 1/3 new infrastructure.

In response to a question of Deputy Mayor Goucher regarding the time line for a boundary review, Ms. MacLennan clarified the only thing staff could do this week would be to bring back costing information and an estimated time frame for a tax structure review.

Halifax Regional School Board

Ms. Carole Olsen, Superintendent; Mr. Wade Marshall, Chair; and Mr. Richard Morris, Director of Financial Services. made a presentation regarding supplementary funding.

Councillor Fougere stressed the importance of moving ahead with the proposed committee to examine the issue of supplementary funding. Councillor Fougere and Councillor McCluskey also spoke in support of the School Board having the power of taxation so they can tax for the services they provide.

Councillor McCluskey expressed concern with the level of support provided for students with special needs such as autism.

Councillor Murphy stated he believes residents are not aware that there are other items paid for from supplementary education funding that are not going to the core needs of the community.

Responding to a question of Councillor Hum regarding the CSAP lawsuit, Ms. Olsen stated if Council wanted to be updated in terms of implications of the suit, it should be discussed in camera due to legal reasons.

Councillor Kent expressed concern regarding HRM picking up the slack for the Province with regard to education funding.

With regard to the Hogg Report, Ms. Olsen stated it was originally anticipated that the report would be brought forward in time to implement the new formula this fiscal year, however the report has not yet been received and there is no indication that it will be implemented this year.

Responding to a question of Councillor Snow, Ms. Olsen stated the worse case scenario for the HRSB budget this year would be a projected deficit of \$280,000. She noted that heating and snow removal costs placed pressure on the budget this year.

Councillor Younger expressed concern with Council approving the supplementary funding amount without seeing the School Board budget and receiving the Hogg report. The Councillor stated he has received calls from teachers stating the current form of supplementary funding is not working. He stated he fully supports the School Board having taxation powers or making education a proper responsibility for the Province or HRM.

Councillor Uteck expressed concern that physical education and lunch and music programs are a privilege in Nova Scotia when they are rights everywhere else in the country.

In response to a request of Councillor Uteck to set up supplementary funding deficit/surplus accounts, staff agreed to bring back a report regarding applying the same area rate rules that are used for other area rates to the supplementary funding area rates, and to address the impact of doing that prior to 2005/06.

MOVED by Councillor Uteck, seconded by Councillor Snow, that the supplementary funding for 2005/06 be the exact same dollar figure as 2004/05, and that a letter be sent to the Province stating that HRM will begin the reduction of supplementary funding by a minimum of 10 percent.

Mayor Kelly indicated there was no need to vote on the supplementary funding rate at this time and the issue of the letter could be addressed with the parking lot items.

In response to a request of Councillor Mosher, Mr. Marshall stated a full copy of the HRSB survey could be provided to Council after the Board has received it.

Councillor Mosher suggested that any additional money that comes back to the HRSB as a result of the Hogg report should be rebated to the property taxpayers who paid supplementary funding.

MOVED by Councillor Younger, seconded by Councillor Mosher, that the meeting extend to 4:00 p.m. MOTION PUT AND PASSED.

Councillor Rankin expressed concern with Council considering the level of supplementary funding to provide before the mandatory education rate is set. He suggested Council should put pressure on the Province for receipt of the Hogg report.

Councillor Hendsbee suggested HRM needs to get its services and programs on the tax rate and get provincial responsibilities taken off. He further suggested if supplementary funding continues to exist, there should be one fair rate across the board.

Mr. Marshall indicated if the Hogg report is implemented and the HRSB benefits financially, the funding would go into the global budget and be spread across the municipality. It will not replace cuts in supplementary funding.

Councillor Younger clarified that he believes supplementary funding does not work for

a lot of reasons. He stated HRM and the HRSB need to work together to get the Province to pick up the tab or give the HRSB taxation power. Councillor Younger noted he was not suggesting the money should be eliminated.

Deputy Mayor Goucher requested that copies of the Halifax Regional School Board Business Plan and Budget for 2004/05 provided to Council last year also be provided to the new Councillors.

The meeting recessed at 4:05 p.m. to reconvene at 9:30 a.m. on March 3, 2005.

Jan Gibson
Municipal Clerk