

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL COMMITTEE OF THE WHOLE MINUTES January 23, 2007

PRESENT: Mayor Peter Kelly, Chair
Deputy Mayor Sue Uteck
Councillors: Krista Snow
David Hendsbee
Harry McInroy
Gloria McCluskey
Andrew Younger
Bill Karsten
Becky Kent
Jim Smith
Mary Wile
Patrick Murphy
Dawn Sloane
Sheila Fougere
Russell Walker
Debbie Hum
Linda Mosher
Robert Harvey
Gary Martin
Reg Rankin
Gary Meade

REGRETS Councillors: Steve Streach
Stephen Adams
Brad Johns

STAFF: Mr. Dan English, Chief Administrative Officer
Mr. Randolph Kinghorn, 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 3:03 p.m.

2. APPROVAL OF THE MINUTES

At the request of the Municipal Clerk, the January 9, 2007 Committee of the Whole and Council minutes were withdrawn and deferred to the following week's agenda for approval.

3. FISCAL FRAMEWORK

A PowerPoint presentation entitled, *07/08 Fiscal Framework January 23, 2007* was circulated.

Mr. Dan English, Chief Administrative Officer and Ms. Cathie O'Toole, Acting Director of Financial Services addressed Council presented the 2007/08 Fiscal Framework. Mr. English advised that the theme for the framework is *Investment in our People, Communities and Facilities*. He pointed out that today's presentation was not the proposed budget for next year but that, today, staff was looking for direction with regard to balancing the service level and tax burden for budget development; and consideration of a regional area rate for mandatory Provincial contributions. Mr. English indicated that staff anticipate having the budget tabled in March and approved in early April.

At 3:08 p.m. Councillor Smith entered the meeting.

Highlights of Mr. English's presentation are as follows:

- C Standard & Poor's rating has increased to A positive.
- C Council Focus Area discussions assisted in aligning priorities and maximizing the use of existing resources.
- C Tax Reform has commenced.
- C Wastewater transfer to Halifax Regional Water Commission (HRWC).
- C This is a key year for HRM with respect to the Commonwealth Games decision and opportunities.
- C The Assessment Cap will be at CPI in 2008/09.
- C Debt policy is one of the most important points of the Multi-Year Financial Strategy; at the end of next year, the debt will be down \$8.3 million from last year; each year HRM is borrowing less to pay down the debt.
- C In the next fiscal year, project an 8% increase in mandatory provincial expenditures; annualized costs of increased or enhanced services will be up 4.4%; projecting HRM's gross budget to be increased by 4.9% (\$31,408,000).

- C 2007/08 projected expenditures is \$662,336,000 - this does not include the 22 new police officers for HRP or the 10 for the RCMP which will be funded by the Province.

At 3:22 p.m. Councillors McInroy and Murphy entered the meeting.

Ms. Cathie O'Toole, Acting Director of Finance continued the presentation, highlighting the following points:

- C Residential assessment was up 10.5% compared to 12.5% last year - there was a small decline in new construction and commercial assessment shows growth over last year.
- C Business Unit revenues are projected to be up \$2.5 million, which is an increase of 2.4%.
- C Since 2001 the Provincial Mandatory Contribution has increased 44% and municipal expenditures have increased 27% over that same time; as the growth on the Provincial Mandatory Contribution has occurred, HRM's capacity to invest in its municipal services has diminished.
- C Staff were recommending discussion around the concept of treating the mandatory provincial contribution as a regional area rate (a risk mitigation strategy). This means that HRM Council would set the tax rate based only on municipal services that are within HRM's control.
- C With regard to expenditure controls, currently there is no motion of Regional Council to carry out a Program and Service review, however this has been tabled with the Audit Committee.
- C With regard to the impact of the potential transfer of Wastewater Services to HRWC, when the budget comes forward to Regional Council, Wastewater Services will be included in HRM's budget and business plan.
- C This is a transition year with the Capital Cost Contribution project, the transition of Wastewater, and with tax reform—these will help in regard to long term financial sustainability.
- C Five Service level strategies proposed by staff for Council feedback are as follows: Enhance service levels; Maintain service levels; Reduce service levels; Reduce service levels and keep the same tax burden; and Reduce service levels and area rate.

Mr. English and Ms. O'Toole responded to questions, with the following points and requests noted:

Councillor Younger referred to a comment made during the presentation that the program inventory was presented to the Audit Committee in September and advised that he had asked for this information previously, and suggested that it be circulated to all of Council.

In response to a question by Councillor McCluskey, Mr. English advised that he does not support an across-the-board reduction of 10% or 5%, indicating that such a measure would see whole programs or services cut. He added that all business units have been instructed

to look at any cost savings they can find.

In response to another question by Councillor McCluskey, Mr. English advised that Council was provided with a report last September on travel, conferences, periodicals, etc. as requested by Councillor McCluskey which showed a \$6 million reduction in some of those areas and it has not been added back.

Councillor McCluskey requested a copy of the referenced report prior to the budget being submitted.

Ms. O'Toole advised that the report was dated October 6, 2006 and entitled Discretionary Expenditures. She advised that she would forward Councillor McCluskey a copy.

Mr. English advised that the amount for supplementary education is included in staff's projections at the same level as the previous year.

Councillor Mosher spoke in support of the area rate concept and requested the following information:

- C specific breakdown of the exact increases in the cost of services
- C any decreases expected
- C exact increase for fuel costs, power rates, employee contract rates that have gone up.
- C referring to page 11 of the PowerPoint Presentation, she requested the percentage increase be provided.
- C referring to page 12 of the PowerPoint Presentation, she requested that dollar amounts be provided.
- C referring to page 12, she requested that 'new businesses' be excluded
- C would like to see in the budget a comparison with benchmark cities on employee wages
- C provide consistency when using benchmark cities; suggested using the cities that the Councillor's pay is based on; and, in this regard show what expenditures HRM is pay per dwelling unit, show what the average tax burden is compared to benchmark cities, and show what would happen to the service levels in each of the five service level strategies provided by staff in the presentation.

Deputy Mayor Uteck advised that she supported the risk mitigation strategy proposed and expressed appreciation to staff for their work in this regard.

MOVED by Deputy Mayor Uteck, seconded by Councillor Karsten that Regional Council:

- 1. Treat Provincial Mandatory charges as a Regional Area Rate. HRM Council would set the tax rate based only on municipal services that are within HRM's control.**

2. **Place accountability for rate setting and control of Provincial mandatory expenditures with the Province and give notice that HRM will be paying Mandatory service at capped rate.**
3. **Give notice that HRM will be reducing supplementary funding for the 2007/08 budget year by 10%.**

MOVED by Councillor Fougere, seconded by Councillor Murphy that the motion be amended as follows:

That HRM Council adopt “Maintain” under “Possible Service Level Strategies” whereby HRM maintain the same level of service as per the staff presentation at Committee of the Whole on January 23, 2007.

Councillor Fougere advised that it would be beneficial to have statistics on income levels in HRM and the percentage that they have gone up or down over the same time period. In response, Ms. O’Toole advised that staff has some data from Statistics Canada and from the tax reform presentation which could be provided.

At 4:18 p.m. Councillor Walker entered the meeting.

Councillor Hendsbee suggested that the motions were premature and that he would first like to see how the various strategies would impact on the budget.

Mr. English clarified that the motions on the floor, if they should be approved, do not mean that Council is approving the budget; but rather it gives staff enough direction to go back and develop a budget based on what Council provided in their focus areas, incorporating some of the things that Council now knows have to be incorporated, and then tabling the budget with all the detail. It will then be Regional Council’s budget on which to make decisions. Mr. English noted that today, staff is only looking for high level direction from Council.

In response to a question by Councillor McCluskey, Mr. Bruce Fisher, Manager, Fiscal and Tax Policy explained that, with regard to the average house assessment, staff took the average property and average single homes, and included condominiums. He noted that apartments were not included and that apartment assessments went up 9.6% which was higher than single family homes. Mr. Fisher advised that he could provide Council with some breakdown on the range, to show how many are in the average area and how many are in the extremes.

Councillor Mosher asked that, for the next time Council discusses the budget, staff provided a report on the balance in all the reserve accounts, and what is planned for those accounts.

In response, Mr. English noted that staff has a 3rd quarter report regarding the budget to date and staff will include the information on reserves.

Councillor Walker referred to the third item of the motion and pointed out that, previously, Council passed a motion that it would work with the School Board and come back with a report, and now there was a motion on the floor to do something prior to getting the report back.

MOVED by Councillor Walker, seconded by Councillor Murphy that #3 of the motion be deferred until Council receives the report back from the School Board.

THE MOTION TO DEFER WAS PUT AND PASSED.

At the request of Council, the Chair advised that the amended motion would be split and each item voted on separately.

MOVED by Deputy Mayor Uteck, seconded by Councillor Karsten that Regional Council:

- 1. Treat Provincial Mandatory charges as a Regional Area Rate. HRM Council would set the tax rate based only on municipal services that are within HRM's control.**

MOTION PUT AND PASSED.

MOVED by Deputy Mayor Uteck, seconded by Councillor Karsten that Regional Council

- 2. Place accountability for rate setting and control of Provincial mandatory expenditures with the Province and give notice that HRM will be paying Mandatory service at capped rate.**

MOTION PUT AND PASSED.

MOVED by Councillor Fougere, seconded by Councillor Murphy that Regional Council:

- 3. Adopt "*Maintain*" under "Possible Service Level Strategies" whereby HRM maintain the same level of service as per the staff presentation at Committee of the Whole on January 23, 2007.**

MOTION PUT AND PASSED.

- 4. ADJOURNMENT**

The meeting adjourned at 5:11 p.m.

Jan Gibson
Municipal Clerk