

HALIFAX REGIONAL MUNICIPALITY

**HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE**

February 24, 2009

PRESENT: Mayor Peter Kelly, Chair
Deputy Mayor David Hendsbee
Councillors: Steve Streach
Barry Dalrymple
Gloria McCluskey
Andrew Younger
Bill Karsten
Jackie Barkhouse
Jim Smith
Mary Wile
Jerry Blumenthal
Dawn M. Sloane
Sue Uteck
Jennifer Watts
Russell Walker
Debbie Hum
Stephen D. Adams
Brad Johns
Robert P. Harvey
Tim Outhit
Reg Rankin
Peter Lund

REGRETS: Councillors: Lorelei Nicoll
Linda Mosher

STAFF: Mr. Dan English, Chief Administrative Officer
Ms. Randolph Kinghorne, Municipal Solicitor
Ms. Julia Horncastle, Acting Municipal Clerk
Ms. Melody Campbell, Legislative Assistant

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1. CALL TO ORDER

Deputy Mayor Hendsbee called the meeting to order at 1:32 p.m.

2. APPROVAL OF THE MINUTES - NONE

3. GREATER HALIFAX PARTNERSHIP - Budget Impact, World Economic Conditions

Mr. Dan English, Chief Administrative Officer, introduced the presentation from the Greater Halifax Partnership and introduced Mr. Fred Morley to Council.

Mr. Fred Morley, Greater Halifax Partnership provided a presentation to Council regarding budget impact and World Economic Conditions.

He advised Council that by the end of this quarter, Canada will be in a recession. He noted that the Bank of Canada expects growth to decline this year and pick up again in 2010. He stated that Canada is in a better position economically than the United States.

Mr. Morley stated that there are three types of recession:

V - go into recession and come out

WW - go into recession, come out and go back into recession

L - go into recession and stay at that level

Mr. Morley advised Council that HRM will feel some economic pain this year and probably into the next year. The overall message is to not panic. He stated that HRM is reasonably well positioned as its industrial structure is different than in other areas, banks are still lending, and capital investment and private sector investment is still occurring. He advised that the employment sector of HRM is good although the retail sector has decreased. He noted that the challenges that face HRM are a slow population growth, slow infrastructure spending, attitude and confidence, and accelerated structural change.

Mr. Morley advised that to respond to these economic challenges, HRM must be realistic, develop early warning systems, make strategic adjustments and to double down when it can make a big difference. In response to whether it is best to spend or cut in difficult economic times, he advised that responsible spending, cost sharing, and investing in the future assists in recession. He added that cutting spending takes money out of the economy and deepens the recession.

4. FISCAL FRAMEWORK

Mr. Dan English, Chief Administrative Officer, introduced the 2009/10 Fiscal Framework presentation to Council. He advised that staff will be presenting the fiscal framework at this time, not seeking direction. This will come back to Council in the future for further discussion as the budget moves forward. Staff are working on the budget while determining the best way to navigate the Halifax Regional Municipality through difficult economic conditions. He advised Council that they will have to make determinations with future years in mind.

Mr. English advised Council that the budget theme for 2009/10 is *Planning for Change, Seizing Opportunities and Safeguarding our Future*. Mr. English noted that the Council focus areas for 2009/10 are transportation, infrastructure, public safety, community planning and governance and communication.

Councillor Adams entered the meeting at 2:10 p.m.

Mayor Kelly entered the meeting and assumed the Chair at 2:11 p.m.

Ms. Cathie O'Toole, Director, Finance, provided the presentation Fiscal Framework to Council.

Mr. Dan English provided Council a summary of pressures coming into this new fiscal year and provided conclusion to the 2009/10 Fiscal Framework presentation.

Following the presentation the following issues were brought forward by Council:

Councillor Younger noted that there is a lot of pressure on HRM to add a full-day service to the Woodside ferry, this item will have to be addressed during budget deliberation. Councillor Younger raised concern over raising taxes, noting that many residents in HRM cannot afford an increase. He questioned whether there is another solution as HRM cannot run a deficit. Ms. O'Toole advised that staff are looking at ways to reduce expenditures. One suggestion is a sell off of surplus facilities owned by HRM that are not being used for HRM business.

Councillor Hum advised that accuracy of information is key as the budget process moves forward. She added that HRM has to make strategic investments making sure we get good return on the dollar. She stated that HRM has to proceed cautiously and added that Councillors and staff have a large task ahead.

Councillor Streach stated that HRM is in relatively good shape. He expressed concern over discussion of a tax increase. He raised concern regarding HRM's use of consultants adding that HRM does not need to be consultant led. He stated that Metro Transit has high subsidation and an increase in fares should be considered. He raised the point of infrastructure funding, adding that HRM should not try to match contributed funds for the sake of spending the funding. In response to a question regarding the fire station at Dutch Settlement, Ms. O'Toole advised that the fire station is in the capital plan for next year. Mr. English clarified that the telecommunication savings were found by HRM staff. He advised Council that any infrastructure funding would be allocated according to Council direction.

Councillor Karsten questioned whether provincial infrastructure funding will be earmarked for the 2009/10 budget. Ms. O'Toole advised Council that staff do not have details on funding, so it has not been allocated to the five year plan. She added that if funding is available, once details are certain, Council will determine the allocation.

Councillor Blumenthal raised concern over the use of consultants in HRM and added that he does not want to see a tax increase. He noted that it may be difficult to sell surplus facilities due to the economic downturn. In response to a question by Councillor Blumenthal, Ms. O'Toole advised Council that sustainability is addressed in the fiscal

framework and that funding has been provided in the capital budget for accessibility projects.

In response to a query by Councillor Walker, Ms. O'Toole stated that the tax numbers are based on a \$180,000 assessment.

Councillor McCluksey advised that residents should be consulted as some services provided by HRM may not be required.

In response to a query by Councillor Lund, Ms. O'Toole advised that project phasing and project timing must be considered when working to close the financial gap in the capital plan. Mr. Morley advised, in response to a question from the Councillor that retail is fairly stable, although in a recession one of the most significant cuts for consumers is the purchase of large ticket items such as a vehicle purchase.

In response to a query by Councillor Wile, Ms. O'Toole stated that the two million dollar shortfall in streets and roads is to maintain the status quo.

Councillor Rankin stated that Halifax has the highest expenditure per household across the country. He raised concern over an increase in taxes adding many residents cannot afford the increase. He cautioned that Council must be critical in its thinking as the budget process moves forward.

Councillor Smith raised concern over the financial shortfall in streets and roads. In response to a query by Councillor Smith, Mr. English advised that HRM will use the culture of cost management and cost reduction and he noted there will be no inflation in the budget.

Councillor Younger expressed concern that many areas of HRM have residents with an assessment above \$180,000. In response to a question by Councillor Younger, Mr. English advised Council that they may send any suggestions regarding budget and cost reductions directly by email to Ms. O'Toole. Ms. O'Toole advised Council that the timeline may have to be adjusted as suggestions are evaluated and brought back to Council.

Councillor Outhit suggested a tax incentive for those living in higher density housing, such as homeowners living in townhouses and condos. He advised that HRM needs to highlight its return on investment regarding transit use, for example, the use of transit as it pertains to savings on roads/infrastructure.

Councillor Watts stated that Council and staff need to look at new ways of doing business, and added that there are creative groups and organizations that HRM can receive initiatives from and support.

Councillor Harvey stated that many residents' assessments have already increased without a tax rate increase. He added that municipalities cannot spend its way out of a recession and advised that HRM cannot afford large increases in the 2009/10 fiscal year.

Mayor Kelly thanked Mr. Morley and HRM staff for their presentation.

5. ADJOURNMENT

The meeting adjourned at 3:50 p.m.

Julia Horncastle
Acting Municipal Clerk