



**AUDIT & FINANCE STANDING COMMITTEE
MINUTES
June 18, 2014**

PRESENT: Councillor Bill Karsten, Chair
Councillor Russell Walker, Vice Chair
Mayor Mike Savage
Councillor Barry Dalrymple
Councillor Lorelei Nicoll
Councillor Gloria McCluskey
Councillor Linda Mosher
Councillor Steve Adams

REGRETS: Councillor Tim Outhit

GUESTS: Councillor David Hendsbee
Councillor Wayne Mason

STAFF: Mr. Greg Keefe, Chief Financial Officer
Mr. Richard Butts, Chief Administrative Officer.
Mr. John Traves, Solicitor
Mr. Liam MacSween, Legislative Assistant

The following does not represent a verbatim record of the proceedings of this meeting.

The agenda, supporting documents, and information items circulated to the Audit & Finance Standing Committee are available online:

<http://www.halifax.ca/boardscom/SCfinance/140618afsc-agenda.php>

The meeting was called to order at 10:00 p.m. and adjourned at 12:20 p.m.

1. CALL TO ORDER

The Chair called the meeting to order at 10:00 a.m.

2. APPROVAL OF MINUTES – May 21 & June 5, 2014 (Special Meeting)

MOVED by Councillor McCluskey, seconded by Councillor Nicoll, that the minutes of May 21 & June 5, 2014 (Special Meeting) be approved as presented. MOTION PUT AND PASSED

3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

Additions:

12.1 Approval of Increased Project Funding Award – Unit Price Tender No. 14-207, North Park Street Upgrades – North Park Street (Cogswell – Cunard) – West Region

Councillor Adams requested that Item No. 9.1.5 - Davis Cup and We Day Event be moved up on the agenda to take place after Item No. 9.1.1.

The Chair noted that there had been a request from a number of committee members to refer items no. 7.1.1 and item no. 7.1.2 to a Committee of the Whole Session.

MOVED by Councillor Dalrymple, seconded by Councillor Adams that No. 7.1.1 and No. 7.1.2 be referred to a future Committee of the Whole session.

Mayor Savage commented that he is not opposed to referring discussion on those matters to a future Committee of the Whole meeting but would like to know the reasoning behind the request.

The Chair noted that in addition to the wishes of committee members, several Councillors who are not members of the Audit & Finance Standing Committee expressed a desire to be involved in the discussions on these matters and that there is consensus among many of his colleagues that a Committee of the Whole session would be the appropriate venue to hold such discussions.

MOTION PUT AND PASSED.

MOVED by Councillor Nicoll, seconded by Councillor Walker that the Agenda be approved as amended.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS

7.1.1 Strategic Capital Funding Strategy

The following was before the Committee:

- *A staff recommendation report dated May 6, 2014*
- *Correspondence received by the Municipal Clerk's Office between June 16-17, 2014*

This item was referred to a Committee of the Whole Session during the approval of the order of business. Please see page 2.

7.1.2 Building Canada Fund Infrastructure Projects

The following was before the Committee:

- *A staff recommendation report dated May 6, 2014*

This item was referred to a Committee of the Whole Session during the Approval of the Order of Business. Please see page 2.

8. CORRESPONDENCE, PETITIONS & DELEGATIONS

8.1 Correspondence

The Legislative Assistant noted correspondence that was received in relation to Item No. 7.1.1 – Strategic Capital Plan which was distributed to the Committee.

8.2 Petitions - NONE

8.3 Presentation - NONE

9. REPORTS

9.1 STAFF

9.1.1 Year End Financial Statements

The following was before the Audit & Finance Standing Committee

- *A staff recommendation report dated June 12, 2014*

Mr. Louis De Montbrun, Manger, Financial Reporting gave a presentation on the Year End Financial Statements.

The Chair thanked Mr. De Montbrun for his presentation and asked for questions of clarification from the Committee. He further noted the attendance of Mr. Gary Blair of KPMG.

MOVED by Mayor Savage, seconded by Councillor McCluskey that the Audit and Finance Standing Committee forward the following to Halifax Regional Council for their approval:

- **The Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2014;**
- **The statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2014;**
- **The transfers of the general rate surplus to the reserves identified in the statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2014; and,**
- **The financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2014.**

Mayor Savage requested further information with respect to the amount of parking tickets that were issued in HRM over the past year.

Mr. Brad Anguish, Director of Community & Recreation Services commented that he did not have the exact numbers with respect to the number of tickets issued, but noted that the revenue collected from parking tickets in HRM has stayed the same from the previous fiscal year. He commented that the decrease in revenue that is reported in the financial statements is related to a reduction in Summary Offense Tickets issued by Halifax Regional Police

In response to a follow up question from Mayor Savage, Mr. Anguish noted that there has been no change in mandate with respect to issuing of parking tickets and there is no quota or incentive for parking enforcement officers to issue tickets.

Councillor McCluskey requested further information respecting uncollected deed transfer taxes.

Mr. De Montbrun commented that the funds are collected but are not recorded until the next fiscal year.

Councillor Nicoll noted an \$3.4 million increase in operating expenses for major facilities and inquired if that figure reflects the normal increase for utilities.

Mr. De Montbrun replied in the affirmative and noted that that figure covers maintenance costs operating costs such as electricity and heating.

Councillor Mason asked if there is a clear policy governing trust accounts.

Mr. De Montbrun stated that staff has completed a great deal of work regarding trust accounts and allocate the funds for the purpose in which they were provided.

Councillor Mason requested further information with respect to the surplus.

Mr. De Montbrun provided background information with respect to Generally Accepted Accounting Principles and Municipal Accounting Principles set forth by the province and noted the KPMG audited surplus figure is at \$5.9 million. He further noted a change in provincial regulations which stipulates that the surplus must be placed in to a separate reserve and that any withdrawal will have to be approved by Council.

Councillor Karsten inquired as to why the former Dartmouth City Hall was not listed under surplus land. Mr. De Montbrun stated that the former Dartmouth City Hall may be reported as invested land that is used for municipal purposes and was not reflected as such in the financial statements.

Mr. Gary Blair, of KPMG provided a brief presentation with respect to the audit conducted on the Consolidated Financial Statements. He noted that a management representation letter will follow in the future and that there is nothing of significance to report. He commented that a further review will be conducted on actuarial work that is currently being undertaken on employee benefits. He commented that this is done

MOTION PUT AND PASSED.

9.1.5 Davis Cup and We Day Event

The following was before the Committee:

- *A staff recommendation/information report dated May 28, 2014*

MOVED by Councillor Adams, seconded by Councillor Dalrymple that that the Audit and Finance Standing Committee recommend that Halifax Regional Council:

- 1. Approve an event grant of \$50,000 for the 2014 Davis Cup to be funded from the Operating Surplus Reserve, Q328, conditional upon:
 - a. the Province of Nova Scotia providing the same level of funding; and;**
 - b. HRM being selected for the event;****
- 2. Approve an event grant of \$50,000 for We Day Atlantic Canada to be funded from the Operating Surplus Reserve, Q328; and;**
- 3. Authorize the Mayor to provide a letter of commitment outlining the financial commitment and conditions to Free the Children for hosting We Day Atlantic Canada (Attachment 4 staff report dated May 28, 2014) and to Tennis Canada for hosting the Davis Cup Canada vs. Columbia (Attachment 5 staff report dated May 28, 2014).**

Councillor Adams requested that the Audit and Finance Standing committee consider an event grant of \$65,000 as opposed to \$50,000 for the Davis Cup. He noted that HRM has the ability to

approve an event grant of up to \$100,000 without a business case. He commented on the importance of the Davis Cup Event for HRM and that the provincial government will match the funding commitment from HRM. He anticipates that a business case for the event will come forward in the near future and that the increased commitment from both levels of government would help to secure the event which will greatly benefit the city.

MOVED by Councillor Adams, seconded by Councillor Nicoll to increase the event grant of \$ 50,000 to \$65,000 for the 2014 Davis Cup.

Mayor Savage expressed his support for the amendment. He commented that there is a strong need to bring the Davis Cup to Nova Scotia. He stated that there is a great deal of momentum around professional Tennis and an event such as this will help put Halifax on the map. He advised that the event will be covered extensively in the media and will benefit the local economy.

Councillor Dalrymple noted that this item was before the Special Events Advisory Committee but the Committee did not have adequate funding to consider the event, which is why it is now before the Audit & Finance Standing Committee. He noted that Tennis Canada is very interested in this event coming to Halifax. He noted that Halifax is a prime location for this event and expressed his support for it going forward.

Councillor Nicoll expressed her support for the amendment and commented that HRM does not do enough for Tennis. She commented that she had attended an early morning meeting for Destination Halifax which is very supportive of this event going forward.

MOTION TO AMEND MOTION PUT AND PASSED.

The motion now reads:

MOVED by Councillor Adams, seconded by Councillor Dalrymple that that the Audit and Finance Standing Committee recommend that Halifax Regional Council:

- 1. Approve an event grant of \$65,000 for the 2014 Davis Cup to be funded from the Operating Surplus Reserve, Q328, conditional upon:
 - a. the Province of Nova Scotia providing the same level of funding; and;**
 - b. HRM being selected for the event;****
- 2. Approve an event grant of \$50,000 for We Day Atlantic Canada to be funded from the Operating Surplus Reserve, Q328; and;**
- 3. Authorize the Mayor to provide a letter of commitment outlining the financial commitment and conditions to Free the Children for hosting We Day Atlantic Canada (Attachment 4 staff report dated May 28, 2014) and to Tennis Canada for**

hosting the Davis Cup Canada vs. Columbia (Attachment 5 staff report dated May 28, 2014).

Mayor Savage commented that he also would have been supportive for an increase in the level of funding for We Day. He commented that We Day is a very beneficial event for young people in the municipality and that this matter may need to be reviewed at a later to date.

Further discussion ensued.

THE MOTION, AS AMENDED, WAS PUT AND PASSED.

Councillor Adams left the meeting at 11:22 a.m.

9.1.2 Lake Charlotte Area Heritage Society: Capital and Operating Funding Request

The following was before the Committee:

- *A staff recommendation report dated May 5, 2014*

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the Audit & Finance Standing Committee recommend that Halifax Regional Council:

- 1. Refer the Lake Charlotte Area Heritage Society's request for capital funding to the Community Grants Program; and,**
- 2. Decline the request for an annual operating subsidy.**

Councillor Nicoll commented that more information is required regarding the funding request and a strategic plan related to tourism and economic development.

Councillor Hendsbee expressed his view that the HRM is missing out on a strong economic opportunity by not granting the Lake Charlotte and Area Heritage societies funding request. He agreed with Councillor Nicoll's comments and noted that further consideration and analysis needs to be given to the request. He further commented that he will not support the recommendation as it presently stands when it before Regional Council.

Mayor Savage stated that he agreed with Councillor Hendsbee's assessment. He noted that the village is a remarkable spot and is very important for the economic development of that community. He commented that he would welcome supporting the Lake Charlotte and Area's Capital Campaign but would require further information from staff regarding alternate funding sources.

Councillor Dalrymple inquired as to the status of HRM's Cultural and Heritage Priority Plan.

Ms. Jane Fraser, Director of Planning and Infrastructure, noted that staff will be bringing back deliverables as part of the Regional Plan to Council in the near future.

Councillor Dalrymple noted that if the recommendation is passed the funding request will be less likely to become a reality given that the Community Grant program has limited resources. He commented that the committee should consider an alternate recommendation to have staff investigate the possibility of leveraging more funding.

Councillor Nicoll proposed the following amendment to the first recommendation in the main motion:

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the Audit & Finance Standing Committee recommend that Halifax Regional Council refer the Lake Charlotte Area Heritage Society's request for capital funding to staff to investigate additional funding options from other sources and report back to the Audit and Finance Standing Committee.

Further discussion ensued.

MOTION TO AMEND WAS PUT AND PASSED.

The motion now reads:

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the Audit & Finance Standing Committee recommend that Halifax Regional Council

- 1. Refer the Lake Charlotte Area Heritage Society's request for capital funding to staff to investigate additional funding options from other sources and report back to the Audit and Finance Standing Committee.**
- 2. Decline the request for an annual operating subsidy**

THE MOTION, AS AMENDED, WAS PUT AND PASSED.

9.1.3 Fourth Quarter 2013/2014 Financial Report

The following was before the Committee:

- *A staff recommendation report dated May 22, 2014*

MOVED by Councillor Walker, seconded by Councillor Nicoll that the Audit and Finance Standing Committee forward the staff report dated May 22, 2014 to Regional Council as an Information Item.

MOTION PUT AND PASSED.

9.1.4 Investment Activities – Quarter Ending March 31, 2014

The following was before the Committee:

- *A staff recommendation report dated*

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that that the Audit and Finance Standing Committee forward the staff report dated to Halifax Regional Council as an information item

MOTION PUT AND PASSED.

9.1.5 Davis Cup and We Day Event

This item was dealt with earlier in the meeting. Please see page 5-7.

9.1.6 Approval of Increased Project Funding – Cow Bay Road Storm Sewer Project

The following was before Committee:

- *A staff recommendation report dated June 6, 2014*

MOVED by Councillor Walker, seconded by Councillor McCluskey that the Audit & Finance Standing Committee recommend that Halifax Regional Council:

- 1. Approve an increase to Project No. CR000001 – Storm Sewer Upgrades in the amount of \$855,000 with funding from surplus Operating Pay as You Go Funding (Cappool), as outlined in the Financial Implications section of the staff report dated June 6, 2014.**
- 2. Authorize the Mayor and Clerk to sign an agreement with the Halifax Regional Water Commission (HRWC) for \$4,779,642.13 (net HST included) with funding from Project Account No(s). CR000001 – Storm Sewer Upgrades, CKU01084 – Sidewalk Renewals and CRU01077 – Bridges, as outlined in the Financial Implications section of the staff report dated June 6, 2014.**

Councillor Dalrymple expressed his support for the recommendation. He commented that in other areas of HRM, the entire cost of storm water services were imposed on residents. He referenced a water project which will be up-coming in the Fall River area and expressed concern that the full cost of the project will be imposed on residents in that area.

Councillor Karsten thanked staff for their work on this matter and noted that it was a long time coming.

Councillor Hendsbee inquired if the upgrades for Cow Bay will affect future storm water projects for other areas.

Mr. Richard MacLellan, Manager of Energy & Environment stated that staff is currently working on the Storm Water Management Policy which will be before Council in the near future.

MOTION PUT AND PASSED.

9.1.7 Scotia Bank Hockey Day in Canada

The following was before the Committee:

- *A staff recommendation report dated June 3, 2014*

MOVED by Councillor Nicoll, seconded by Councillor McCluskey that the Audit and Finance Standing Committee recommend that Regional Council:

- 1. Authorize the CAO to negotiate and execute an agreement with CBC/Rogers Communications for Halifax to act as host city for Hockey Day in Canada in February 2015;**
- 2. Instruct staff to explore all available sponsorship opportunities and authorize the CAO to execute sponsorship agreements required to recover the cost of hosting the event;**
- 3. Approve funding for any outstanding balance between the event expenses and the total sponsorship revenue from Operational Contingency Account M351**

Mr. Richard Butts, Chief Administrative Officer, stated that there is an absolute interest in Cole Harbour by CBC and Rogers Communications. He stated that he believes that staff has accommodated that interest in Cole Harbour and noted the benefit of such an event on the local economy.

Mayor Savage noted a phone call that he received from Executive Director of Hockey Night in Canada asking if Halifax would be interested in hosting Hockey Day in Canada. He noted that the Halifax Regional Municipality has produced a few talented hockey players over the years and that an event such as this would be very beneficial to the local economy.

MOTION PUT AND PASSED

9.2 OFFICE OF THE AUDITOR GENERAL - NONE

9.3 INVESTMENT POLICY ADVISORY COMMITTEE

9.3.1 Investment Policy Advisory Committee Report – Quarter Ending March 31, 2014

The following was before the Committee:

- *A staff information report dated May 22, 2014*

MOVED by Councillor Walker, seconded by Mayor Savage that the Audit and Finance Standing Committee forward the Investment Policy Advisory Committee report dated May 22, 2014 to Regional Council as an information item.

MOTION PUT AND PASSED.

9.4 MEMBERS OF STANDING COMMITTEE - NONE

10. MOTIONS

11. IN CAMERA

12. ADDED ITEMS

12.1 **Approval of Increased Project Funding Award – Unit Price Tender No. 14-207, North Park Street Upgrades – North Park Street (Cogswell – Cunard) – West Region**

The following was before the Committee:

- *A staff recommendation report dated June 12*

MOVED by Councillor Mosher, seconded by Councillor Nicoll, that the Audit & Finance Standing Committee recommend that Halifax Regional Council:

1. **Approve a budget increase of \$83,387.09 (net HST included) to Project Account No. CT000001 – North Park Corridor Improvements, funded through cost sharing with Halifax Water.**
2. **Approve an increase to Project Account No. CT000001 – North Park Corridor Improvements in the amount of \$3,464,772.95, with funding in the amount of \$992,000 from surplus Debt Funding (Crespool), \$625,000 from Reserve Q103 Capital Surplus, \$1,237,000 from Reserve Q131 Energy and Underground Services, and \$610,772.95 from the Operating Surplus Reserve, Q328, as outlined in the Financial Implications section of the staff report dated June 12, 2014.**
3. **Not require a business case approval from the Energy and Underground Subcommittee pertaining to the \$1,237,000 withdrawal.**
4. **Award Tender No. 14-207, North Park Street Upgrades (Cunard – Cogswell) – West Region, to the lowest bidder meeting specifications, Dexter Construction Company Limited for a Total Tender Price of \$10,045,073.63 (net HST included) with funding from Project Account No. CT000001 - North Park Corridor Improvements, as outlined in the Financial Implications section of the staff report dated June 12, 2014.**
5. **Award the Construction Services component of RFP 13-302 North Park Roundabouts Detail Design to WSP Inc. (formerly Genivar), in the amount of \$374,834.65 (net HST included) with funding from Project Account No. CT000001 – North Park Corridor Improvements, as outlined in the Financial Implications section of the staff report June 12, 2014.**

Councillor Mosher expressed her support for the proposed project and noted that it will greatly assist with the traffic volume in North Park area.

Mayor Savage stated that the roundabouts will improve traffic flow. He commented that the project is a very wise investment for the municipality. He commented that as of late there has been number of project estimations that have turned out to not be accurate. He stated that as HRM starts to examine larger projects, staff must ensure that estimates are as accurate as possible.

Mayor Savage left the meeting at 12:14 p.m.

Councillor McCluskey expressed her concern with costs associated with the public art component of the project and noted that it seems extravagant given the current economic conditions facing other municipalities in the province.

Councillor Mason stated that he will support the recommendation when it comes to Regional Council. He stated that the public art component is beneficial from a city building standpoint.

Further discussion ensued.

MOTION PUT AND PASSED.

- 13. NOTICES OF MOTION – NONE**
- 14. DATE OF NEXT MEETING – July 16, 2014**
- 15. ADJOURNMENT**

The meeting was adjourned at 12:20 p.m.

Liam MacSween
Legislative Assistant