

AUDIT AND FINANCE STANDING COMMITTEE
MINUTES

November 28, 2012

PRESENT: Councillors: Russell Walker, Chair
Gloria McCluskey
Linda Mosher
Tim Outhit
Lorelei Nicoll

REGRETS: Councillor Barry Dalrymple
Councillor Stephen Adams

STAFF: Mr. Greg Keefe, Director of Finance and Information,
Communications & Technology/CFO
Ms. Marian Tyson, Acting Director, Legal Services
Mr. Matt Godwin, Legislative Assistant

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1. CALL TO ORDER

Councillor Walker, Chair, called the meeting to order at 10:03am in the Dartmouth Council Chamber, 90 Alderney Drive, Dartmouth.

2. APPROVAL OF MINUTES – October 17, 2012

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the minutes of October 17, 2012, as presented, be approved. MOTION PUT AND PASSED.

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

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the agenda, as presented, be approved. MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES – NONE

5. CONSIDERATION OF DEFERRED BUSINESS – NONE

6. CORRESPONDENCE, PETITIONS & DELEGATIONS

6.1 Correspondence – NONE

6.2 Petitions – NONE

6.3 Presentation – NONE

7. REPORTS

7.1 Staff

9.1.1 Second Quarter 2012-2013 Financial Report

The Second Quarter 2012-2013 Financial Report was before the committee.

Mr. Greg Keefe, Director of Finance and Information, Communications & Technology/CFO indicated he had little to add beyond the content of the report. Overall, the surplus has grown and is expected to continue to do so until year end. Broadly speaking, the city is in good shape.

Councillor McCluskey questioned staff on the higher than anticipated projected deficit on commercial property. She further questioned staff on the amount for commercial appeals and Mr. Keefe committed to providing this.

Councillor Outhit echoed comments about the large number of successful appeals. He further questioned staff on the deficit being incurred by Metro Transit.

Mr. Keefe noted Metro Transit's shortfall will be in the neighbourhood of \$850,000, but this is likely to fall by October's year end. Metro Transit is taking steps internally to address this issue.

MOVED by Councillor McCluskey, seconded by Councillor Nicoll, that the Audit and Finance Standing Committee forward this report, dated November 13, 2012, to Halifax Regional Council as an information item.

MOTION PASSED

The committee then began a broader discussion about the upcoming budget process. Councillor Walker indicated that the budget will be vetted, in stages, through the Audit and Finance Standing Committee. Councillors not on the committee are invited to attend these meetings and ask questions, but may not vote. The schedule for the Audit and Finance Standing Committee meetings will be finalized soon.

Councillor Outhit raised concerns regarding tax fairness, especially as it concerns condominiums and small businesses.

Mr. Keefe suggested the December 19th meeting of the Audit and Finance Standing Committee would be the ideal place to get direction on issues such as this. Regarding changes to taxation, Mr. Keefe indicated this will be a significant process and we need to begin with a concrete problem definition. With respect to commercial interests, staff are considering a number of options, including taxation on a moving average over several years.

Councillor Outhit asked about timing and specifically if there is enough time in the window before the budget process to have this addressed.

Mr. Keefe noted that if legislative changes are required, the timeline would be very tight. However, there are some options within our authority we can consider for the upcoming budget.

Councillor Nicoll noted the public is often unaware of the intention staff have for the surplus resources in HRM's reserves. She further suggested it would be beneficial for Councillors to have a better understanding of how reserves are being used, particularly when constituents are asking questions about their purpose.

Mr. Keefe responded that reserves will be addressed in the January budget process. Staff will have recommendations for reserves that are overfunded and those which may need more funding.

With respect to assessments on condominiums, Councillor McCluskey suggested HRM call on outside expertise to assist Councillors in changing taxation in a manner that benefits business, rather than providing solutions they don't need. Councillor McCluskey also commented on the undesirability of one-off, significant spending projects and the impact these have on taxpayers.

Councillor Mosher echoed her displeasure with the frequency of large, frivolous requests for funding large projects and the arbitrary way HRM manages these spending considerations. She noted if HRM established, five-year plans, it would be easier for HRM to address ongoing requests for project funding as they would be considered within an established planning framework.

Mr. Keefe assured the committee that a motion will be coming forward which will create a better process for managing proposals which impact the budget. It was discussed at the July, 2012 Audit and Finance Standing committee meeting and staff chose to wait until after the election to bring the proposal forward. Staff are considering a three to five year plan for capital and operating expenditures.

Councillor Mosher indicated her support for this process. She further requested that staff, during the budget process, explain why HRM pursues one solution to resolve an issue rather than another. For example, providing the rationale behind the use of asphalt to do repairs, rather than other options, will inform the public with background information on certain decisions are taken.

Councillor Outhit noted communication with the public is important and perhaps the new Grand Parade platform could be used to provide information on these issues.

The committee further discussed considering taxation changes in the upcoming budget process, as well as the assessment of commercial properties.

9.1.2 Unspent District Activity and District Capital Funds for 23 Pre-Election Districts

The Unspent District Activity and District Capital Funds for 23 Pre-Election Districts report was before the committee.

Mr. Keefe began by noting he has no authority to make commitments with this money and it is within the discretion of Councillors to determine what to do with it; this report is simply a set of recommendations.

Members of the Audit and Finance Standing Committee indicated their dissatisfaction with several recommendations provided by staff in the original report, specifically points 1, 2 and 6.

Councillor Mosher noted they were not informed by staff in advance of the 2012 election that their unspent capital and activity funds would be allocated to the current year's surplus if not already spent. Furthermore, Councillors have committed support to residents and community groups who have made plans based on these allocations. It was argued Councillors should be able to retain their existing funds and thus meet commitments to their residents.

Councillors also argued funds from the old districts should be prorated to the new districts.

Mr. Keefe committed to designing a formula to distribute the funds remaining from the old districts to the new districts.

Councillor Outhit agrees with this approach and noted that community groups depend on earlier commitments.

Councillor Nicoll also assented to the motion, noting that a number of her residents have suggested they would not see improvements in their area if it were not for this funding.

Ms. Marian Tyson, Acting Director, Legal Services, noted that commitments which have been made should be carried through, given that HRM may be held liable for breaking an agreement.

MOVED by Councillor Mosher, seconded by Councillor Nicoll, that the Audit and Finance Committee recommend to Council that:

- 1) all commitments supported by a purchase order or contract proceed and the project completed. The Councillor in whose district the project falls will approve all expenditures.
- 2) all other commitments be reviewed by the Councillors in whose district the commitment falls to determine the continued merit of the commitment and their willingness to support the commitment.
- 3) all commitments supported by the appropriate Councillor are to be moved to the new Post-election District Capital Funds and will proceed as per the current process.
- 4) for uncommitted funds in the 23 Pre-elections District Activity Funds and in the 23 Pre-elections District Capital Funds, if the Councillor for the old district was re-elected, the funding follows the councillor to the new district, for others, the funds will be pro-rated from the old districts to the new districts based on the number households.

MOTION PASSED.

8. ADDED ITEMS – NONE

9. NEXT MEETING DATE – December 19, 2012

10. ADJOURNMENT

The meeting was adjourned at 10:49am.

Matt Godwin
Legislative Assistant

INFORMATION ITEMS

1. Upcoming Agenda Items
 - 1.1 Community Facilities Master Plan – Funding Strategies - 2012
 - 1.2 Revised Special Events Granting Framework – 2012
 - 1.3 Multi District Facility Expansion Reserve – December 2012