

AUDIT AND FINANCE STANDING COMMITTEE
MINUTES

February 20, 2013

PRESENT: Councillors: Russell Walker, Chair
Mayor Mike Savage
Gloria McCluskey
Linda Mosher
Tim Outhit
Barry Dalrymple
Bill Karsten
Lorelei Nicoll

Guest Councillors: Deputy Mayor Rankin
David Hendsbee
Waye Mason
Jennifer Watts
Darren Fisher

REGRETS: Steve 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

The Chair called the meeting to order at 9:44 a.m. in Council Chambers, Halifax City Hall.

2. APPROVAL OF MINUTES – February 13, 2013

MOVED by Councillor McCluskey, seconded by Councillor Nicoll that the minutes and the In Camera minutes of February 13, 2013 be approved as presented. MOTION PUT AND PASSED.

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

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

4. BUSINESS ARISING OUT OF THE MINUTES – NONE

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS – NONE

8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE

9. REPORTS

9.1 Staff

9.1.1 Multi-District Facility Project (Reporting Requirements)

The report dated January 21, 2013 was before the committee.

Ms. Denise Schofield, Manager, Community and Recreation Services summarized the contents of the report. Noting specifically that the report indicates the completion of phase 2 and the introduction of phase three which address the alignment of the multi district facilities (MDFs).

Councillor McCluskey asked about the status of the Dartmouth Sportsplex and Ms. Schofield responded that Regional Council had asked staff to work on a preliminary design supported by \$250,000.00. This process will be concluding shortly with an independent review and staff will then return to Council for further direction.

Ms. Schofield further clarified that the report is intended to create a reserve for major expansions. With respect to the Dartmouth Sportsplex, she explained that Council will have to provide direction on funding and the timeline.

Councillor McCluskey asked staff how they assign project priorities and Ms. Schofield indicated this happens through the capital budget which is approved by Council.

Councillor McCluskey noted the need for extensive work on the Dartmouth Sportsplex.

Councillor Dalrymple asked staff if category one facilities will be considered as a part of the next phase of the project. Ms. Schofield responded that the governance changes will answer how category one facilities interact with major facilities. The focus has been on the major facilities.

Councillor Dalrymple referenced his experience with the Fall River Recreation Centre and their attempt to transform to a volunteer model. There were told it would not save enough money. Ms. Schofield indicated that, financially, many systems are more expensive than what was originally thought. The governance review will address these issues.

Councillor Nicoll asked staff to explain the reporting requirements for different MDF agreements and how staff define facilities. Ms. Schofield advised that the community facility master plan defines the categories each centre falls into. Some facilities, such as Cole Harbour Place, are not owned by HRM, but are rented.

Councillor Outhit asked about the process of approving the lifting of restrictions on capital expansion, when the committee had already recommended to Regional Council the capital budget. Ms. Schofield advised that any major expansion will require direction from Council and Mr. Greg Keefe, Chief Financial Officer, noted that some money has been set aside for MDF. He further noted that the Dartmouth Sportsplex is an ongoing priority for staff.

Mr. Brad Anguish, Director of Community & Recreation Services, advised that as the capital plan is assembled there will be opportunities to consider cases such as the Dartmouth Sportsplex.

Councillor Mason warned that without renewal the gap between operating and yearly losses will grow. He spoke to the importance of accessibility and affordability for HRM facilities and he also questioned staff on the apparent lack of alignment between the community and HRM programming. He asked staff what their goals for MDF are.

Mr. Anguish provided a spirited backgrounder on why this governance model rethink is occurring and how problems are becoming apparent with the existing model for MDF operation. He advised the existing pressures have created a tiered system of facilities

based on affordability and that the objective of this effort is to work toward getting all users into first-class facilities.

Councillor Mason agreed with this approach and emphasized the need for client-centred thinking and reiterated his concern for accessibility, in particular for working class families and those facing wage challenges.

The Mayor noted that the community took ownership over the Dartmouth Sportsplex and that it has been waiting for a long time to see revitalization. Mr. Anguish noted the next phase is to proceed with a third-party review of the facility and Regional Council will decide what the next steps are when this is complete.

Councillor Watts indicated the need to better understand what the needs of residents are. The Oval on the Halifax Commons told HRM that what residents want and need may be different than what HRM planned for. It's up to HRM to listen to these concerns and act accordingly. Perhaps by looking at more active transportation options, rather than large MDFs is a more affordable and accessible approach for HRM and for residents. She referenced the reality that some new facilities are not accessible.

Mr. Anguish responded that staff are aware of accessibility issues, including those related to transportation, as some residents are finding it challenging to get to HRM facilities. He also acknowledged that some facilities are overscheduled and residents may want more unstructured access.

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

- 1. Declare Phase 1 of the Multi District Facility Project (Accountability and Reporting) as complete, with the implementation of effective accountability and reporting processes;**
- 2. Lift the restrictions on major capital expansions for all HRM MDF recreation facility's since the accountability and reporting processes are in place as required in the Regional Council motion of November 8, 2011;**
- 3. Direct staff to undertake completion of Phase 2 (Alignment) of the Multi District Facility Project which includes community and HRM program expectations, facility mandates and facility program funding as it relates to the MDFs and expand the scope of Phase 2 to include governance;**
- 4. As part of the Phase 2 (Alignment), adjust the schedule for the development of repayment plans for any outstanding capital or operating amounts owing from Multi-District Facilities (MDF) to no later than June 2014 for the reasons outlined in the report; and**

5. Extend the requirement that no new subsidies or significant changes to existing subsidies be approved with a term of more than one year until completion of Phase 2 of the MDF Project.

Councillor Mosher indicated that HRM needs to focus on programming and concurred with the issue of access to many HRM facilities. She asked specifically about how items were added to the list of facilities referenced on page 6 of the report. Ms. Schofield responded that the original motion specified which facilities staff were directed to look at.

Councillor Mosher noted that staff should be approaching the federal government for funds to address accessibility issues at HRM facilities.

Councillor Hendsbee asked about the process for including facilities onto the list provided in the report, such as the Eastern Shore Community Centre, which is not currently there. Ms. Schofield advised any facility can get on the list and the list currently being used by staff was provided by Regional Council.

MOTION PUT AND PASSED.

9.1.2 Expansion Reserve Q145

The report dated January 2, 2013 was before the committee.

Councillor McCluskey requested the information report be moved onto the agenda and it was added as item 11.1.

Mr. Bruce Fisher, Manager, Financial Policy and Planning summarized the matter before the committee with emphasis on unallocated surplus funds being returned to reserves. When HRM sells a facility, it goes into this reserve and then addresses expansion elsewhere.

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

- 1. Approve the establishment of the Regional Facility Expansion Reserve (Q145), as per the attached Reserve Business Case;**
- 2. Approve the transfer of \$6M to the Regional Facility Expansion Reserve (Q145) funded \$5M from Snow and Ice Control Variable Operating Reserve (Q309), and \$1M from Operations Stabilization Reserve (Q308); and**
- 3. Approve the transfer of \$1M from unallocated 2011/12 surplus; as per the financial implications section of this report; and**

- 4. Approve that no withdrawals can be made from the reserve until Council has recognized and declared Phase 1 of the Multi District Facility Project (Accountability and Reporting) as substantively complete, with the presence of effective accountability and reporting processes.**

Councillor Nicoll asked if staff have created an inventory of future land sales and Mr. Fisher responded that Planning and Infrastructure have an inventory of property, but that Regional Council must approve sales.

Councillor Dalrymple asked if the established reserve can go toward a new stadium and staff indicated that Regional Council must add this item to the list of facilities being considered. It is not being considered at present.

The Chair clarified that this report addresses expansion for existing facilities.

Councillor Dalrymple asked staff how facilities are designated as regional or district facilities and staff advised that Council can designate any facility as regional.

Councillor Outhit asked about the impact of moving \$5 million out of the snow and ice budget and Mr. Fisher advised that the reserve was set up to deal with snow and ice fluctuations and that the reserve is currently overfunded. The fund should have \$5 million but is presently at \$8 million.

Councillor McCluskey asked about the indication that no new construction or expansion be carried out. She was concerned about this application to the Dartmouth Sportsplex. Mr. Mike Labrecque, Deputy DAO, advised that the report acknowledges that no withdrawal be made until phase one is complete and that it will go back to Council for direction.

Councillor Hendsbee indicated that the requirement for 10% of the sale of land should have been part of the motion being presented to Council.

Councillor Mosher asked why facilities such as the centennial arena are listed, but the Spryfield recreation centre is not. She asked staff what the distinction is. Ms. Schofield noted that it relates to how facilities are defined and this is one of the pieces they will be undertaking in the upcoming process; it requires a refresh. Ms. Schofield went on to explain that the facilities are designated based on their scale and multiple uses rather than the number of people using them and where they are from.

Councillor Mosher requests that an amendment be added to the motion.

MOVED by Councillor Mosher, seconded by Councillor McCluskey that the Spryfield Lion's Rink & Recreation Centre be added to the list of Multi-District Facilities.

MOTION PUT AND PASSED.

Councillor Nicoll indicated there is ambiguity around how facilities are deemed MDFs and there is a need for clarity and a concrete definition of this term. Councillor Hendsbee concurred with respect to the need for more precision.

Ms. Schofield advised that the term can be confusing and that staff are increasingly using the term 'regional' as a result.

The committee returned to the motion on the floor, with the amendment.

MOTION PUT AND PASSED.

9.1.3 Approval of NS Moves Funding

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

- (1) Authorize the Mayor and Clerk to enter into an agreement with the Province of Nova Scotia for the funding of projects WorkShift Halifax and Active Transportation Bridges Design;**
- (2) Increase the 2012/13 Project No. CTU00420 - Active Transportation, by \$100,000 to accommodate external funding from the NS Moves Program; and**
- (3) Increase the 2012/13 Project No. CTR00908 - Transportation Demand Management, by \$50,000 to accommodate external funding from the NS Moves Program**

The February 5, 2013 report was before the committee.

Councillor Hendsbee indicated his displeasure that the Porters Lake Park and Ride is not here for approval and he further asked how staff chose these priority sites. Staff noted that they consulted HRM Trails and other experts. He further noted these designs are prototypes at present.

Councillor Dalrymple asked if HRM is taking all the decking and if there is a surplus, are we prepared to store it. Staff responded in the affirmative.

Councillor Mosher asked if this project will lead to increased costs for the Chain of Lakes Trail Committee and staff responded it will not. The expenditures are in the active transportation budget.

Councillor McCluskey asked if there will be public consultation and staff indicated there will be.

MOTION PUT AND PASSED.

9.3 OFFICE OF THE AUDITOR GENERAL – NONE

10. MOTIONS – NONE

11. ADDED ITEMS

11.1 Financial Performance at HRM's Regional Facilities (2011/12)

Councillor McCluskey suggested there is some unfairness with respect to facility subsidies and asked why some get subsidies and others do not. Ms. Schofield indicated that there are legacy complications and this report is intended to resolve these issues. She further notes that every subsidy has been approved by Regional Council.

Councillor Hendsbee pointed out an error on page 20 of the report.

Councillor Fisher asked about the application of the subsidy provided to the Sackville Sports Stadium and why it was applied to its debt. Ms. Schofield indicated it was the stadium's choice to apply the subsidy.

12. NOTICES OF MOTION – NONE

13. IN CAMERA

13.1 Approval of the Minutes, February 20, 2013

This item was approved with the minutes from the public portion of the meeting.

14. NEXT MEETING DATE – February 27, 2013

15. ADJOURNMENT

The meeting was adjourned at 11:07 p.m.

Matt Godwin
Legislative Assistant