

AUDIT AND FINANCE STANDING COMMITTEE  
MINUTES

April 17, 2013

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

Guest Councillors: David Hendsbee  
Darren Fisher  
Waye Mason  
Deputy Mayor Rankin  
Matt Whitman  
Steve Craig

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 9:34 a.m. in Halifax Council Chambers, Halifax City Hall.

**2. APPROVAL OF MINUTES – April 3, 2013**

**MOVED by Councillor Walker, seconded by Councillor Nicoll that the minutes of April 3, 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 Nicoll, seconded by Mayor Savage that the agenda, as presented, be approved. MOTION PUT AND PASSED.**

**4. BUSINESS ARISING OUT OF THE MINUTES – NONE**

**5. MOTIONS OF RECONSIDERATION – NONE**

**6. MOTIONS OF RECISION – NONE**

**7. CONSIDERATION OF DEFERRED BUSINESS – NONE**

**8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE**

**9. REPORTS**

**9.1 STAFF**

**9.1.1 Long Term Capital Budget**

The report, dated April 17, 2013 and presentation were before the committee.

Ms. Jane Fraser, Director, Planning and Infrastructure indicated staff are providing Council with a seven year outlook and are planning for a ten year window. She further indicated that their budget over the next three years will be balanced.

Ms. Fraser provided background via her presentation, noting that some of Council's strategic priorities require further work in terms of scoping the projects, such as the arena strategy and the Cogswell Interchange.

Councillor Mosher entered the meeting at 9:39 a.m.

Ms. Fraser gave a project summary by category and of changes since January 16, 2013, as well as those projects which have been added and those being deferred.

Councillor McCluskey entered the meeting at 9:43 a.m.

Ms. Fraser further noted that money for capital state-of-good-repair is being derived from operating and the gas tax, not including the infrastructure money expected from the federal government.

Councillor Dalrymple entered the meeting at 9:46 a.m.

Councillor Walker thanked staff for the presentation and asked how stable the gas tax reserve is, given that it is based on population and Nova Scotia's overall population is decreasing, with Ms. Fraser responding that staff are only able to assess based on the current amount from the federal government. She noted there will be some variation.

Councillor Outhit pointed to the 'Transit – Capital from Operating' numbers and asked staff why the transit net figure is dropping year over year, with Mr. Greg Keefe, Chief Financial Officer, responding that the higher dollars in the early years is due to technological upgrades and the years following are the return to normalcy.

Referring to the sources for funding capital projects in the presentation, Councillor Outhit raised concerns that these arrangements are based on assumptions.

Ms. Fraser indicated that the main driver is from reserves.

Councillor Mosher asked staff about the St. Andrew's Community Centre upgrades and if staff are able to consider building an elevator for the centre as a consideration for the state of good repair upgrades.

Ms. Fraser responded that staff have to determine the type of rehabilitation which needs to be done to St. Andrews. There is a focus on accessibility and staff are currently scoping for the kind of work that needs to be done.

Councillor Hendsbee entered the meeting at 9:54 a.m.

Councillor McCluskey asked what the fire station land acquisition on page one of attachment one referred to, with Ms. Fraser responding that there is a review of station requirements taking place and this does not refer specifically to any one area.

Councillor Whitman entered the meeting at 9:55 a.m.

Councillor McCluskey asked if staff are considering selling the old fire stations, with Ms. Fraser responding that there are a number of municipal properties staff are looking at selling and a list, as prescribed in Administrative Order 50, will come to Council prior to the summer.

Councillor Dalrymple commended staff on their efforts with this report, and was especially pleased to see the \$3 million investment in the Canal Greenway project.

Councillor Mason also commended staff on the report and their long-term outlook, but expressed his concern that street-scaping has dropped to the 2014/15 window. He noted that restoring funding for this project in the near-term is important for the confidence of business operators.

Councillor Fisher questioned staff in the same vein, noting that residents have been patiently awaiting a commitment for Main St. and it is not encouraging to see that there are further delays with respect to this investment. With respect to the Canal Greenway project, he indicated he was pleased to see an investment, but was concerned that there was no commitment for 2015 and starting a project without the resources to finish it is ill-advised. He further asked that Council be advised of any changes to the project.

Ms. Fraser responded that the Canal Greenway project has four components: Active Transportation, changes to the intersection, work being done by Halifax Water and the work of the Canal Commission. The \$3 million commitment is specifically for the 2014/15 work on the cradle, archives and green space. Other budgets offer additional commitments to the project overall.

Councillor Nicoll echoed Councillor Dalrymple's comments that it is great to see staff's long-term forecasting. She asked staff for more details on the growth pertaining to industrial parks and for more information on district activity funds with respect to service improvements.

Ms. Fraser advised that the money for industrial parks is either for purchasing new land or investment in land to develop for resale.

Councillor Hendsbee commented that funding for the state of good repair should be directed to projects based on necessity, rather than for cosmetic needs. He further asked about the light-emitting diode (LED) initiative and how it will be managed in relation to the Province.

Ms. Fraser indicated that the LED will be accounted for without using debt-financing and HRM expects to see a return on investment within four to five years. With respect to the state-of-good-repair, work is done on the basis of safety codes, facility assessments and other indicators.

Councillor Hendsbee indicated he would like to see the street-scaping initiative extended to rural areas as well as urban, particularly since many community visioning exercises have taken place in communities like Fall River and Musquodoboit Harbour. He further noted that the Bayer's Road widening should not have been deferred and asked for clarification on unspent transit funds.

Mr. Keefe advised that the next presentation is on capital and will answer some of these questions, but with respect to the transit carry-over, he indicated Metro Transit would respond at a later time.

Councillor Outhit asked where the arena strategy and the Cogswell Interchange projects are in the forecast, given the scale of both.

Ms. Fraser responded that these are examples of Council priorities. With respect to the Cogswell Interchange, the detailed planning work will be done in 2013/14. With respect to the arenas, strategic work is being carried out and this will come back to Council. No money is presently set aside for these items.

Mr. Brad Anguish, Director, Community and Recreation Services advised that the long-term arena strategy is accounted for in the state-of-good-repair and staff are proceeding with this item.

Councillor Mosher indicated that the community doesn't want Bayer's Road widened and alternatives should be considered, such as expanding transit. She noted that money would be better spent on the Herring Cove Road which is now creating an increasingly dangerous funnel into the circle. She asked for a commitment to be made for the Northwest Arm Seawall, which is a major safety and liability issue. Finally, she noted many visioning exercises lead to communities being let-down when what they have envisioned does not proceed and asked staff why money is being directed to additional visioning.

Ms. Fraser responded that many visioning exercises are wrapped up in secondary or community planning, it does take time and she understands community frustration. There is funding for the seawall included in the 2013-14 budget, however, Ms. Fraser indicated she would have to confirm the amount. With respect to the Bayer's Road widening, money has been allocated to look at a transit corridor as part of the Regional Plan.

The Mayor spoke to the potential for HRM to develop more partnerships to accomplish community goals and that it is important to look beyond traditional partners, to those in the private sector and elsewhere. An example of this is HRM's discussions with Dalhousie and St. Mary's universities. The Mayor indicated he would like to discuss partnerships further.

Councillor Craig entered the meeting at 10:25 a.m.

Councillor McCluskey asked how much HRM recovers when an asset is sold and Ms. Fraser responded that the pricing model ensures HRM recovers its costs when a sale takes place.

Councillor Walker indicated he supports the Bayer's Road expansion as the bottle-neck affects businesses on the peninsula.

**MOVED by Councillor Walker, seconded by Councillor Nicoll that the Audit and Finance Standing Committee:**

- 1. Recommend that Regional Council approve the 2013/2014 Project Budget in the amount of \$165,042,500 as outlined in this report, as a basis to prepare a detailed capital and reserves budget plan; and**
- 2. Recommend that Regional Council approve in advance, a funding commitment in the amount of \$72,400,000 for the 2014/2015 fiscal year, for the purpose of maintaining assets in a state of good repair as outlined in this report.**

**MOTION PUT AND PASSED.**

### **9.1.2 Consolidated Entities – Budget Presentation**

The presentation was before the committee.

Mr. Keefe, CFO, provided background on the operating, capital and reserve funds, as well as how other bodies, like Halifax Water, are accounted for in relation to HRM.

Mr. Keefe provided background on the reserves and noted that staff will begin listing all reserves in the budget as a matter of transparency.

Mr. Keefe turned the committee's attention to the multi-district facilities on page 8 and provided a summary.

The Chair asked Mr. Keefe to expand on the dividend with respect to the Halifax Regional Water Commission, with Mr. Keefe responding that this is a grant in lieu of taxes. He added that Halifax Water is facing serious cost pressures and Council should consider directing funds to Halifax Water.

Councillor Nicoll noted that the revenue from the Halifax Metro Centre appears low and asked for clarification on this, with Mr. Keefe responding that the revenue is even, as any profit returns to HRM's reserves.

Councillor Nicoll asked for more information on the correlation between regulations and the pressure on Halifax Water and Mr. Keefe indicated that Halifax Water has extensive information on this.

Councillor Nicoll emphasized the need to have this information to better understand how HRM can help address these pressures.

Councillor McCluskey asked about the BMO Centre account and Mr. Keefe responded that last year staff showed all MDFs as one line and this year staff have decided to expand the list so Council can see all multi-district facilities, including the BMO Centre.

Councillor McCluskey noted HRM has fifty reserve accounts and asked if Council has had an opportunity to discuss these recently, with Mr. Keefe responding that staff are working to consolidate some and will bring the list back to Council.

Councillor Dalrymple asked when Council can expect to have staff return with information on facilities and area rates, with Mr. Keefe responding that he an update can be provided to Council on this matter.

Councillor Outhit summarized that the new regulations are resulting in \$2 billion of expenditures over the next few years, but this does not explain the \$1.4 million operating deficit at Halifax Water, with Mr. Keefe responding that he cannot speak to the operating piece.

Councillor Outhit asked about the dividend and if the agreement is legislated, with Mr. Keefe responding that it is not legislated and is open to negotiation.

Councillor Mosher requested that staff add the Spryfield Lions Rink and Recreation Centre to the list.

Councillor Mason asked how storm and waste were to be funded when HRM transferred the management of waste water to Halifax Water, with Mr. Anguish responding that storm and waste water are funded from reserves which are in turn funded through a charge on the water bill.

The Mayor noted this discussion took place at the Federation of Canadian Municipalities and that the \$2.6 billion is a substantial burden and asked what the Halifax Water debt-ratio is in comparison to HRM or other commissions.

Mr. Keefe responded that he doesn't have this information, but HRM's is roughly 7%. He committed to getting this information.

The Mayor noted that, with respect to the \$2.6 billion pressure, HRM needs to discuss cost-sharing opportunities with other levels of government.

Councillor Nicoll asked if there is a formula followed by other levels of government with respect to the disbursement of transfers and Mr. Keefe advised that the federal and provincial governments both have formulas for the dispersal of funds from the gas tax.

Councillor Nicoll further asked if there is an eligibility criteria, with Mr. Keefe responding that the criteria is primarily based on transit. However, this criteria may be changing.

## **9.2 MEMBERS OF THE STANDING COMMITTEE – NONE**



- 9.3 OFFICE OF THE AUDITOR GENERAL – NONE**
- 9.4 SUB-COMITTEES – NONE**
  - 9.4.1 Grants Committee**
  - 9.4.2 Investment Policy Advisory Committee**
  - 9.4.3 Special Events Advisory Committee**
- 10. MOTIONS – NONE**
- 11. ADDED ITEMS**
- 13. IN CAMERA – NONE**
- 14. NEXT MEETING DATE – April 24, 2013**
- 13. ADJOURNMENT**

The meeting was adjourned at 11:10 a.m.

Matt Godwin  
Legislative Assistant

#### INFORMATION ITEMS

1. Plan Alignment with Priorities Update