

HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE MINUTES
JUNE 12, 1997

PRESENT: Mayor Walter Fitzgerald
Deputy Mayor Jack Greenough
Councillors Bill Dooks
Gordon R. Snow
David Hendsbee
Ron Cooper
Harry McInroy
Condo Sarto
Clint Schofield
John Cunningham
Jerry Blumenthal
Larry Uteck
Howard Epstein
Russell Walker
Bill Stone
Ron Hanson
Stephen Adams
Barry Barnet
Robert Harvey
Peter Kelly
Reg Rankin
Jack Mitchell

REGRETS: Councillor: Bruce Hetherington
Graham L. Downey

STAFF MEMBERS: Mr. Ken Meech, Chief Administrative Officer
Mr. Wayne Anstey, Municipal Solicitor
Ms. Vi Carmichael, Municipal Clerk
Ms. Jane Nauss, Assistant Municipal Clerk

Mayor Fitzgerald called the meeting to order at 1:30 p.m.

1a) **Deputy Mayor Greenough, Chair, Ad Hoc Committee Tabling of Report**

Deputy Mayor Greenough, Chair, Ad Hoc Budget Committee, addressed Council noting that meetings between the Committee and members of senior staff proved productive. As a result of discussions, the Committee is recommending a three-year financial plan including the following as examples:

- **Reducing the initial number of proposed staff cuts in Police and Fire Services;**
- **Re-instating Fire Halls at Lady Hammond Road and Patton Road;**
- **Re-instating the Dartmouth Police Station;**
- **Re-instating the Woodlawn Library;**
- **Operational funds will be made available *for one year* for the Regional Heritage Museum, the Crichton Community Centre and the Colby Village Pool;**
- **Commercial Weighting factor being changed from 2.37 to 2.55 as a means of developing a more equitable tax burden;**
- **Work Force Adjustment Retirement Program - target reduction of 100 staff positions will be achieved through this program thereby negating layoffs;**
- **Comprehensive Audit.**

In closing, Deputy Mayor Greenough suggested that as Council has not had an opportunity to review the report prior to the meeting, debate on same should be deferred pending a presentation today by staff. The Deputy Mayor further suggested that Operating Budget deliberations continue on Monday, June 16, 3:00 p.m.

Mr. Ken Meech, Chief Administrative Officer, addressed Council noting this is a reasonable compromise in dealing with the existing financial situation of the municipality. Mr. Meech anticipated Council endorsing the Early Retirement Program.

The issue of the tax structure was still in the forefront, however, same would be reviewed by staff later in the meeting.

In closing, Mr. Meech advised that continuation of Operating Budget discussions should occur next week.

1b) **Staff Presentation - Explanation of Budget Adjustments**

Mr. Larry Corrigan, Commissioner, Corporate Services, addressed Council providing a general overview of the adjustments being recommended to Council by the Ad Hoc Budget Committee, thereby establishing a balanced budget:

- **Non-departmental Revenue** - **\$343,650,000**
- **Departmental Expenditures (net)** - **\$343,650,000.**

Comments included:

- **Summary of major items - budget deficit of \$26.3 million:**

Revenue - non departmental (000's)

Residential Tax Increase	- \$10,000	
Commercial Tax decrease	- (\$11,000)	
Increase in allowance for assessment appeals	- (\$ 2,000)	
Decreased own source revenue	- (\$ 2,500)	
No transfer from bad debt allowance this year	- (\$ 1,300)	
Other variances	- <u>(\$ 1,900)</u>	(\$ 8,700)

Expenditure (000's)

First transition payment	- (\$ 4,100)	
Allowance for compensation adjustments	- (\$ 3,000)	
Debt charges	- \$ 1,300	
Service Exchange	- \$ 2,400	
Solid Waste	- (\$12,000)	
Other variances	- <u>(\$ 2,200)</u>	<u>(\$17,600)</u>

(\$26,300)

- **Adjustments to each department, over a two year period, were reviewed as follows:**

- **Chief Administrative Officer** - Adjustment of \$500,000 for each year;
- **Corporate Services** - Adjustment of (\$750,000) and (\$945,000) for year one (partial) and two respectively;
- **Regional Operations** - Adjustment of \$5,440,000 and \$6,800,000 for year one (partial) and two respectively;
- **Police Services** - Adjustment of \$1,300,000 and \$1,180,000 for year one (partial) and two respectively;
- **Fire** - Adjustment of \$500,000 and \$605,000 for year one (partial) and two respectively;
- **Community Services** - Adjustment of \$2,300,000 and \$2,880,000 for year one (partial) and two respectively;
- **Fiscal Services and Other** - Adjustment of \$3,209,000 and \$559,000 for year one (partial) and two respectively.

A three-year financial forecast for residential tax rate increases (**total** tax revenue) was being targeted as follows:

1997/98 - 3.5%
1998/99 - 1.5%
1999/00 - 1.0%.

An increase in total tax levy approximated 3.2% (affected by the commercial weighting factor of 2.55 as opposed to 2.47).

Deputy Mayor Greenough assumed the Chair

In closing, Mr. Corrigan reviewed "Ad Hoc Budget Committee; List of Follow-up Items" which had been distributed to Council.

Mr. Bruce Fisher, Budget Co-ordinator, addressed Council on the issue of tax structure, noting the following:

- **Option 2C (adopted by Council on January 20, 1997);**
 - General Tax Base** included General Admin and Other; Recreation and Community Facilities; Sportsfields and Playgrounds

 - Urban Tax Base** included hydrants, HRM Fire, Metro Transit, Streetlights, Sidewalks, Crosswalk Guards, Major Facilities

 - Credits** - None

 - Area Rates** - Volunteer Fire (those which straddle the urban core will receive a subsidy to offset the lost tax base), Community Transit, Streetlights, Sidewalks, Crosswalk Guards, Supplementary Education

 - Transfer to Rural Areas** - Five cents to Rural area.

- **Dual Rate with Credits (June 12, 1997):**
 - General Tax Base** - General Admin. and Other; HRM Fire (admin., training and prevention); Major Facilities (Sackville Sports Stadium only).

 - Urban Tax Base** - Hydrants, HRM Fire (**except** admin., training and prevention); Metro Transit, Streetlights, Sidewalks, Crosswalk Guards, Recreation and Community Facilities, Sportsfields and Playgrounds.

 - Credits** - Transit (assuming Route #33 is terminated), Sidewalks and Hydrants for Hammonds Plains, Cow Bay, District 2, portions of Sackville, Herring Cove, Timberlea (area rates if these areas have such rates).

 - Area Rates** - Volunteer Fire (those which straddle the urban core will

receive a subsidy to offset the lost tax base), Community Transit, Street Lights, Sidewalks, Crosswalk Guards, Supplementary Education, Recreation and Community Facilities, Sportsfields and Playgrounds.

Transfer to Rural Areas - None.

Tax Rates:

Option 2C

Halifax	- 1.5059
Dartmouth	- 1.4723
Urban	- 1.3658
Suburban	- 1.3658
Rural	- 1.0292

Dual Rate with Credits

Halifax	- 1.5065
Dartmouth	- 1.4728
Urban	- 1.3663
Suburban	- 1.2264
Rural	- 1.0659.

Council was reminded these rates are subject to Council's approval. Also, these figures are assuming a weighting factor of 2.55 and a three year phasing period.

Councillor Uteck took his place at the meeting (3:00 p.m.)

Following a recess at 3:00 p.m., the meeting reconvened at 3:15 p.m.

Mayor Fitzgerald assumed the Chair.

1c) **Presentation - Voluntary Early Retirement Incentive Program**

Ms. Karen Henderson, William Mercer Ltd., addressed Council reviewing the Voluntary Early Retirement Incentive Program, noting this Program would apply to those individuals who would be affected by the re-organization of Halifax Regional Municipality.

Eligibility Requirements - Employees of Halifax Regional Municipality
 - At least age 50
 - Age + Service = 80 points (Rule of 80)
 - As of July 1, 1997, thereafter to and including June 30, 2000 (3 year window)

Who qualifies
 - approximately 180 as of July 1, 1997
 - approximately 370 between now and June 30, 2000

How will the Program Work

- This is a voluntary program
- Those who qualify between July 1 and October 1, 1997 must apply by August 1, 1997
- Thereafter, eligible members must apply 120 days before the date they become eligible
- Enhanced program ends June 30, 2000
- eligible employees must retire on the date of their eligibility, unless employment is extended by mutual consent of HRM and the employee

Program Components

- For employees who are members of a defined benefit plan:
 - √ unreduced lifetime pension from the pension plan
 - √ bridge pension from date of early retirement to age 60 equal to 0.5% times the lesser of the average YMPE (Years Maximum Pensionable Earnings) prior to retirement and the "final average earnings" times years of credited service
- For employees who are members of a defined contribution plan:
 - √ four weeks salary per year of service with HRM to a maximum of 72 weeks
- For all eligible employees:
 - √ non-pension benefits; as per current plan or where no plan, HRM Retiree Module
 - √ Financial/retirement counselling allowance to a maximum of \$350

How will the Program be Funded

- √ Unreduced pension at rule 80, minimum age 50 - by the pension plans from surplus and increased contributions
- √ bridge pension - by HRM from salary savings
- √ non-pension benefits - by the retiree
- √ proposal accepted on the basis that surplus will be used to fund this enhancement

Expected participation

- √ without bridge, replacement ratios are mid 40% - mid 50% range
- √ with bridge, replacement ratios are mid 50% - mid 60% range
- √ by standards, these are fairly low to ensure satisfactory take-up; typically 70% target

√approximately 145 eligible employees would have 70% or better during the program lifespan.

Councillor Walker took his place at the meeting (3:30 p.m.).

Mayor Fitzgerald thanked Ms. Henderson for her presentation.

Deputy Mayor Greenough, on a Point of Clarification, stated the Committee was of the opinion this Program would be contingent on the surpluses being used to reduce costs to the municipality.

2. **Requests for Public Presentations - Operating Budget**

It was agreed that only written presentations from the public would be accepted.

3. **Process for further Operating Budget Review & Approval**

It was agreed to continue proposed 1997/98 Operating Budget discussions on Monday, June 16, 1997 - 3:00 p.m.

4. **Adjournment**

**MOVED by Councillors Blumenthal and Sarto to adjourn the meeting at 3:40 p.m.
MOTION PUT AND PASSED UNANIMOUSLY.**

Vi Carmichael
MUNICIPAL CLERK