

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL

COMMITTEE OF THE WHOLE
MINUTES

October 22, 2013

PRESENT:

Mayor Mike Savage
Deputy Mayor Reg Rankin
Councillors: Barry Dalrymple
David Hendsbee
Bill Karsten
Lorelei Nicoll
Darren Fisher
Waye Mason
Jennifer Watts
Russell Walker
Stephen Adams
Matt Whitman
Brad Johns
Steve Craig

REGRETS:

Councillors: Gloria McCluskey
Linda Mosher
Tim Outhit

STAFF:

Mr. Richard Butts, Chief Administrative Officer
Mr. John Traves, Municipal Solicitor
Ms. Sherrill Murphy, Acting Municipal Clerk
Ms. Krista Vining, Legislative Assistant

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1. CALL TO ORDER

Mayor Savage called the meeting to order at 1:00 p.m.

2. APPROVAL OF THE MINUTES – None

3. AREA RATE FRAMEWORK

The following was before Council:

- Presentation entitled: Area Rate Framework
- Staff report dated October 15, 2013

Mr. Bruce Fisher, Manager of Financial Policy and Planning delivered the presentation on area rate framework to Council.

Mr. Fisher explained that the purpose of the framework was to address a number of outstanding tax issues. The framework is intended to provide guidance to Council and enable staff to come back to Council on these issues with a consistent approach/advice. The framework is not a policy and not a new tax structure. The framework does not commit Council to a particular approach to taxation, but guides the discussion and decision making.

Mr. Fisher identified the outstanding tax issues as:

- Suburban Rural Tax boundary
- General rating of community/recreation facilities
- Condo taxation and density incentives
- NSURB ruling that HRM pay for storm water costs attributable to run off from HRM owned/maintained streets
- Deep storm water service levels and standards

Mr. Fisher noted that the chief principle for the framework is that the service standards and level set by Council should determine the tax status for a service, rather than the reverse. The framework suggests that by default all services be general rated. Area rates would only apply where a significant minority of taxpayers have no practical access to a service or have access to a service that is unavailable elsewhere in the region. The framework also recognizes that Council may wish to use Local Improvement Charges or Development Charges when citizens receive access to a service from which they have previously been excluded.

Mr. Fisher indicated that in addition the framework sets out that services should be defined broadly, that decisions should not be made on the basis of willingness to pay, area rates should not be established for immaterial services (i.e. street lights on a single street) and situations of remediation where HRM has been found negligent.

Mr. Fisher noted that the framework considers the existing programs of tax relief and would also enable Council to consider programs which would have broad benefit to the community.

In closing, Mr. Fisher indicated that staff is requesting that Council consider the framework and determine if it will assist in their discussions and decision making. If Council approves the framework, staff will report back to Council on that basis regarding the outstanding issues. If not, staff will bring each of the issues back to Council separately.

Councillors Adams and Hendsbee entered the meeting during the presentation.

MOVED by Deputy Mayor Rankin, seconded by Councillor Nicoll, that Halifax Regional Council:

- 1. Adopt the Framework for Area Rates as outlined in Attachment 1 of the October 15, 2013 staff report.**
- 2. Direct staff to prepare a report(s) applying the Framework for Area Rates on the following outstanding issues:**
 - a. The Suburban-Rural Tax Boundary,**
 - b. Recreation Facilities,**
 - c. Right-of-way Stormwater,**
 - d. Deep Stormwater, and,**
 - e. Condominiums and Density.**

Deputy Mayor Rankin commented on the complexity of the framework, questioning staff's approach in regard to matters such as park land, recreational benefits and drainage.

Mr. Fisher advised that recreational matters would be subject to Council's interpretation of the framework, but that staff would provide Council with guidance and recommendations. In regard to park land and recreation area rates, consideration needs to be given to identifying the service standards, whether there is a local benefit or broader regional benefits. If only a few receive the service than an area rate could be applied and if almost all receive the service than the service should be included in the general rate. Staff is not envisioning that neighbourhood recreational area rates will disappear, but if they are tied into larger capital projects, it becomes difficult to sustain them in the tax structure.

Mr. Fisher went on to comment on the complexity of the Province's responsibility for roads and ditches which are beyond the scope of the recommendation, and is something Council will have to discuss. Further, Council will need to determine the level of service being provided for stormwater management. Once identified, presumably the tax structure would flow from there as well as who would receive the service.

Mr. Greg Keefe, Director of Finance and ICT/CFO noted that staff intentionally called this a framework and not a policy recognizing the complexities. As staff prepares reports to Council, they will use the framework as a guide.

Councillor Karsten commented on the complexity of the framework and its subjective nature. He noted his support for moving away from area rates and local improvement charges and implementing a simpler method through the general tax rate. Residents have expressed concern with paying for services they do not receive or paying taxes in general. He suggested Council move away from the three sub-categories under the general tax rate (urban, suburban and rural) and have two tax structures; one for areas that receive most of the services and another for the rural area, as there is too much overlap between the three.

Councillor Karsten further expressed concern with the implications of the framework as it pertains to the five categories outlined in the recommendation. He asked staff to illustrate the implications for urban, suburban and rural areas. As well, how the framework would impact deep stormwater and the implications to condominium taxation and density incentives.

Mr. Richard Butts, Chief Administrative Officer clarified that under the framework virtually everything would be general rated with some exceptions, as outlined in definitions in the October 15, 2013 staff report. Council would review services funded through area rates and determine whether the general rate should apply.

Mr. Keefe commented that the framework comes down to the definition of the service standard (i.e. where to provide services). He provided an example in which HRM's service standard was that a particular community would eventually receive a recreation facility but was awaiting funding approval, that facility would be general rated under this proposal and an area rate would not be permitted to fast track the process. However, if that community would never receive a recreation facility but were insistent on having one, than an area rate could be implemented. Mr. Keefe noted that this also applies to deep stormwater services, providing a similar example.

Mr. Fisher commented that area rates for recreation facilities are wide spread across the municipality. Therefore, if a recreation facility is publicly available, Council could anticipate that the framework would result in a move toward general rating those facilities. He provided an example of the St. Margaret's Centre which is the only area rated rink, commenting that there does not seem to be strong rationale for that facility being area rated. In response to comments made regarding tax boundaries, Mr. Fisher indicated that this is a discussion for Council.

Councillor Hendsbee expressed concern with justifying taxation and that having one tax rate would not be justifiable to those who pay for a service but do not benefit. Councillor Hendsbee went on to make the following suggestions:

- Construction of facilities be general rated across the board

- Initiate a component under the tax structure to provide assistance for operational costs
- That all active transportation initiatives be funded under the Regional Transportation Tax
- That condominium and multi-unit developments be assessed to allocate funding toward parkland dedication (currently not required)
- Provide an outline of what is an operational contribution versus capital cost contribution when listing recreational facilities

Councillor Hendsbee asked staff to explain the possibility of re-assessing the Service Exchange Agreement between the Province and HRM.

Responding to Council's concerns around area rates, Mr. Butts clarified that the October 15, 2013 staff report sets out the framework to address the challenges Council will have to consider in the coming months.

The discussion continued with many Councillors commenting on the framework's complexity but noting support for the motion as a first step. The following comments and questions were raised:

- A question was raised on the method of billing for a deep stormwater service (i.e. through Halifax Water bill or HRM taxes)
- A request was made to consider aligning tax rates with boundaries identified under the Regional Plan

Councillor Mason commented on the infrequency of studies done for HRM's rural areas (outside the rural commuter shed) in terms of its competitiveness in comparison to other rural municipalities. He went on to note that the issues around condominiums and density within the urban core would be addressed/discussed when the Centre Plan comes forward to Council. The Councillor pointed out that development charges (if approved by Council) and Capital Cost Contributions will fundamentally change the inequality for suburban and rural areas in the future. These funds will be accumulating in reserves and applied to services needed in new suburban and rural subdivisions. Councillor Mason requested clarification of what will happen during the transition period.

In response to Councillor Mason, Mr. Keefe advised that HRM will still have multiple revenue streams and that development charges and capital cost contributions will still have their place. He noted that if both were removed then the general rate would need to increase.

Councillor Dalrymple expressed concern with his residents paying large area rates, including a large recreation area rate and Local Improvement Charges (LICs) for paving and sidewalks amounting to over \$1,000 in extra taxes each year, yet they do not receive the most basic of HRM services (i.e. water, sewer, library, transit, weekly garbage/green bin collection). He advocated for a more fair/equal taxation approach. Further, at some point in the future, Council will need to address the issue of private roads. Councillor Dalrymple cited Council's motion of January 29, 2013 to *explore the*

option of absorbing into the General Base Tax Rate existing and future areas rates that are assessed for the purposes of charging local contributions towards capital construction of local community facilities and public infrastructure projects. He indicated that the Fall River Recreation Centre's area rate would be paid off this month. However, under HRM's current policy this area rate should have never been applied. Suggesting that as this process moves forward, consideration should be given to paying off some of the community's existing area rates through some form of policy.

Councillor Dalrymple noted that the report does not address water services, suggesting that HRM assist under the general rate with installation of water, with conditions (i.e. desperate need for service due to continued growth and decreased water pressure).

Further points noted by Council were:

- Pre-amalgamation area rates were more common in the county; post amalgamation, certain services/infrastructure were area rated where they should have been included in the general rate; this was a means by which residents received services they would not receive or would have to wait for
- Review service standards to meet the needs of the communities and at the level of infrastructure/service that residents are able to afford
- Council has a responsibility to ensure residents understand the service levels they will receive when they choose a community as their residency

In response to a question raised by Councillor Johns on the average rate rural residents are paying, Mr. Fisher indicated that staff did not have these rates available but that staff could review and come back with this information.

In response to further questions raised by Councillor Johns respecting deep stormwater, condominium tax rates and density incentives, Mr. Fisher reiterated that staff will come back in a supplementary report to Council addressing what the deep stormwater service level would be before being able to define which areas in the Municipality would pay for this service. Mr. Fisher further confirmed that Council's direction was to look at condominiums and other forms of density. He clarified that in some cases a condominium could be a single family dwelling and is not necessarily multi-density. He further echoed Mr. Keefe's comment that as identified in the framework, equal services will not be provided everywhere in the Municipality. The framework is not trying to expand services but to ensure that the tax follows whatever service decisions are made. He noted that there is wording in the Regional Plan which provides direction on communications and explaining the service standards.

In response to a concern raised by Councillor Karsten, Mr. Fisher provided clarification of Council's motion to remove LICs for sidewalks for residents within one kilometer of the sidewalk. These residents would pay the urban rate. The motion split the charge between two areas (urban and suburban). When staff reviewed this with Legal, it was advised that the most effective way to do this would be to expand the urban boundary to include those suburban areas within one kilometer of sidewalk. Staff presented the map to Council when the resolution was brought back to Council. He further indicated that

there may be a way to code those residents as suburban, but it would not lead to lower taxes.

Councillor Karsten asked for clarification of the impact of the present motion on Council's motion of September 17, 2013 – Item 11.3.1 Councillor Karsten – Cow Bay Road, Deep Storm Sewer Project. Mr. Fisher reiterated that staff would have to seek clarification from Council on what the service is before addressing funding and tax options.

Councillor Dalrymple suggested dividing the general rate into two tax rates: communities that receive a majority of HRM services under one tax rate and everyone else would fall into a second tax rate. With reference to his previous comments on water services, he sought clarification on how to approach water services for a community. Mr. Fisher indicated that the discussion around water would have to come as a separate motion to look at some form of cost sharing, noting this would be difficult given the regulations.

Councillor Nicoll commented that the Community Facility Master Plan (approved by Council May 2008) map is outdated, suggesting an updated version be provided. She further referenced Councillor McCluskey's motion on a facilities inventory. Mr. Butts indicated that the work Councillor McCluskey asked staff to do on the inventory is appropriate to the timing of this framework. Once staff completes the inventory, staff may be able to develop a framework that allows for better decision making on recreation/park assets.

Mr. John Traves, Municipal Solicitor advised that as per Section 69(2) of Administrative Order One, the Chairman is to move the adoption of the report with any amendments.

MOVED by Councillor Hendsbee, seconded by Councillor Johns, that under Regional Facilities staff review funding of active transportation initiatives; such as trail maintenance and construction, bikeways and community based transit options for inclusion in the Regional Transportation tax structure.

Council entered into discussion on the amendment. Members referred to the ongoing Transit review, indicating that consideration of these matters should await the staff report flowing out of the public consultation and defining the service standards.

MOTION TO AMEND PUT AND DEFEATED.

Mayor Savage moved the adoption of October 15, 2013 staff report without amendment as follows:

That Halifax Regional Council:

- 1. Adopt the Framework for Area Rates as outlined in Attachment 1 of the October 15, 2013 staff report.**

- 2. Direct staff to prepare a report(s) applying the Framework for Area Rates on the following outstanding issues:**
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 - d. Deep Stormwater, and,**
 - e. Condominiums and Density.**

The motion will be brought forward to Halifax Regional Council for ratification.

4. ADJOURNMENT

The meeting was adjourned at 2:57 p.m.

Cathy J. Mellett
Municipal Clerk