



**HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE MINUTES
February 26, 2014**

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

REGRETS: Mayor Mike Savage
Councillor: Linda Mosher

STAFF: Mr. Richard Butts, Chief Administrative Officer
Mr. John Traves, Municipal Solicitor
Ms. Cathy Mellett, Municipal Clerk
Mr. Liam MacSween, Legislative Assistant

The following does not represent a verbatim record of the proceedings of this meeting.

*A video recording of this meeting is available:
http://www.halifax.ca/exit.php?url=http://archive.isiglobal.ca/vod/halifax/archive_2014-02-26_live.mp4.html*

The agenda, supporting documents, and information items circulated to Council are available online: <http://www.halifax.ca/council/agendasc/140226cowAgenda.html>

The meeting was called to order at 10:00 a.m., and recessed at 12:02 p.m.-The Committee reconvened at 12:17 p.m. and adjourned at 1:03 p.m.

1. CALL TO ORDER

Councillor Karsten called the meeting to order at 10:00 a.m. in Council Chambers, 3rd Floor, City Hall, 1841 Argyle Street.

2. APPROVAL OF THE MINUTES – NONE

3. Budget Presentation – Capital Budget

The following documentation was before the Committee:

- A staff report dated February 17, 2014
- 2015/15 Proposed Budget Summary by Type as of February 18, 2014

Mr. Richard Butts, Chief Administrative Officer provided a presentation on the Capital Budget.

Mr. Butts noted that HRM currently has \$3.1 billion dollars of book assets to maintain which include:

- 301 buildings
- 1,805 kilometers of roads
- 1,300 vehicles
- 860 parks

Mr. Butts commented that assets such as buildings and parks can put a great deal of pressure on both the Capital and Operating Budgets. He remarked that the condition of infrastructure and assets affects the quality of services, future prosperity, economic competitiveness and quality of life in HRM. As such, staff is currently working on an Enterprise Asset Management System to ensure that HRM owned assets are being effectively and strategically managed.

Mr. Butts stated that the approach to the Capital Budget is to maintain a level of funding to keep assets in a state of good repair. In addition to this, staff will prioritize Life/Safety/Code compliance investments and pursue projects with lower operating costs. He further commented that staff will aggressively program unspent or uncommitted capital to reduce budgetary pressures in future years.

Councillor Mason entered the meeting at 10:03 a.m.

Mr. Butts outlined the following key challenges in relation to the Capital Budget:

- Sustaining Infrastructure
- Growing and getting better
- Operating Budget and Funding Strategies

With respect to sustaining infrastructure, Mr. Butts stated that most municipal assets have long lives, which underscores the requirement to invest in the right assets at the right time. He commented that tactical interventions can assist in prolonging the life of assets.

Mr. Butts referenced a report from the Provincial Government related to Financial Condition Indicators for Municipalities and stated that HRM meets all standards for financial measures outlined in the report. He commented specifically on five standards that relate to capital which include:

- Debt Service Ratio
- Outstanding Debt
- Depreciation of Assets
- 5 Year Capital Purchases
- 5 Year Contributions to Reserves

Mr. Butts noted that the debt service ratio percentage for HRM is 7.4 percent of own source revenues, he commented that the threshold for debt service ratio is 15 percent and that some municipalities are as high as high as 30 percent in terms of debt service ratios.

Mr. Butts stated that outstanding debt is determined on the total assessment base and that the threshold, as indicated in the provincial report, is 3.5 percent. He remarked that HRM's debt currently sits at 0.7 percent of total assessment, which is a positive number and that over 40 percent of HRM's capital budget is funded directly from reserves.

Mr. Butts commented that staff will be working to ensure that taxes do not increase ahead of inflation. He provided additional commentary on the relationship between Operating and Capital Budgets and the impact that one has on the other.

Mr. Butts provided an overview of several figures from the Capital Budget and noted that approximately 25 percent of property taxes are utilized to support the Capital Budget. He further commented that Equipment and fleet expenditures comprise a large portion of that budget.

Mr. Butts noted that the Capital Budget for 2014-2015 is balanced. He commented on a \$17.2 million funding gap for 2015-2016 of which staff does not have a funding source at the present time. He stated that investments in Business Parks, service improvements for Metro Transit and a large capital investment in solid waste are the cause of the funding gap. He remarked that staff is working aggressively to determine solutions to address the gap.

With respect to the projections for 2017-2019, Mr. Butts stated that a vast majority of the Capital Investments will be slated for "state of good repair". He commented on the following future Capital projects that will require Council direction:

- Beazley Field Grandstands
- Sackville Street/Bell Road Depot
- Ford Needham Upgrade

Mr. Butts noted that the Municipality is doing a terrific job at maintaining assets and meeting growth and service improvement goals. He commented, however, that choices need to be made to prioritize, delay, or choose not to do some projects given the options available for future funding ~~future~~ of capital projects.

Mr. Butts stated that Capital commitments are continuing to grow despite budgetary pressures, which will affect the funding for projects. He noted that staff has a measure on the efficient use of debt and that HRM has flexibility in this regard. He commented that funding sources, such as the sale surplus municipal properties, are available to assist with funding as well as the potential to engage other funding partners to achieve future capital goals.

Mr. Butts explained that a funding strategy and service delivery model will be presented to the Audit and Finance Standing Committee in June, which will outline options to deal with the projected funding gap in 2016-2017. He concluded his presentation by noting that Council has done a great job in managing capital projects and debt, but the demand for capital projects remain high which puts a definitive and direct pressure on the operating budget. He stated that efficiencies on the operating side of the budget are currently offsetting pressure on the capital side and that staff is working diligently to provide innovative solutions in offsetting costs. Mr. Butts thanked the Committee and noted that staff would be happy to answer questions.

Councillor Karsten thanked Mr. Butts for his presentation and stated that the funding gap as alluded to by Mr. Butts is currently a projection and that there are still options available to find funding solutions.

Mr. Butts replied in the affirmative and stated that staff will be looking for solutions to address the projected funding gap. He noted that it is important to note that the funding gap as projected is a result of capital projects that will benefit the local economy.

Councillor Whitman acknowledged the presence of Mr. Ben Jessome, MLA for Hammonds Plains - Lucasville and thanked him for his ongoing interest and support in municipal matters.

Councillor McCluskey requested further information on Industrial Park land development and asked if HRM recovers monies that are spent in during the development process. Ms. Jane Fraser, Director of Planning and Infrastructure replied in the affirmative and noted that Industrial Park Development is undertaken on a full cost recovery model.

Councillor McCluskey asked a follow up question regarding new residential growth and whether or not HRM is recovering enough in this regard to offset capital costs. Mr. Butts noted that the level of cost recovery is predicated on the marketplace in which the development takes place. He further commented that amounts recovered from residential development are not as substantial as other developments and do not fully cover capital costs.

Mr. Greg Keefe, Chief Financial Officer, stated that staff has begun analysis on cost recovery for residential developments to determine whether or not it is putting a burden on finances. He further stated that staff is interested in determining if revenue from new development is sufficient

in paying for the cost of providing services to those areas. He commented that staff will have a specific answer by way of a staff report in the near future.

Councillor McCluskey inquired about the costs associated to maintain surplus municipal properties.

Mr. Butts replied that he did not have the exact numbers available but he is aware that there are two facilities on the surplus properties list that cost approximately \$2 million annually to maintain. He noted that monetizing surplus properties should be a priority going forward to help alleviate these costs.

Councillor McCluskey requested further information regarding 90 Alderney Drive and noted concerns that HRM is stating that the building is in bad condition which could lower its market value.

Mr. Butts commented that a condition assessment was completed on 90 Alderney Drive. He stated that he was unaware of the terminology used in the report related to the condition of the property. He asserted that the market will determine the value of the property.

Councillor McCluskey inquired if funding was available for a proposed skateboard park in Dartmouth. Ms. Fraser replied in the affirmative.

MOVED by Councillor Mason and seconded by Councillor Whitman that Committee of the Whole direct staff to prepare the preliminary three year Project Budget, for the years 2014/2015 to 2016/2017 inclusive, as a basis to prepare a detailed capital and reserves budget, and continued development of a reserve framework as presented to Committee of the Whole.

Councillor Mason inquired about the 25 percent of property taxes which fund capital projects benchmark measures in relation to other similar sized municipalities across Canada.

Mr. Keefe commented that he did not have that information available as this is the first year that staff has examined the Capital Budget in that manner. He noted that it is very difficult to obtain that information given the different metrics used by other municipalities. He noted that staff is actively pursuing that information for benchmarking purposes and that information.

Councillor Mason commented that HRM has significant assets available to help offset the projected funding gap, such as the sale of the Bloomfield Centre as well as a great deal of smaller properties which HRM owns across the municipality. He noted that he would like to see a significant Property Rationalization Program and requested that staff take a second look at Capital Cost Contributions and Development Charges for Greenfield development to help offset Capital costs. Councillor Mason requested further information on the \$400,000 budget item for the St. Mary's Boat Club.

Ms. Fraser commented that the \$400,000 line item in the budget for the St. Mary's Boat Club is to upgrade the seawall and to conduct a feasibility study to determine if other work is required at that site.

Councillor Hendsbee echoed Councillor Mason's comments on a rationalization program of HRM assets. He noted concerns with the long term arena strategy and noted that staff should be actively pursuing Universities as cost sharing partners with respect to arenas. Councillor Hendsbee inquired about the status of projects under the Federal Build Canada Fund and requested further information on which projects will be ready for the 2015 deadline. In addition to this, Councillor Hendsbee inquired about HRM's involvement in the upcoming construction of five new schools recently announced by the Province, and the status of the work being undertaken at Beazley Field.

Mr. Butts noted that partnership opportunities with Universities relating to arena and fitness centres will have a discrete impact on the capital budget. He commented that arena operators such as Universities are continuing to rationalize their investments in the facilities which they operate in ways that provide a pressure on HRM to provide services which were not traditionally provided in the past. He stated that many Universities are allocating money to other budget priorities, as such arenas and fitness facilities that they operate, are not getting the same attention as they once did.

With respect to new school construction, Mr. Butts noted that HRM's strategy needs to be driven by investment. He stated that simply tagging along as a third party investor has provided HRM with a network of facilities that is relatively inefficient. He stated that as HRM's investments in new and existing facilities are going to have to be rationalized.

In relation to the Build Canada Fund, Mr. Butts commented that Council determined three areas in which funding related to Build Canada would be directed:

- Water and Waste Water Infrastructure
- Downtown Projects
- Transportation

Mr. Butts emphasized the \$3.8 billion investment required for Water and Wastewater Infrastructure for the Region over the next thirty years.

With respect to Beazley Field, Mr. Butts commented that the funds required for the demolition of the stands is in the current Capital Budget. He noted a funding gap of approximately \$2 to \$2.5 million to construct the replacement stands, which is not yet budgeted.

Councillor Watts commented on the need to monetize surplus buildings and properties but remarked that Council needs to be careful in assessing greenspace, parks and playgrounds especially in the urban core as surplus property. She commented that more consideration needs to be given toward making playgrounds more accessible for families. In addition to this, Councillor Watts expressed her support for more resources being applied to park washroom facilities in the Capital Budget.

Councillor Rankin commented that the Financial Indicators provided by the province are the best objective way to measure the outcomes of the performance of HRM. He noted that the 7 percent debt service is excellent and it required more than short term thinking to achieve this number. With regard to potential capital projects, he stated that the business sector must have an adequate voice in the process and that Council should be looking to this sector to assist in improving the conditions to grow the economy. Councillor Rankin requested further information in relation to assessing the risks associated with the Trade Centre Development. He further noted a lack of light industrial property within HRM as a result of discussions on the Regional Plan and inquired about the status of the Birch Cove Blue Mountain development.

Mr. Butts commented on the relationship between a business climate and a capital plan. He noted strategic investments approved by Council in logistical properties at the Burnside and Aertotech business parks which are related to the upcoming shipbuilding contract as a way to stimulate economic development in HRM. He commented that these logistical investments are in the capital budget but were not discussed in great detail during the presentation. He underscored the importance of pursuing strategic assets and working with the Business Community and other levels of government to achieve economic development goals.

Mr. Butts commented that the Capital Budget is predicated on the Regional Plan. If Council decided to do something more aggressive with the Regional Plan that it will have an impact, those changes will have an impact on the HRM's Investment strategy.

With respect to the Trade Centre, Mr. Butts noted that Council approved a risk management strategy which allows for flexibility in relation to tax assessment and delaying payments if the commercial rental and leasing environment is different than anticipated.

In response to Councillor Rankin's question regarding the Blue Mountain Birch Cove project, Mr. Butts stated that there has been no allocation of funds ~~as of yet~~ as staff is still negotiating with land owners in the area.

Deputy Mayor Fisher commented that he is looking forward to a plan for improvements to Beazley Field. He inquired if there have been changes to the funding for the Canal Greenway Project and whether or not the tenant is responsible for the maintenance and operating of Oakwood House which was outlined in the Capital Budget. He further inquired as to the status of the funding for the Port Wallis project and requested further information regarding the carry-over of \$3.5 million from the \$22 million Street Recapitalization Project approved in the 2013-2014 budget.

Ms. Fraser stated that there has been no change to the funding for the budget for the Canal Greenway Project. She noted that the work to be completed in 2014-2015 is on the boat cradle, inclined plain and trail raise. She explained that \$2.4 million has been allocated for 2015-16 for active transportation work to be completed on a trail from the Dartmouth Waterfront to Sullivan's Pond.

With respect to the Oakwood House improvements, Ms. Fraser commented that a facility condition assessment was conducted to ensure the facility stays in a state of good repair. She

commented that the improvements to the buildings fall within Planning and Infrastructure's responsibility and not with the tenant. Ms. Fraser further noted that a recommendation report regarding the secondary planning process for the Port Wallis Project will be before Harbour East Marine Drive Community Council on March 4th.

Mr. Dave Hubley, Acting Director of Transportation and Public Works, commented that staff was able to tender in excess of 95% of the paving projects in the previous year. He stated that the surplus is related to integration conflicts that were identified late in the process which meant that some projects were held back. He further commented that lower tender prices also contributed to the carry-over of funds.

Deputy Mayor Fisher asked if more funding was injected in to the budget could further work be conducted this year on micro and thin overlays. Mr. Hubley replied in the affirmative and noted that small projects that did not require surveying and engineering services could likely be undertaken if that direction were provided.

Councillor Nicoll requested further information on how many of the 301 buildings maintained by HRM are designated as heritage buildings and how much is spent on maintaining the assets. She further inquired as to the percentage of the Capital reserve that is committed to solid waste management. In addition to this, Councillor Nicoll stated that she would like to further rationalization of Councillor District Capital Funds to align with HRM planning priorities. She also stated that she would like more information regarding all-weather recreation fields and requested staff commentary on why there is no allocation for trail maintenance in the Capital Budget.

Mr. Butts commented that there is a distinction between the age and heritage value of HRM assets. He noted that staff is currently working on an Enterprise Asset Management System as well as a Building Condition Assessment to help determine future use.

With respect to reserves related to solid waste management, Mr. Butts commented that he did not have the specific numbers allocated for solid waste but noted that most solid waste projects are funded from reserves. He stated that reserves are in a healthy state and about 40% of funding for capital projects comes directly from reserves.

Mr. Butts commented that all-weather fields require a greater investment; he noted that the return on the investment associated with all-weather fields is that fewer traditional sports fields are required. He stated that Council must consider the implementation of all-weather fields as a strategic investment and also give consideration to eliminating fields that are not being used. Mr. Butts also remarked that costs associated with Regional Trail maintenance would likely be an operating cost as opposed to capital cost.

Councillor Dalrymple noted that commuter rail service is not on the list of possible future projects. He commented that it has been agonizingly slow to get a rail project up and running and that at some point Council needs to implement a feasibility plan in this regard. He remarked that more work needs to be done regarding refining the current process regarding the disposal of surplus property and cautioned that staff needs to be careful to ensure that they do not drive

community organizations out of existence by declaring community buildings and meeting spaces as surplus property.

Mr. Butts commented that the process that Council determined to manage surplus properties, Administrative Order 50, is a sound policy and works well. He explained that staff identify real-estate for disposal. The properties then goes through a rigorous needs assessment process that assists staff in writing a recommendation report which is brought before Council. He noted that every asset placed on the surplus property list has a rationale for being there. He commented that it is provided to Regional Council so that an ultimate decision can be made regarding the disposal of real estate. He explained that the main purpose of Administrative Order 50, aside from property disposal, is to allow for Councillor's to be engaged early in the process so that rational decisions can be made on the disposal of assets. With respect to Councillor Dalrymple's comments on rail, Mr. Butts noted that there is \$250, 000 for feasibility study the use of rail in HRM which was not explicitly states in the presentation.

Councillor Mason commented that there are a number of full sized gyms closing in Halifax and Dartmouth. He stated that there is an opportunity to approach the Provincial Government as a funding partner in the construction of the new school in the south end and further align HRM's strategy with respect to investments in schools with that of the Province.

Councillor Mason inquired about the freeze-thaw effect that has been prevalent over the course of the winter and whether or not there is enough funding to maintain the Surface Distress Index (SDI) at the level that is required. He further inquired about the \$50 million commitment for downtown projects passed at the February 11, 2014 meeting of regional Council and what is being done about that commitment.

Mr. Butts stated that Mr. Brad Anguish, Director of Community and Recreation Services is currently assessing recreation needs on the peninsula to ensure that services are not being overlapped and are conducted in a strategic way. On schools, Mr. Butts noted that Mr. Keefe has noted that the supplementary funding agreement between HRM and the Province for education will be renegotiated. He noted that this will be an opportunity to discuss school usage with the Province to match supply and demand.

Mr. Hubleby noted that it is difficult to know for certain about the status of the SDI program until an assessment is conducted in the upcoming month. He commented that based on data that is available, pothole maintenance has increased by 20% than that of the previous year.

Ms. Fraser commented that the Spring Garden Road Streetscaping project is part of the \$50 million commitment for downtown projects that Councilor Mason had alluded to. She commented that funding for this phase of the project will come from a strategic reserve to fund that project.

Councillor Hendsbee provided commentary about funding and partnership opportunities related to revenue collected from off highway vehicle fees to assist in development of mixed use trails. He noted that staff needs to be more inclusive, to include ATV riders associations in trail development. He requested that staff provide information on the potential acquisition of

provincial industrial park lands, the Aerotech Repositioning Project, and the status of the LED Street Light Conversion Project.

Ms. Fraser commented that staff is currently at working with Trails Associations to leverage funding from the Federal Infrastructure Project for transportation projects. With respect to \$8.7 million capital commitment for Industrial Parks, Ms. Fraser explained that the funding is for the acquisition land in various industrial parks across HRM for economic development purposes. She commented that HRM currently has an 8 year supply of land that is remaining in the Burnside Industrial Park.

Ms. Fraser stated that staff has had discussions with Nova Scotia Business Inc. and Halifax Water in relation to provincial Industrial parks and the associated services required for the development of those lands. She commented that these talks are ongoing. With respect to the Aerotech repositioning Project, Ms. Fraser noted that staff is exploring working with the Halifax International Airport Authority to develop lands in the park as a strategic asset for both the Airport and HRM.

With regard to the LED streetlight project, Ms. Fraser noted that staff is on track to purchase the remaining inventory of LED streetlights from Nova Scotia Power. She commented that a consultant has been retained to look at the best method of procurement and the method of conversion. She commented that staff is getting results back from the consultant on this matter and will begin the work on the street lights by the summer. She explained that the project is moving along as expected.

Councillor Craig stated that he did not have questions and wanted to communicate how impressed he was with the way that the documentation was put together and presented. He commented that the budget documentation is easy to read it is quite good from an openness and transparency perspective. He further commented that the Enterprise Asset Management System will be extremely useful.

Mr. Butts commented that he is the beneficiary of all the good work undertaken by staff. He further commented that with respect to the Capital budget, the credit lies with Ms. Jane Fraser, her staff and all the staff members that have contributed to the budget.

Further discussion ensued.

MOVED by Deputy Mayor Fisher and seconded by Councillor McCluskey that staff provide a report addressing an increase to the Streets and Roads Budget by \$1 million for the current year specifically for Micros and Thin Overlay Projects in order to increase the current level of Surface Distress Index.

MOTION PUT AND PASSED.

On the main motion, Councillor Karsten called for the question.

MOTION PUT AND PASSED.

Councillor Karsten stated that he wanted to thank staff for the hard work that was undertaken in bringing the Capital Budget presentation before the Committee. As a follow up question, Councillor Karsten stated that he did not notice anything in the budget related to the Mount Hope Connector Project and asked if staff had a strategy in this regard.

Mr. Butts apologized that the Mount Hope Connector Project was not a part of the presentation and stated that it is a priority. He deferred to Ms. Fraser, to provide further information.

Ms. Fraser noted an upcoming meeting with the Department of National Defense on Friday to discuss the status of land in relation to the project. She commented that the programming for the Mount Hope Connector Project can be found in the Regional Plan.

The Committee took a short break at 12:02 p.m. Councillor Craig left the meeting at this time.

4. Budget Presentation – Fiscal and Consolidated Accounts

The following documentation was before the Committee:

- A staff report dated February 14, 2014

Mr. Greg Keefe, Chief Financial Officer, gave a presentation on the Proposed 2014/2015 Corporate Accounts Budget and Business Plan

Mr. Keefe reiterated a previous point that operating costs affect the cost of capital. He noted that debt charges have dropped by \$2.2 Million and pointed out that capital costs as a result of operating have increased slightly due to a \$1,963,000 increase for transit and a \$1,806,000 decrease in the general rated amount.

Mr. Keefe provided an overview of transfers to outside agencies and noted that:

- Provincial Transfers are estimated to increase by \$6 million or nearly 5%
- Supplementary Education transfers have decreased by 3% for \$570,000 as per the four year agreement
- Fire protection transfers are down 20% for \$2.3 million due to new Halifax Water rate structure and 2013-14 surplus

With respect to the prior year surplus, Mr. Keefe noted that \$2 million will be carried from 2013/2014 for Transit and that none of the 2013/2014 projected surplus of approximately \$7.5 million is allocated to 2014/2015 budget. He further commented that the deed transfer tax is a little soft as a result of flat housing sales.

Mr. Keefe stated that in terms of own source revenues, which are revenues outside of taxes, Metro Park is now breaking even given that the debenture has been paid off. He commented that Metro Park will provide \$1 million in own source revenue. Mr. Keefe provided further information on expenditures such as tax exemptions and noted other forms of revenues collected by HRM such as payments in lieu of taxes.

Mr. Keefe noted that the projected tax revenues are based on the recommended option provided in the report to the Committee. He commented that tax revenues have increased slightly while tax agreements have decreased by \$3.3 million due primarily to the closure of Imperial Oil Refinery in Dartmouth. He noted that taxes in relation to Imperial Oil will be based on the commercial rate and assessment going forward.

Mr. Keefe provided commentary with respect to residential tax rates and noted benchmarking of cities across Canada conducted by the City of Calgary. He commented that HRM is in the middle of the pack with respect to residential taxes. He commented that 10% of the households in HRM pay less than \$957 per year in property taxes while 10% of the households pay in excess of \$4,190 per year in property taxes. He further commented that 50% of the households in HRM pay less than \$2,239 per year in property tax.

Mr. Keefe stated that commercial assessment has increased by 6.3 percent. He commented that it is difficult to pin-point why this is the case but some initial analysis has shown that spikes in assessments are related to an increase in building permits for commercial properties.

Mr. Keefe outlined the options for the Committees consideration with respect to tax rates:

- **Maintain Taxes at Inflation (0.9%)**

- Reduce tax rates by 0.9¢ (Residential) and 15.0¢ (Commercial)

- Average Taxes on Single Family Homes to rise 0.9%

- No additional taxes for: 87.3% of homes, 67% of commercial

- **Recommendation: Taxes on Average Capped Home Flat**

- Reduce tax rates by 1.0¢ (Residential) and 11.5¢ (Commercial)

- Average Taxes on Single Family Homes to rise 0.8%

- no additional taxes for 87.6% of homes; 57% of commercial

- **Alternative: Average Taxes Do Not Rise**

- Reduce tax rates by 1.7¢ (Residential) and 17.6¢ (Commercial)

- Average Taxes on Single Family Homes does not change

- Additional budget reductions of \$4.6 million

- No additional taxes for 89.5% of homes; 72% of commercial

He commented that in all three options the tax rates will decrease for both residential and commercial. He underscored that the recommended option provided by staff endorses not taxing market growth but rather new growth. Mr. Keefe reiterated that tax revenue should come from new growth for sustainability purposes.

Mr. Keefe gave a summary of key trends with respect to assessments and noted that single family home assessments have stayed fairly flat over the last several years. He noted that commercial assessments have also stayed relatively flat and will decline as a percentage of GDP. In Conclusion, Mr. Keefe state that the financial position of HRM is healthy, debt continues to decline, state of good repair is well funded and taxation growth remains below changes in GDP

and income. He further commented that efficiencies found within existing budgets but must shift focus to changing the way HRM delivers services.

Councillor Mason left the meeting at 12:42 p.m.

Councillor Karsten thanked Mr. Keefe for his presentation and asked for questions from the Committee related to the Corporate Accounts Budget and Business Plan.

MOVED by Councillor Hendsbee and seconded by Councillor Walker that Committee of the Whole direct staff to proceed to prepare the 2014/2015 Budget based on:

1. Residential Tax Rates of:

- a. General Tax Rate - Urban 0.658**
- b. General Tax Rate - Suburban 0.625**
- c. General Tax Rate - Rural 0.619**
- d. Local Transit Rate 0.105**
- e. Regional Transit Rate 0.051**

2. Commercial Tax Rates of:

- a. Commercial General Tax Rate 2.939**
- b. General Tax Rate - Suburban 2.939**
- c. General Tax Rate - Rural 2.590**

Councillor Hendsbee requested further information regarding the previous year's surplus. Mr. Keefe noted that the details of the surplus will be included in the Financial Statements which will be brought forward in early June to the Audit and Finance Standing Committee.

Councillor Hendsbee commented that he would like to have a broader discussion on restructuring the Regional Transit Tax rate to include one integrated funding source for region wide active transportation initiatives and programs.

Councillor McCluskey requested the ratio between the residential and commercial tax rates. She commented that small businesses are having difficulty with waste removal charges and are finding it difficult to survive. She further requested information regarding the average commercial assessment for small businesses, assessment in relation to Imperial Oil as well as more information on outstanding assessment appeals

Mr. Keefe noted that he did not have the exact numbers available but appeals have increased this year. He noted that staff allows 2.5 percent of revenues in appeals which is the historic trend. With respect to Imperial Oil, Mr. Keefe commented that assessment is based on taxation rate and assessment and that he was unsure as to whether assessment has increased for Imperial Oil. Mr. Keefe further commented he will follow up with the Councillor and provide a breakdown of the assessments for small businesses and will provide the Committee with a ratio for residential and commercial tax rates.

Councillor Walker commented that overall this budget is a “take care of our infrastructure” and noted his support. He stated that the motion made this morning with respect to the streets and roads should be found within the structure that has been presented.

Further discussion ensued.

MOTION PUT AND PASSED.

5. Public Comments

Councillor Karsten called for members of the public to come forward and speak about the budget.

Mr. Shalom Mandaville of the Soil and Water and Conservation Society of Metro Halifax which has 400 members from the scientific community across North America, 25% of whom live in HRM. He noted that the item that he wants to address is related to watershed studies and stated that he wanted to caution that HRM staff is not keeping to the standards of Canadian Council of Ministers of the Environment (CCME) guidelines, particularly as they relate to phosphorus. Mr. Mandaville noted that HRM should hire a full-time Limnologist in order to undertake the work pertaining to CCME guidelines related to lakes and watersheds.

Councillor Karsten thanked Mr. Mandaville for his comments and called three times for more speakers, there were none.

6. ADJOURNMENT

The meeting was adjourned at 1:03 p.m.

Cathy J. Mellett
Municipal Clerk