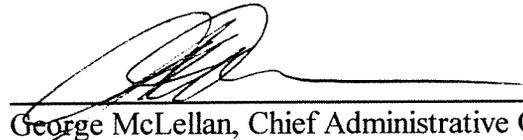

Halifax Regional Council

May 7, 2002

May 14, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer

DATE: April 25, 2002

SUBJECT: Recreation Area Rate Policy

ORIGIN

On December 12, 2000, Regional Council referred a report on Recreation Area Rate Policy to Community Councils for their input. The results of the Community Council consultations are included in this report to Regional Council.

RECOMMENDATIONS

It is recommended that :

- Until the review of the tax structure and area rate policy is complete, all existing as well as any new recreation area rates be subject to the Interim Area Rate Guidelines by April 1, 2003, and,
- Council adopt the policy and procedures as outlined in Attachment #1 to this report for the use of Recreation Area Rate Funds.

BACKGROUND

HRM currently has about 60 area rates to provide local levels of service many of which were established in the former Halifax County. Of these 60 area rates, 14 would be categorized as applicable to recreational and community facilities and in many cases, the funds are administered by a residents, ratepayers or athletic association. It is these 14 area rates that these policy and procedures address to provide guidance for members of Regional Council and staff on types of eligible expenses and appropriate record keeping and reporting.

An independent review of recreation area rate expenditures in District 23 highlighted the fact that while there is legislation and some broad expenditure principles related to area rate spending, there are no internal HRM policies or procedures in place for HRM staff to monitor expenditures incurred for area rates, or that define what the expenditures can or cannot be used for.

Interim Area Rate Guidelines were adopted in January 2000 to create a process to (1) help communities establish new area rates, (2) ensure that all taxpayers have an opportunity to participate in setting a rate and (3) ensure that rates are set only for valid municipal purposes and not for services already covered by the general rate. The interim guidelines are in place while a report on tax structure options and their implications, including a policy paper on area rates, is being developed and these guidelines will be examined further as part of the taxation implementation strategy.

The first step in ensuring appropriate expenditures are made is to ensure the purpose of the rate is clearly defined and understood. Therefore, it is recommended that, until the review of the tax structure and area rate policy is complete, all existing as well as any new recreation area rates be subject to the Interim Area Rate Guidelines. The guidelines are attached to this report and the basic principle in them is that the area Councillor and community are informed of the rationale for the rate and consulted on its appropriateness.

In terms of procedures for expenditure of the Area Rate funds once the rate is established, staff have identified 4 broad procedures in order to ensure expenditures are made in accordance with policy and include appropriate approvals:

1. Annual Business Plan and Detailed Budget
2. Requests for Payment
3. Issuance of Payments
4. Reporting

DISCUSSION

The December 2000 report included a proposed Recreation Area Rate Policy which has been included as Attachment #2 to this report. This proposed policy was discussed at Community Council Meetings in January through March 2001. With the exception of amendments to signing

authorities as noted below, the policy was adopted by the Community Councils:

- Marine Drive, Valley and Canal Community Council passed an amendment to the first bullet of the December 2000 policy "...recreation area rates that are not currently administered within HRM business units are to be administered by a form of association, society or Councillor and the signing authority for expenditures is to be assigned to a member(s) of the association, society, or the local Community Council."
- Peninsula and Western Region Community Council passed a recommendation that signing authority be HRM staff for Districts 22 and 23 - Hammonds Plains Common Rate and Prospect Recreation Rate.

HRM has final signing authority on the issuance of cheques, however, the procedures recommended in the attachment to this report require an expenditure authorizing signature with a request for payment which would indicate the expenditure: (1) is being made in accordance with the Area Rate purpose and budget & business plan, (2) is in accordance with the appropriate policies, and, (3) that the good or service has been satisfactorily received. The signature would be that of a member(s) of the association, society or local Community Council unless the expenditure is related to an HRM owned and operated facility which is funded by the Area Rate in which case it would be the signature of the staff of the applicable HRM business unit.

HRM Financial Services staff would review the requests for payment for an expenditure authorizing signature and check for compliance with the budget, business plan and appropriate policies, then, cheques for payment would be issued by HRM Financial Services.

Compliance with the attached Policy and Procedures would help ensure that expenditures meet the intended and agreed upon purpose of the Area Rate, budget and business plan: that expenditures are in compliance with HRM policies, and; that the most competitive price is obtained for goods and services acquired. If requested, HRM Financial Services and Recreation Community Development staff will be available to visit and provide assistance to associations, societies or local Community Councils in implementing or adhering to the attached procedures.

BUDGET IMPLICATIONS

None

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLANS

This report complies with the Municipality's Multi-Year Financial Strategy as well as relevant legislation. There is no impact on the approved Operating and Capital & Reserve budgets or policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves.

ALTERNATIVES

None

ATTACHMENTS

1. Recommended Policy & Procedures - Recreation Area Rate Funds
2. Draft Policy brought to Regional Council in December 2000
3. January 11, 2000 Regional Council report on Interim Area Rate Guidelines
4. List of approved Recreation Residential Area Tax Rates from the 2001/02 budget
5. Authorized Expenditure Approvals for Recreation Area Rate Accounts

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Pam Caswill, CA, Manager of Accounting

Report Approved by:


S. Dale MacLennan, CA, Director Financial Services


K. MacTavish, Director, Parks & Recreation

Policy & Procedures - Recreation Area Rate Funds

A. Policy

1. Context

The Provincial legislation that governs the expenditures for Area Rate Accounts is the Municipal Government Act (MGA), which lists allowable expenditures and area rates. Overall, HRM has expenditure principles whereby all expenditures:

- must meet the spending guidelines of the Municipal Government Act, Section 65,
- must have supporting documentation for payment, no advances issued,
- should be made in accordance with the HRM Conflict of Interest Policy,
- must comply with the spirit and objectives of the Procurement Policy approved by Council, and,
- must be made in accordance with Provincial and Federal legislation.

Specifically with regard to area rate expenditures, the expenditure must also benefit the community on whose behalf the area rate has been collected. (Section 526(2) of the MGA)

2. Statement of Intent

The Recreation Area Rate Funds Policy is intended to guide expenditures in accordance with the stated purpose of the Area Rate as outlined in the annual Budget and Business Plan, HRM Finance Policy and legislation regarding allowable expenditures.

3. Approved Purposes

- 3.1 Each area rate is required to have an annual business plan and detailed budget which is to be submitted in accordance with HRM's annual budget and business planning process. All expenditures are to be made in accordance with the approved budget and business plan.
- 3.2 Area rate funds are to budget on a break-even basis. Any deficit that arises in any year must be the first charge on the area rate in the next fiscal year. Reserves or surplus carry-forwards are not to occur without a council approved reserve business case.
- 3.3 Area rate funds can only be used for the provision of services within the municipal mandate as defined in Section 65 of the Municipal Government Act.
- 3.4 Expenditures must comply with the spirit and objectives of the Procurement Policy approved by Council.

Attachment 1
Policy & Procedures - Recreation Area Rate Funds

3.5 Expenditures must be made in accordance with all Provincial and Federal Legislation.

4. Record-keeping Requirements

4.1 Expenditures must have supporting documentation for payment, no advances will be issued.

4.2 There are currently facilities, that are both owned and operated by HRM business units, which are funded by specific area rates and these area rates are the responsibility of those business units that operate the facilities. In all other cases, those recreation area rates that are not currently an HRM business unit responsibility are to be the responsibility of a form of association, society or a Councillor and requests for expenditure payments should be reviewed and approved by a member(s) of the association, society or the local Community Council.

4.3 Requests for payment should be signed by the HRM business unit, association, society or Community Council, as applicable, as indication that the related good or service has been satisfactorily received and that the expenditure has been made in accordance with the Approved Purposes. Individual Councillors should not be the sole signatory on requests for payment from an Area Rate Account.

5. Reporting Requirements

5.1 A financial report for each area rate fund will be prepared by Financial Services on a quarterly basis and the information provided to the HRM business unit, area rate society or association or Community Council and to Regional Council.

6. Continuous Renewal Clause

6.1 This policy shall be assessed after one (1) year of implementation to evaluate its scope, relevance and effectiveness. Thereafter, the policy shall be reviewed every two (2) years or upon request to reflect substantive changes in legislation or municipal policy and priorities.

6.2 Responsibility for policy review and revision shall be that of HRM Financial Services

6.3 Recommended changes to policy shall be forwarded to Regional Council by Financial Services for approval.

B. Procedures

1. Roles and Responsibilities

HRM Business Units

Recreation area rates for the funding of the facilities owned and operated by HRM are the responsibility of HRM Business Units. They shall seek the approval of Regional Council for the Area Rate Fund's annual budget and business plan through the regular HRM business planning and budget process. They are responsible for making a determination if an expenditure is permissible and shall be expected to expend funds in accordance with the appropriate policies. Assistance and advice on compliance with policies and legislation will be provided by staff of Financial Services. (In fiscal 2001/02, only one of the recreation area rates relates to funding of a facility owned and operated by HRM - Hubbards Recreation Centre)

Association, Society or Local Community Council

Those recreation area rates that are not currently an HRM business unit's responsibility are to be the responsibility of a form of association, society or the local Community Council. With the assistance of the Parks and Recreation Business Unit, they shall seek the approval of Regional Council for the Area Rate Fund's annual budget and business plan through the regular HRM business planning and budget process. They are responsible for making a determination if an expenditure is permissible and shall be expected to expend funds in accordance with the appropriate policies. Assistance and advice on compliance with policies and legislation will be provided by staff of Financial Services.

Financial Services

Staff of HRM Financial Services shall be responsible for processing the payment of expenditures; monitoring appropriateness of expenses; maintenance of financial records including all original receipts, invoices, and cheque requisitions; provision of advice on financial policies including procurement; quarterly financial reporting; and, shall oversee the auditing of accounts as required.

2. Procedures

2.1 **Annual business plan and detailed budget** is to be completed by the HRM Business Unit, Association, Society or Local Community Council and submitted in accordance with HRM's annual budget and business planning process. All expenditures are to be made in accordance with the approved budget and business plan.

2.2.1 **Requests for payment** of an invoice or reimbursement are to be completed by the HRM

Attachment 1

Policy & Procedures - Recreation Area Rate Funds

Business Unit, Association, Society or Local Community Council and sent to Financial Services.

- 2.2.2 The requests for payment should include the appropriate documentation (ie, an invoice or receipt) and the supporting documentation should be signed by the HRM Business Unit, Association, Society or Local Community Council indicating the expenditure is in accordance with the appropriate policies and the good or service has been satisfactorily received.
- 2.3 **Issuance of Payments** - The signed originals attached to the requests for payment are reviewed by HRM Financial Services for compliance with the budget, business plan and appropriate policies and, then, cheques for payment will be issued. Original documentation is retained in the files maintained by Financial Services.
- 2.4.1 **Reporting** - A financial report for each area rate fund will be prepared by Financial Services on a quarterly basis and the information provided to the HRM business unit, area rate society or association or Community Council and to Regional Council.
- 2.4.2 The Recreation Area Rate Funds will be included in the annual audit and requests for a more detailed review will be evaluated by the HRM Business Systems & Control group. Such a review may check for complete and appropriate documentation, compliance with policies, the fair and consistent application of policies, accurate reporting and any other issues determined relevant by the review team.

ATTACHMENT 2 - Draft Policy brought to Regional Council in December 2000

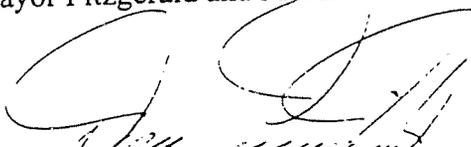
The recommended policy in the December 2000 staff report was as follows:

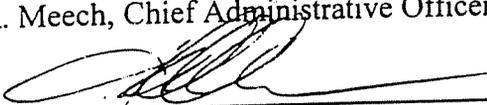
- *There are currently facilities, that are both owned and operated by HRM business units, which are funded by specific area rates. The administration of these area rates is the responsibility of those business units that operate these facilities. In all other cases, recreation area rates that are not currently administered within HRM business units are to be administered by a form of association or society and the signing authority for expenditures is to be assigned to a member(s) of the association or society's Board. Councillors should not have signing authority on Area Rate Accounts.*
- *Each area rate is required to have an annual business plan and detailed budget which is to be submitted in accordance with HRM's annual budget and business planning process.*
- *Area rate funds are to budget on a break-even basis. Any surplus/deficit that arises in any year must be the first charge on the area rate in the next fiscal year. Reserves of surplus carry-forwards are not to occur without a council approved reserve business case.*
- *Area rate funds can only be used for the provision of services within the municipal mandate as defined in Section 65 of the Municipal Government Act.*
- *Expenditures must be made in accordance with the Procurement Policy approved by Council.*
- *Expenditures must have supporting documentation for payment, no advances will be issued.*
- *Expenditures must be made in accordance with all Provincial and Federal Legislation.*
- *A financial report for each area rate fund will be prepared by Financial Services on a quarterly basis and the information provided to the area rate society or association and to Regional Council.*

Halifax Regional Council
January 11, 2000

TO: Mayor Fitzgerald and Members of Halifax Regional Council

SUBMITTED BY:


K. R. Meech, Chief Administrative Officer


George McLellan, Deputy Chief Administrative Officer

DATE: January 4, 2000

SUBJECT: Interim Area Rate Guidelines

SUPPLEMENTARY REPORT

ORIGIN

An Information Report was provided to Council on July 13, 1999 indicating a report on tax structure options and their implications, along with a policy paper on area rates, would be submitted to Regional Council in the Fall.

On December 14, 1999. Regional Council approved the Business Strategies, which included taxation as one of its eight priorities. This policy paper on area rates will now be incorporated into the taxation implementation strategy with an initial Information Report to Council in the spring of 2000. Please refer to the Information Report, on this matter, attached.

RECOMMENDATION

Council adopt interim procedures, as described in this report, dated January 4, 2000, for the establishment of new area rates. The guidelines will be examined further as part of the taxation implementation strategy.

BACKGROUND

HRM currently has 64 area rates to provide local levels of service. Many of these area rates were established in the former Halifax County while others are relatively new. The intent of the interim guidelines is to create a process to help communities who wish to establish new area rates, to ensure that all taxpayers have an opportunity to participate in setting a rate, and to ensure that rates are only set for valid municipal purposes and for services not already covered by the general rate. These guidelines are not meant to apply to area rates established for Local Improvement Charges.

1. Area rates can only be used for the provision of services within the municipal mandate; services traditionally provided by the municipality;
2. Area rates are not to be used to provide different levels of a municipal service within urban and suburban areas where said service is covered by the general tax rate;
3. In order for a proposed new area rate to move to the process as outlined in #4 below, it must have the support of the area's Councillor (s).
4. Proposals for new area rates must be advertised publicly, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged. A public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness.
5. With the concurrence of the Councillor, the request is forwarded to the Community Council for review and a recommendation to Halifax Regional Council. Where a Community Council does not exist, the request will go directly to Halifax Regional Council.
6. Any proposed new area rates recommended by a Community Council (or, in the absence of a Community Council, the Councillor for the area) will be submitted to Halifax Regional Council through a staff report with a recommendation from the Chief Administrative Officer. The staff report will identify the implications to the Municipality along with the results of any public meeting.
7. Halifax Regional Council is responsible for approving all area rates.

BUDGET IMPLICATIONS

There are no budget implications at this time.

MULTI-YEAR FINANCIAL STRATEGY IMPLICATIONS

None.

ALTERNATIVES

None.

Additional copies of this report, and information on its status, can be obtained by contacting the office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Bruce Fisher, Senior Financial Consultant, Financial Planning Services (490-4493)

Report Approved by:



Dale MacLennan, Director, Financial Services

ATTACHMENT 4

Approved Recreation Residential Area Tax Rates from 2001/02 budget:

Recreation, Parks, Commissions and Other

District 3 Capital Fund	0.0240	0.0000
Dutch Settlement (Riverline)	0.0320	0.0000
East Preston	0.0500	0.0000
Grand Lake Community Centre	0.0220	0.0000
Haliburton Highbury Homeowners' Association	0.0250	0.0000
Hammonds Plains Common Rate	0.0500	0.0000
Harrietsfield/Sambro	0.0210	0.0000
Highland Park	0.0060	0.0000
Hubbards Recreation Centre	0.0310	0.0000
LWF Rec Center (Urban Core)	0.0290	0.0000
Maplewood Ratepayers	\$50	0.0000
Musquodoboit Harbour	0.0050	0.0000
Prospect	0.0230	0.0000
Upper Hammonds Plains	0.1540	0.0000

Recreation Area Rates

Dist #	C/Ctre	Area Rated Recreation	Present		Proposed	
			Expenditure Authority	Expenditure Authority	Expenditure Authority	Expenditure Authority
1	C160	Musquodoboit Harbour	Councillor District 1	Chairman / President, Marine Drive, Valley and Canal Community Council		
2	C165	Dutch settlement/Riverline	President, Riverline Activity Centre	President, Riverline Activity Centre		
2	C180	Grand Lake Community Ctr	President or Treasurer, Grand Lake/ Oakfield Community Society	President or Treasurer, Grand Lake/ Oakfield Community Society		
2	C210	LWF Ratepayers Association	Finance Director, LWF Residents Association	Finance Director, LWF Residents Association		
3	C110	East Preston Recreation Centre	Executive Director or Treasurer, East Preston Rec Assoc.	Executive Director or Treasurer, East Preston Recreation Association		
*	3	C185	District 3 Capital Fund	Councillor, District 3; Capital project funding only	Councillor, District 3; Capital project funding only	
*	18	C155	Harrietsfield Recreation Ctr	Councillor, District 18; Used for loan payment only	Councillor, District 18; Used for loan payment only	
22	C150	Upper Hammonds Plains Community Ctr	President, Community Development Association	President, Community Development Association		
22	C120	Hallburton Highbury Homeowners	Chairman or Treasurer, Hallburton Highbury Homeowners Assoc.	Chairman or Treasurer, Hallburton Highbury Homeowners Association		
22	C170	Hammonds Plains Common Rate	Councillor, District 22	Chairman / President, Western Region Community Council		
22	C190	Maplewood Subdivision	President, Vice Pres or Treas, Maplewood on the Lakes Res Assoc.	President, Vice Pres or Treasurer, Maplewood on the Lakes Res Assoc.		
22	C130	Highland Park Ratepayers	Treasurer, Highland Park Ratepayers Association	Treasurer, Highland Park Ratepayers Association		
23	C175	Hubbards Recreation Ctr	HRM Staff	HRM Staff		
23	C140	Prospect Road Recreation	Councillor, District 23	Chairman / President, Prospect Road & Area Recreation Association		

* Only used for loan / debenture payments that have been previously approved. There are no other discretionary expenditures.