

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL COMMITTEE OF THE WHOLE MINUTES

February 19, 2008

PRESENT:

Mayor Peter Kelly, Chair
Deputy Mayor Stephen D. Adams
Councillors: Steve Streach
Krista Snow
David Hendsbee
Gloria McCluskey
Andrew Younger
Bill Karsten
Jackie Barkhouse
Jim Smith
Patrick Murphy
Dawn Sloane
Sheila Fougere
Russell Walker
Debbie Hum
Linda Mosher
Robert Harvey
Reg Rankin
Gary Meade

REGRETS:

Councillors: Mary Wile
Harry McInroy
Brad Johns
Sue Uteck

STAFF:

Mr. Dan English, Chief Administrative Officer
Ms. Mary Ellen Donovan, Municipal Solicitor
Ms. Sheilagh Edmonds, Acting Municipal Clerk
Ms. Melody Campbell, Legislative Assistant

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1. CALL TO ORDER

The Chair called the meeting to order at 10:10 a.m.

2. APPROVAL OF THE MINUTES - January 22, 2008

MOVED by Councillor Sloane, seconded by Councillor Karsten, that the minutes from January 22, 2008, as presented, be approved. MOTION PUT AND PASSED.

3. FISCAL FRAMEWORK PRESENTATION

C A presentation dated February 19, 2008 Fiscal Framework was before Council.

Mr. Dan English, CAO, provided an introduction to the initial presentation regarding the 2008/09 Budget and Business Planning process noting that this is not a proposed Budget for the coming year, but a process to find out from Council if staff are heading in the right direction. Mr. English discussed HRM's accomplishments to date, the current focus and 2008/09 considerations. The theme this year is "Safer, stronger, better. Planning for now and for the future".

Mr. Brad Anguish, Director of Business Planning and Information Management, provided an overview of the process as Council moves through the Fiscal Framework presentation. Ms. Dale MacLennan, Director of Finance, and Ms. Cathie O'Toole, Director of Infrastructure and Asset Management, presented the power point presentation Fiscal Framework to Council. The presentation provided an update on cost of existing and approved services; a review of technical policy matters requiring direction from Council; and looking at managing expenditures and building tax rate options.

Council recessed at 11:08 a.m.

Council reconvened at 11:26 a.m.

Staff continued the Fiscal Framework presentation.

Two corrections to the presentation were noted as follows:

C Slide 9 of the presentation, Summary of Cost Pressures, the Service/Contract increases assumed should be 7,038 not 17,038.

C Slide 21 of the presentation, New Capacity, fourth column, last row, should read 88,384 not 988,384.

Mr. Dan English closed the presentation by advising that this was an advanced look at how things are shaping up for the upcoming budget. He thanked Council for their time and staff for

their work in preparing the presentation.

Council recessed at 11:53 a.m.

Council reconvened at 1:09 p.m with the same members present. Councillor Murphy and Councillor Meade joined the meeting at this time.

The following points were brought forward for discussion after the presentation:

- C A discussion ensued and there was general consensus among Council members that clarification was required on the dollar capacity from the Halifax Regional Water Commission, the GST and the gas tax. Staff indicated that they would investigate revenue streams.

MOVED BY Councillor Sloane, seconded by Councillor Snow that Regional Council request that staff investigate:

- a) the possibilities and implications of utilizing new or existing distinct and reliable funding sources (ie: Gas Tax increases; existing GST rebate or new GST allocation; HRWC dividend) to create a debt servicing fund to enable increased capital investment;**
- b) the implications of various growth options applied to the existing Debt Policy;**
- c) the cost implications of continued deferral of recapitalization, to be brought back to Council for consideration no later than with the tabled budget, with feedback from Standard & Poors. MOTION PUT AND PASSED.**

At 1:25 p.m. Councillor Mosher entered the meeting.

- C A suggestion was put forward to bring back exponential funding as another way to fund capital costs. Staff indicated that this will also be looked at as an option.
- C Priorities need to be brought forward in a list. This could be done in a triage format which will determine budget needs on a level of priority.
- C Funding for infrastructure is a large pressure on HRM at this time. There was general agreement that the public must be made aware of the funding requirements for infrastructure repair and replacement. Mr. English advised that a booklet will be sent out to the public on how tax dollars are spent and a message on HRM infrastructure.
- C It was noted that new assessments with old rates do not supply the dollars needed to run the Municipality. It was suggested that "Pay as you go" would be the way to move forward.
- C Projects that have been approved in prior budgets and have not been done or completed also must be addressed. Staff advised that capital projects have increased from 45 to 241 in ten years and staff complement has decreased, which makes it difficult to have all projects completed.

- C Recapitalization and debt reduction must be addressed. If there is a turn in the economy, and debt reduction is not addressed, it could pose concerns in the future.
- C There is a requirement for more funds for streets and road, grant programs.
- C It was questioned whether staff have ever consulted residents of HRM as to whether they want or require all the services HRM provides.
- C The commercial tax rate should be looked at, this should not be increased. A lower tax rate promotes business and competition.

Council recessed at 2:18 p.m.

Council reconvened at 2:35 p.m.

Council discussed further issues as it related to the Fiscal Framework presentation, noting the following:

- C It was noted that HRM needs to support the FCM report, *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure*. Municipalities need long-term infrastructure dollars from the Federal Government.

MOVED BY Councillor Fougere, seconded by Councillor Murphy that Mayor Kelly write a letter to the Federal Government in support of the FCM report for long-term sustainable funding. MOTION PUT AND PASSED.

- C It is noted that areas such as the Halifax Regional Water Commission, they will also require funds in order to replace their aging infrastructure.
- C Concern and caution were expressed with using non-property tax revenue streams to finance debt.
- C Private/public partnerships could be considered.
- C A review of facilities may assist, it was questioned whether HRM has facilities that could be closed or facilities that are not used to capacity. Some areas may have facilities that can be merged and can still meet the needs of the community.
- C Concern was raised that public expectations are not being met, ie. Metro Link, Rural Express
- C It was questioned how residential and commercial tax rate revenue equates to the overall budget; the ratio of residential to commercial. Staff advised that the ratio is 53 commercial, 47 residential and commercial is growing slower than residential.
- C Staff was requested to provide information in regard to a tax comparison to other cities.
- C Efficiencies in processes need to be found.
- C Asset Management - Staff advised that there is currently an asset inventory management project. There will be areas for more efficiency once Asset Management project is complete.
- C In response to a question as to whether there is funding from ACOA for the Rural

Express. Staff advised that there is no ACOA funding.

C It was requested that staff provide Council with a list of efficiency projects.

MOVED BY Councillor Walker, seconded by Councillor Fougere that Regional Council:

1) Proceed with the proposed Base / Capability allocation for the 2008/09 Capital Budget;

2) Apply any new money raised for the Capital budget for 2008/09 to capability projects;

3) Direct staff to use Option 2 as the Base case for the Proposed Operating budget to be tabled in April and also to provide the implications for Options 1 and 3; and in addition, to include the \$5 million additional capital funds noted on slide number 22 of the presentation; and to provide Council with the costs to reach the green line, representing the capital spending level necessary to maintain the current condition of HRM's capital assets.

4) That Council confirm that the commercial rates be adjusted so that the residential assessment cap does not impact commercial taxpayers, because this is consistent with the way the elimination of Business Occupancy assessment is being treated (to ensure there is no impact on residential taxpayers), is also consistent with previous residential/commercial rate decisions and is supportive of the approved Economic Strategy. MOTION PUT AND PASSED.

Council agreed that the staff presentation was very beneficial as Council and staff prepare to move forward in the 2008/09 budget process.

4. ADJOURNMENT

The meeting was adjourned at 3:37 p.m.

Sheilagh Edmonds,
Acting Municipal Clerk