

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL COMMITTEE-OF-THE-WHOLE MINUTES December 10, 1996

PRESENT:

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

STAFF MEMBERS:

Mr. Ken Meech, Chief Administrative Officer
Mr. Wayne Anstey, Municipal Solicitor
Ms. Vi Carmichael, Municipal Clerk
Ms. Patti Halliday, Assistant Municipal Clerk

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Mayor Fitzgerald called the meeting to order at 6:00 p.m.

The Mayor acknowledged the following proclamation: **International Human Rights Day 1996.**

1. **APPROVAL OF MINUTES: October 7, 1996**

MOVED by Councillors Blumenthal and Snow that the minutes of October 7, 1996 be approved as circulated. MOTION PUT AND PASSED UNANIMOUSLY.

2. **TAX RATE STRUCTURE**

- A report prepared for Larry Corrigan, Commissioner, Corporate Services, entitled Halifax Regional Municipality, Proposed Tax Structure Reform, was before the Committee for discussion.
- Copies of Mr. Corrigan's presentation, regarding the proposed tax structure reform, were circulated to the Committee.

Mr. Ken Meech, CAO, made opening remarks regarding the proposed tax structure. He explained the purpose of the meeting was to provide Councillors with the background information and allow questions to be raised or clarification sought on specific issues.

Mr. Meech acknowledged the efforts of the large staff group involved in this exercise over the last few months in addition to maintaining their day-to-day responsibilities.

Mr. Corrigan acknowledged the following staff members present at the meeting: Ron Singer, Director, Finance; Bruce Fisher, Budget Coordinator; Marlene Morrison, Manager, Financial Planning; Rudy Vodicka, Research and Development Coordinator.

Mr. Corrigan, with the use of overheads, presented the Proposed Tax Structure Reform report. In summary, Mr. Corrigan stated staff is recommending the following:

- Tax Structure - Dual Rate
- DOT/HRM Boundary = Urban/Rural Boundary
- Uniform Commercial Weighting Factor (currently 2.47)
- Phase-in New Tax Structure Over Four Years
- All former general and area tax rates replaced
- Implement in 1997/98 Fiscal Year

MOVED by Deputy Mayor Greenough and Councillor Barnet that the Proposed Tax Structure Reform Report be tabled. MOTION PUT AND PASSED UNANIMOUSLY.

Councillor Barnet opened the discussion of the report offering the following remarks:

- Section 82 8(1) of the HRM Act states Council must levy a separate rate for the rural area.
- With regard to supplementary school funding, the assumptions in the report that this funding will be spread across the region is contrary to Section 84 (1-7) of the HRM Act.

In response, Mr. Meech stated the legislation pertaining to the supplementary funding was put in place prior to the amalgamation of the School Boards. Therefore, instructions were given to the Tax Committee to disregard it as it is assumed the legislation will be changed.

Councillor Barnet expressed concern with the cost of service exchange slide used in Mr. Corrigan's presentation noting all former units brought positives and negatives to amalgamation. In response, Mr. Corrigan replied this slide was included based on a request received from another Councillor.

Responding to a question from Councillor Barnet, Mr. Singer replied two services brought out as extra costs for the urban area only were hydrant and transit. Councillor Barnet inquired why street lights were not looked at, to which Mr. Singer replied street lights were not chosen as they are not a service to be differentially rated.

Councillor Uteck noted water and sewer are not part of the equation. He stated it appears HRM can still afford to keep the supplementary education funding. Councillor Uteck stated he did not think any Councillors were in favour of spreading this funding across the four areas.

Councillor Kelly inquired why staff did not prepare a projected comparison scenario rather than a backward scenario. Mr. Corrigan replied staff tried to give Council what it requested which was the ability to compare last year's tax bill to the new structure. Mr. Corrigan noted one major factor that will be built in after Council establishes a tax structure will be reassessments. At that time, staff will come back to Council with a full budget.

Councillor Kelly stated the level of service needs to be factored into the equation. The problem with the weighting factor is it is lower than what it was previously. He requested when staff re-examines the figures that they consider what impact the weighting factor starting at 2.60 will have on the residential portion. Mayor Fitzgerald replied staff can come back with this information.

Councillor Kelly stated residents in his District are being charged more and getting less in return.

At this time, Councillor Hendsbee acknowledged the presence in the gallery of Mr. Ken Fralick, former County Councillor.

In addressing the report, Councillor Hendsbee offered the following comments:

- Assessments are not a true reflection of property values and services received.
- Minimum services need to be re-evaluated.
- What role is HRM going to have in supporting community centres in the rural areas, not yet owned by HRM, to help keep them operational?
- What affect will the new tax structure have on businesses in the rural area?
- The new tax policy will make or break the public's perception of amalgamation.
- All costs need to be on the table before any decisions are made.

Councillor Schofield commended staff in preparing the tax structure document stating he is in favour of a dual rate. With regards to education funding, Councillor Schofield stated the need to be certain that it is spread out in both the urban and rural areas. Referencing Page 88 of the document regarding Transfers - Correctional Centre, Metro Housing Authority, World Trade and Port Development, Councillor Schofield inquired of Mr. Corrigan how will this affect the situation. Mr. Corrigan agreed to take this under consideration and will provide a response.

Councillor Snow stated the base rate for his District will not look after the recreational needs of the area. In the past, area rates looked after unique programming HRM did not offer. Councillor Snow stated the residents do not mind paying for what they are receiving but are not willing to pay for services they do not receive. He noted the level of service is starting to go down, not up. Councillor Snow stated the residents need to be told for what they are paying.

Deputy Mayor Greenough stated if the School Board applies the same amount collected last year across the region, service levels will be affected. Some programs are offered only because of that additional funding. The level of programming in Halifax and Dartmouth will diminish while in other areas it will increase. Deputy Mayor Greenough suggested more dollars may need to be allocated to bring the level of service up in all areas to what it currently is in Halifax and Dartmouth. He stated this is an issue that will need to be faced if a dual structure is adopted. Mr. Corrigan responded the issue of the school funding allocation is not a feature of the dual rate system and is not intrinsic to it and is not necessarily built into the dual rate.

In response to a question from Deputy Mayor Greenough inquiring if area rates were a part of the dual rate, Mr. Corrigan replied they are not at this point in time. However, they can be included if that is what Council decides.

Councillor Dooks addressed the report offering the following comments:

- The proposed tax structure consists of a 40 percent increase in some parts of his District.
- He questioned the comment stating the average assessment in Ecum Secum is \$30,000.
- Residents were promised no increase in taxes unless there is an increase in services. He questioned what services are being increased.
- The cost of living in a rural area is higher than the urban area.
- Fire staff are concerned with the loss of area rates.

- The School Board did not guarantee that the level of education in the rural areas will be brought up to par with that of the urban areas.
- The District with the least amount of services is proposed to have the largest tax increase.

Councillor Mitchell questioned the comment of the average assessment in Hatchet Lake being \$88,000. He stated most homes in this area are assessed at \$110,000 - \$125,000 and have no services. Councillor Mitchell asked staff to explain what services these residents are going to get. Mr. Fisher replied there are some assessments in the \$20,000-\$30,000 range which affect the average assessment. Councillor Mitchell stated the dual rate can work but there needs to be a balance. He expressed concern with the rural businesses and how they are struggling to stay in operation.

Councillor Rankin expressed concerns with the document not showing implications and suggested the document could have been more straightforward. Councillor Rankin stated there may be a strong possibility of maintaining the status quo. With respect to the boundary, Councillor Rankin suggested it may make more sense to draw the line on central water and sewer. He stated the tax bill needs to reflect services and not assessments. Councillor Rankin also stated he would like to see the sidewalk issue addressed as there are no sidewalks in the rural areas.

Councillor Harvey stated school funding is really not HRM's responsibility. If supplementary funding is going to be provided, it needs to be across the board. The cost of this to be done at the same level as Halifax and Dartmouth needs to be determined.

With respect to averages, Councillor Harvey stated they do not mean anything in the former County area because the extremes are so great. He suggested some forum for public input and comment on this document needs to be put in place before a final decision is made.

Councillor Blumenthal stated Halifax came into amalgamation with a surplus. If it were not for amalgamation, the residents would not be faced with an increase in taxes and probably would have incurred a decrease in taxes. Councillor Blumenthal stated this needs to be taken into consideration.

Councillor Hanson stated the status quo should be maintained.

Councillor Epstein stated a new tax structure should be implemented this year. He agreed with staff's recommendation to eliminate area rates and phase in the new tax structure over four years. He suggested there should be a uniform commercial weighting factor. Councillor Epstein noted the document makes a good case for a uniform tax structure but recommends a dual rate. Mr. Corrigan replied this was an extremely difficult document to draft and is not viewed as a final product. He added the dual rate has the benefit of addressing some substantial concerns that have been expressed.

Deputy Mayor Greenough assumed the Chair at 8:10 p.m.

With respect to supplementary funding, Councillor Epstein suggested serious consideration should be given to raising funds in the rural areas if extra money is needed to spread the supplementary funding across all of HRM.

Councillor Adams stated a significant increase in the residential and commercial tax rate for the former County and the former town of Bedford will affect the residents in those areas much more than the savings will affect the residents of Halifax and Dartmouth. Areas that wish to have area rates should be permitted to do so. Councillor Adams suggested the tax structure should remain with the status quo as this worked in the past.

Councillor Stone complimented staff on putting this document together and agreed with their recommendation making the following points:

- He could not agree with the status quo as it is important to set up a tax structure for the future.
- Area rates keep up the inequities.
- The volunteer fire departments need to be looked at as they will help some of the inequities in the rural areas.
- With respect to education services, residents of Halifax and Dartmouth want and expect to continue with the current level. Councillor Stone suggested it needs to be determined what can be taken out of the core services that would be acceptable to the rural areas to make the increase less substantial.
- A certain amount of street lighting needs to be done for safety reasons and, therefore, has to be included based on priorities.

Mayor Fitzgerald resumed the Chair at 8:25 p.m.

Councillor Hetherington suggested HRM should apply to the Province to take over responsibility of the school buildings and maintain them for the School Board in place of providing supplementary funding. He stated this is worthwhile looking into to determine if it is viable.

Councillor Cooper stated the area with the greatest demand for services is seeing a decrease in taxes, and those areas that receive less services are seeing an increase in taxes. He stated the document tells residents nothing about what their level of service will be. Councillor Cooper stated he does not place a lot of faith on the assessment system unless it is more clearly defined and analysed, and he expressed concern for the businesses in the rural areas. He suggested more refinement work needs to be done on the boundary, and there should be four or five more sessions held to discuss the tax rate structure.

Councillor Walker stated he is still in favour of the single rate structure and, for the most part, assessment takes care of people not paying for services they do not receive. He stated the status quo cannot remain and a dual system will create arguments as to the

boundary line.

Councillor Barnet stated this document should be made available to the public as it is important to hear from them, and this issue needs to be settled as soon as possible.

Councillor Hendsbee stated he hopes the tax bills will be itemized as residents appreciate seeing what they are paying for. He also stated he would like to see responsibility for school funding turned over to the Regional School Board. Councillor Hendsbee agreed there needs to be a forum for public input regarding the tax rate structure.

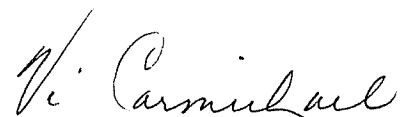
Councillor Kelly noted the assessment calculations performed by the Province are based on location.

Councillor Dooks agreed it is beneficial to have public input, but it needs to be acted upon. He expressed concern with having the public sessions accessible to everyone, noting there would need to be several meetings in his District alone to provide opportunity for all to attend. Councillor Dooks emphasized he would like to be able to provide his residents with the facts of the reasoning for the increase.

Mr. Meech stated there is really no increase in the amount of tax dollars collected, but rather adjustments in the distribution. He suggested if amounts are taken out of the base rate for services not received and area rates added in, the difference may not be that significant. Mr. Meech stated did not think development should be encouraged further away from the core area due to the lower tax rate. With respect to further meetings on the tax structure, he suggested they be organized in early January 1997.

MOVED by Councillors Barnet and Hendsbee that staff be requested to forward a report to Council on December 17, 1996 regarding where and when in early January 1997 public participation sessions will be held respecting the tax structure; further, that the School Board be invited to make a presentation; and, that copies of the Proposed Tax Structure Reform report be made available to the public as soon as possible. MOTION PUT AND PASSED UNANIMOUSLY.

MOVED by Councillors Blumenthal and Hetherington that the meeting adjourn at 9:15 p.m. MOTION PUT AND PASSED UNANIMOUSLY.



Vi Carmichael
MUNICIPAL CLERK