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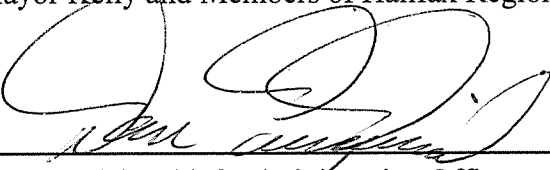


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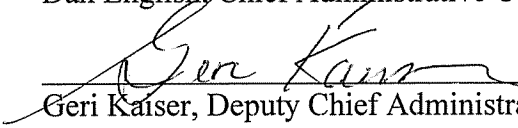
Halifax Regional Council
June 20, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Geri Kaiser, Deputy Chief Administrative Officer

DATE: June 20, 2006

SUBJECT: 2006/07 Waste Water Funding - Budget Re-Allocation

ORIGIN

- May 30, 2006 Report to Council - "Wastewater Funding Strategy"

RECOMMENDATION

It is recommended that :

1. Council approve a reallocation within the proposed 2006/07 Capital Budget, as described in the budget section of this report, to increase the wastewater capital funding for 2006/07 by \$2.4 million dollars.

BACKGROUND

On May 2, 2006 HRM Council approved a “Wastewater Funding Strategy” including the two motions listed below:

- Approve the use of 100% of the Halifax Regional Water Commission annual water dividend as a funding source for the Stormwater and Wastewater Program, effective fiscal year 2006/07. The dividend is estimated to be approximately \$3.6 million annually.
- Approve the use of 50% of the Gas Tax allocation for HRM’s Stormwater and Wastewater Program in fiscal year 2007/08 (\$5.1 million), with 08/09 and 09/10 gas tax funding for Stormwater and Wastewater to be continued at a minimum of \$5.1 million per year.

DISCUSSION

The HRWC Dividend is approximately \$3.6 million dollars per year. Within the proposed 2006/07 budget, \$1.2 million is currently allocated to the wastewater program, and the balance of \$2.4 million is a funding source for the Operating budget including Capital from Operating. To implement Council’s motion to provide the waste water program with the full \$3.6 million allocation for 2006/07, the proposed Capital budget for 2006/07 will show an increase for waste water funding by \$2.4 million, and a reduction in other capital projects equivalent to \$2.4 million. The breakdown of the re-allocation is shown in Appendix A.

The Fiscal Framework presentation to Council on January 31, 2006 included the assumption that the Gas Tax would be treated as a source of funding for the capital budget. On March 7, 2006 Council approved the direction for the allocation of the 2006/07 gas tax funding in accordance with the general infrastructure criteria approved by Council on October 11, 2005. The March 7th report committed that once specific gas tax projects have been identified, they will be forwarded to Council for consideration and discussion prior to submission to the Province, as part of the capital budget process.

Accordingly, the capital budget was prepared based on the criteria approved by Council, and the direction provided by Council through the discussions of the Council Focus Areas. \$7.6 million is expected to be received from the gas tax and was included as a funding source in the 2006/07 Proposed Capital Budget and 2007/08 & 2008/09 Proposed Capital Plan. On May 30, 2006 HRM Council passed a motion that in 2007/08, 2008/09, and 2009/10 a minimum of \$5.1 million of the gas tax per year would support the wastewater/stormwater program. Potential Proposed Budget realignment for fiscal years 2007/08 and 2008/09 is included in Attachment B. No decision is required on these years until the budget for the given fiscal year is tabled with Council for approval.

BUDGET IMPLICATIONS

The amount of the proposed capital budget for 2006/07 will not change, however the

wastewater/stormwater program will increase by \$2.4 million, and the projects described in the table within the Discussion section of this report will be reduced by the amounts identified in Appendix A.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy. This report complies with approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

- HRM Council could approve a different funding re-allocation.

ATTACHMENTS

Attachment A: Proposed Reallocation of Capital Budget Funding 2006/07

Attachment B: Proposed Reallocation of Capital Budget Funding 2007/08 and 2008/09

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Financial Review by: 
Ferdinand Makani, CMA Financial Consultant

Report Approved by: 
Cathie O'Toole, CGA A/Director Finance

**Attachment A:
Proposed Reallocation of Capital Budget Funding
2006/07**

| Capital Project | Proposed 2006/ 07 Budget | Reduction | Revised Budget | Advanced Funding Approved | Total Available from Prior Years* | Total Available |
|---|-----------------------------|-----------|-------------------|---------------------------------|---|--------------------|
| Downtown Streetscapes (CDG00271) | 1,000,000 | 50,000 | 950,000 | 0 | 721,258 | 1,671,258 |
| Fleet - Vehicle Replacements (CVD00413) | 3,233,000 | 100,000 | 3,133,000 | 1,440,000 | 4,758,464 | 7,891,464 |
| IT Fibre Optics Network (CID00748) | 150,000 | 75,000 | 75,000 | 0 | 103,190 | 178,190 |
| IT SAP Optimization (CIM00204) | 340,000 | 75,000 | 265,000 | 0 | 46,233 | 311,233 |
| Playground Upgrades and Replacements (CP300850) | 755,000 | 40,000 | 715,000 | 345,000 | 182,765 | 897,765 |
| Sportsfield Upgrades (CP300856) | 220,000 | 20,000 | 200,000 | 125,000 | 0 | 200,000 |
| Ballfield Upgrades (CP300866) | 275,000 | 40,000 | 235,000 | 180,000 | 0 | 235,000 |
| Park Upgrades (CP300849) | 604,000 | 10,000 | 594,000 | 288,000 | 167,872 | 761,872 |
| Cemetery Upgrades (CP300868) | 65,000 | 10,000 | 55,000 | 0 | 0 | 55,000 |
| New Street Tree Program (CP300890) | 100,000 | 10,000 | 90,000 | 0 | 0 | 90,000 |
| Athletic Field/Park Equipment (CP300873) | 75,000 | 20,000 | 55,000 | 0 | 46,794 | 101,794 |
| Trails, Active Transportation (CPV00735) | 900,000 | 150,000 | 750,000 | 0 | 460,480 | 1,210,480 |
| Other Road Related Work D & C (CRU00701)** | 994,000 | 394,000 | 600,000 | 400,000 | 1,282,757 | 1,882,757 |
| Bridge Repair and Renewal (CRU00684) | 600,000 | 106,000 | 494,000 | 300,000 | 478,658 | 972,658 |
| Traffic Improvements - Lacewood/Fairview Interchange (CTV00725) | 2,540,000 | 500,000 | 2,040,000 | 0 | 828,929 | 2,868,929 |
| Conventional Bus Replacement (CVD00435) | 7,740,000 | 500,000 | 7,240,000 | 3,718,000 | 0 | 7,240,000 |
| Regional Planning Program (CDE00105) | 470,000 | 300,000 | 170,000 | 0 | 847,667 | 1,017,667 |
| | 20,061,000 | 2,400,000 | 17,661,000 | 6,796,000 | 9,925,067 | 27,586,067 |

* Balance as at March 31/06. Spending has continued in some projects to meet prior years' commitments.

**Attachment B:
Proposed Reallocation of Capital Budget Funding
2007/08 and 2008/09**

| | 2007/08 | 2008/09 |
|-----------------------------------|------------------|------------------|
| Downtown Streetscapes | 200,000 | 200,000 |
| Streetscaping in HUBS & Corridors | 100,000 | 100,000 |
| Fleet | 500,000 | 100,000 |
| IT | 800,000 | 500,000 |
| Parks & Playgrounds | 1,000,000 | 1,000,000 |
| Active Transportation | 500,000 | 500,000 |
| Streets & Roads | 1,200,000 | 1,200,000 |
| Traffic Improvements (Lacewood??) | 500,000 | 500,000 |
| Transit | 500,000 | 1,000,000 |
| Regional Plan | 1,000,000 | 0 |
| | 6,300,000 | 5,100,000 |