



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 2
Halifax Regional Council
January 31, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed by Director

SUBMITTED BY: _____
Phillip Townsend, Director, Planning and Infrastructure

DATE: January 3, 2012

SUBJECT: Advanced Funding for the 2012/13 Capital Budget

INFORMATION REPORT

ORIGIN

September 16, 2008 report, Attachment A, "New Policy for Advanced Funding of Capital Projects"

BACKGROUND

On September 16, 2008, Council approved a change in the process for addressing early approval of a portion of the Capital Budget. The Project Steering Committee, a committee of senior staff, was granted the authority to approve advanced funding where projects meet the criteria outlined in the Advanced Capital Project Funding Policy. The purpose of this report is to update Council on Advance Capital Funding approval.

Advanced Project funding approval allows HRM to:

1. Take advantage of lower tendered prices from contractors by calling tenders in the early period of the construction season.
2. Take advantage of the full summer construction period to carry out projects which are sensitive to time and weather, such as working in the dry summer season to minimize environmental impacts, or working in school zones during the summer school break.
3. Tender projects which require a lengthy lead time to order equipment that will significantly delay the construction or installation of equipment.

DISCUSSION

Advanced funding requests for each project represent no more than 50% of the project cost identified for 2012/13 in the 2011 – 2015 Capital Plan, which was presented to Council when the 2011/12 budget was approved. This constraint recognizes the need to maintain flexibility in the capital budgeting process to ensure Council priorities can be addressed during the formal budget approval process.

The projects approved by the Capital Steering Committee are listed on Attachment “B” and all are included in the 2012/13 Capital Plan.

The public tendering and procurement policies still apply, including contract award by Council. In most cases, advanced funding merely allows the procurement and/or design process to begin.

BUDGET IMPLICATIONS

The requested advanced funding amounts totaling \$13,945,000 would be the first charges against the upcoming 2012/13 Capital Budget. All projects are funded through debt, capital from operating, or external funding sources. Funding and total amounts for each project may be adjusted as part of the proposed 2012/13 Capital Budget. The amount of the Advanced Budget for 2012/13 has been limited to maintain some flexibility and capacity to address any realignment of the project as a result of budget deliberations.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

N/A

ATTACHMENTS

A - September 16, 2008 report, “New Policy for Advanced Funding of Capital Projects”

B - 2012/13 Advanced Capital Funding

C - Streets and Roads Detail

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.

Report Prepared by: Mike Matheson, Senior Financial Consultant, 490-5338

Report Approved by: _____
Peter Duncan, Manager, Infrastructure Planning Office, 490-5449

Financial Approval by: _____
Jim Cooke, Director of Finance and Information Technology
Services/CFO, 490-6308



PO Box 1749
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Item No. 11.1.1

**Halifax Regional Council
September 16, 2008**

TO: Mayor Kelly and Members of Halifax Regional Council

Original signed

SUBMITTED BY:

Dan English, Chief Administrative Officer

Original signed

Geri Kaiser, Deputy Chief Administrative Officer

DATE: September 12, 2008

SUBJECT: New Policy for Advanced Funding of Capital Projects

ORIGIN

This report originates from staff.

RECOMMENDATION

It is recommended that Halifax Regional Council adopt new policy guidelines (Attachment A) for the advanced funding of capital projects. Projects meeting the requirements of the new policy would not have to come before Council for approval, while requests for advanced funding beyond the scope of the policy would require Council's approval.

BACKGROUND

In recent years, staff has brought to Council an annual report each fall, listing capital projects that would benefit from advanced funding ahead of Council's approval, in the spring, of the annual budget for the new fiscal year. Advanced funding of selected projects is desirable in that it allows staff to ensure an earlier start on project implementation as it relates to design, land acquisitions (where required), utility and regulatory approvals, and other factors. For example, some vehicle purchases are multi year, and multimillion dollar contracts that can take more than 18 months to go through requisitioning, tendering, bidding, building and then on to final delivery. Advanced funding results in a more timely tendering of projects, more effective planning and real cost savings.

DISCUSSION

The timing of the approval of HRM's Capital Budget - generally March/April, reduces staff's ability to take advantage of early year tendering of projects. Advanced capital funding approval allows HRM to:

1. take advantage of lower tendered prices from contractors which historically is the case with those projects tendered in the early period of the year. This results in financial savings.
2. take advantage of the full summer construction period to implement projects which are sensitive to time and weather, such as those of an environmental nature requiring the dry summer season of the year or those within school zone areas where implementation and completion become desirable during the summer school break.
3. tender projects which require a lengthy lead time to order equipment that will significantly delay the construction or implementation of services.

Staff's proposal for advanced funding approval of a portion of the following year's Capital Budget is similar to the practice that is in place with the Provincial level of government. Projects to be considered for this advanced approval are generally of a regular repair or rehabilitation nature. This includes projects that are:

- of a high priority nature based on existing infrastructure conditions;
- critical due to the timing and coordination with other capital projects; and,
- are of a seasonal nature making early construction advantageous.

Advanced funding requests for each budget category represent no more than 50% of the capacity funding approved in principle as part of the Capital Plan. This constraint recognises the need to maintain flexibility in the capital budgeting process to ensure Council priorities identified in the Council Focus Area discussions are addressed.

**Proposed Advanced Funding
Approval for the 2008/09 Capital Budget
Council Report**

- 3 -

September 16, 2008

Staff is looking to streamline the process by establishing policy guidelines that would allow for automatic approval of advanced funding for projects that fall within the guidelines while still requiring Council's approval for advanced funding of projects that don't meet the new policy criteria.

This change would free up staff time and eliminate one of the routine reports that Council is presented with each year. The normal public tendering process, followed with Council's or CAO's approval of the contract award, will still apply.

BUDGET IMPLICATIONS

All projects are funded through debt, capital from operating, or other broadly available funding sources. Funding and total amounts for each project may be adjusted as part of the proposed Capital Budget. Finance is limiting the amount of Advanced Capital to maintain some flexibility and capacity to address any realignment of the capital budget as a result of Council Focus Area discussions.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the 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.

ALTERNATIVE

Continue with an annual report each fall requesting limited advanced capital funding for specified projects.

ATTACHMENTS

Advanced Capital Project Funding Policy - Attachment "A"

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: Keith Macdonald, Budget Coordinator 490-4280

Original signed

Report Approved by: Catherine Sanderson., Senior Manager, Financial Services 490-1562

Attachment “A”

Advanced Capital Project Funding Policy

All capital projects using Advanced Funding must meet the following criteria:

- , the project must be included in the proposed capital budget for the new fiscal year (Year 2 of the currently approved capital budget)
- , advanced funding for each project must not exceed 50% of the proposed capital budget for that project for the upcoming fiscal year
- , project manager must provide justification to business unit director for the need for advance funding
- , business unit director and capital steering committee must confirm that the project continues to be a part of the capital budget for the new fiscal year
- , approval for advanced funding cannot be given prior to October 1st (i.e. 6 months before the commencement of the new fiscal year)
- , no advanced capital requests can be approved after December 31st
- , the normal procurement process for contracts applies

Projects which have not been included in the previous year’s capital plan and any requests for additional funding beyond the limits established above, must be approved by Council.

Attachment B

The following projects form part of the Proposed 2012/13 Capital Budget. All projects are included in Year 2 of the Capital Plan, as shown in the 2011/12 Capital Budget.

Advanced Request Dec 22, 2011

Project Number	Project Name	Budget Category	Year 2 of the 2011/12 Budget	Advanced Request
CBX01272	Roofs (category 3)	Buildings	1,000,000	400,000
CBX01273	Architectural Interiors	Buildings	500,000	250,000
CBX01344	Skating Oval	Buildings	1,400,000	350,000
CBX01364	HRP Lockup Upgrades	Buildings	2,500,000	250,000
CPX01178	Track and Field Upgrades	Parks and Playgrounds	50,000	25,000
CPX01179	Athletic Field/Park Equipment	Parks and Playgrounds	85,000	30,000
CPX01180	Ball Field Upgrades	Parks and Playgrounds	250,000	50,000
CPX01188	New Street Trees Program	Parks and Playgrounds	150,000	75,000
CPX01189	Outdoor/Spray Pools and Fountains	Parks and Playgrounds	50,000	25,000
CPX01191	Pathways Parks-HRM Wide Program	Parks and Playgrounds	125,000	60,000
CPX01200	Sports Field Upgrades	Parks and Playgrounds	200,000	100,000
CPX01201	Street Tree Replacement	Parks and Playgrounds	175,000	87,000
CPX01328	New Park/Playground Development	Parks and Playgrounds	315,000	150,000
CPX01330	Playground Upgrades & Replacements	Parks and Playgrounds	400,000	200,000
CPX01331	Regional Water Access /Beach Upgrades	Parks and Playgrounds	400,000	200,000
CJU01083	New Sidewalks	Sidewalks	2,500,000	800,000
CKU01084	Sidewalk Renewals	Sidewalks	2,000,000	950,000
CRU01077	Bridges	Streets and Roads	1,200,000	450,000
CRU01079	Other Related Road Works	Streets and Roads	1,000,000	400,000
CYU01076	Curb Renewals	Streets and Roads	700,000	340,000
CYX01345	Street Recapitalization	Streets and Roads	15,745,000	7,319,000
CZU01080	New Paving HRM owned Streets	Streets and Roads	1,500,000	394,000
CTU00419	Traffic Signal Rehabilitation	Traffic Improvements	680,000	340,000
CTU01086	Intersection Improvement Program	Traffic Improvements	2,233,000	500,000
CVD00436	Biennial Ferry Refit	Traffic Improvements	520,000	200,000
Total			35,678,000	13,945,000

Attachment C

Streets and Roads Detail

New Sidewalks

PROJECT/LOCATION	From	To	DISTRICT	LIC
Theakston Ave	Civic 8	West End	18	yes
Portland St	Alpine	Portland Estates Blvd	7	no
Prince St	MacDougall	Pinehill	20	yes
Trunk 7	Cherrybrook	Lake Major	3/4	yes

Sidewalk Renewals

PROJECT/LOCATION	From	To	DIRECTION	DISTRICT
Bayers Rd	Ashburn	Bayers Inbound Ramp	S	15
Bayers Rd	Joseph Howe	Ashburn	S	15
Bayers Rd Outbound	Desmond	West Pkg Exit	N	15
Bayers Rd	Rowe	Desmond	N	15
Ashburn Ave	Elliott	Spruce	W	15
Ashburn Ave	Spruce	Bayers	W	15
Ashburn Ave	Elliott	Bayers	E	15
Lawnsdale Dr	Lyngby	Louise	W	5
Lawnsdale Dr	Lyngby	Louise	E	5
Trollope St	Cogswell	Bell	S	12
Pine St	Dahlia	Myrtle	E	5
Pine St	Thistle	Rose	E	5
Willow St	Gladstone	Windsor	S	14
Edward Arab Ave	Jack Ferguson	Winston	W	14
Edward Arab Ave	Winston	William Hunt	W	14
Bell St	Swanton	End		7
Robie St	College	Spring Garden	E	12
Robie St	Binney	Jubilee	W	13

Curb Renewals

PROJECT/LOCATION	From	To	DISTRICT
Dunbrack St	Lacewood	Lincoln Cross	16
Dunbrack St	Radcliffe	Langbrae	10

Paving Renewals

PROJECT/LOCATION	From	To	DISTRICT
Pine St	Thistle	Ochterloney	5
Lawnsdale Dr	Lyngby	Kingston	5
Mountain Ave	Plymouth	Lakecrest	6
Grimes Ave	Lucien	Stuart Harris	7
Willow St	Agricola	Windsor	12/14
Bayers Rd	Joseph Howe	RAMP BD-B	15
Plateau Cres	Clayton Park	Glenforest	15
Kingfisher Cres	Flamingo	Dipper	16
Chandler Dr	Caudle Park	McGee	20

Resurfacing

PROJECT/LOCATION	From	To	DISTRICT
Trunk 7	Wilfred Jackson	Lake Major	3/4
Dunbrack St	Radcliffe	Langbrae	10
Summer St	Bell	Veterans Memorial	12
Trollope St	Bell	Cogswell	12
Robie St	Garrick	North	12/14
Edward Arab Ave	George Dauphinee	William Hunt	14
Dunbrack St	Lacewood	Lincoln Cross	16
Theakston Ave	Civic 8	West End	18
Prince St	Belleshire	Pinehill	20

*Street Recapitalization also includes Thin Overlays, Surface Sealing, Crack Sealing and Street Planer Patching.

** Please note, Halifax Water is planning a capital water main upgrade on Dunbrack Street from Lacewood Drive to Ross Street in 2012. HRM staff has also identified two blocks of street that require paving upgrades (Dunbrack St - Radcliffe to Langbrae, District 10 and Dunbrack St - Lacewood to Lincoln Cross, district 16) which are located within the Halifax Water scope of work. Both of these street paving sections are on the advanced funded list. In order to take advantage of cost efficiencies it is staff's opinion that one tender combining both the water main and asphalt upgrades would be most beneficial. In this situation given the scope of the water main project Halifax Water will lead the tendering process.

New Paving HRM owned Streets

PROJECT/LOCATION	From	To	DISTRICT	LIC
Travis Court	Blake	End	8	yes
Knights Ridge Rd	Buckingham	Windsor	23	yes
Jefferson Lane	Lakeland	End	2	yes
Gilbert St	Lakeland	End	2	yes