



14/15 Budget Summary

Committee of the Whole

| April 1, 2014



Key Messages

- **Expenditures are under Control**
 - Total Compensation is up 2.6% (net of pension increase) while Non-Compensation is Flat.
 - Debt charges are down, transfers for education, other are up
 - Business Units found \$11m in efficiencies
 - Total of all Expenditures is up 2.5%
 - Staff numbers are down 30 positions (FTEs) except for Transit which is up 22 positions
 - Capital projects being funded are \$143.7m
- **Debt is Falling**
 - Tax Supported Debt is expected to Fall by \$4 million to \$261m
 - Repayment of Principle and Interest is 6.6% of total budget (Provincial guideline is 15%)
- **Surplus Expected for 2013-14**
 - Expected surplus of \$6.5m for the year just ending
- **As a Result of expenditure management, HRM is not taking the lift on Assessment**
 - Residential Tax Rates will drop 1.5%. Overall, almost 90% of homes will see No tax bill increase or (in a few cases) a decline.
 - Commercial Tax Rates will drop 3.8%. Overall, almost 60% of business will see No tax bill increase (35%) or a decline (22%).
- **There is one new fee.**
 - The UARB directed that HRWC bill HRM for storm water management costs related to road infrastructure.
 - HRM implemented a fee of \$39 per property to recover this costs, and HRWC will include that fee on the water bill.



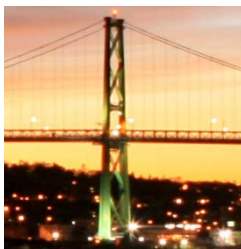
Key deliverables include:

- A focus on planning the future transit network
- A continued focus on state of good repair and improvements to the road network
- Implementation of the Regional Plan Review (RP+5)
- Enhanced public participation in local government
- Reviewing and Implementing accepted recommendations from the Crosswalk Safety Advisory Committee and the Mayor's Roundtable Follow-up Report.
- Enhanced access to recreation and leisure opportunities



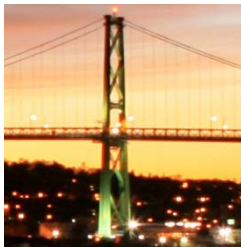
Financial Condition Indicators: Revenue Dimension

Indicator	Score	Threshold
Reliance on Government Transfers (%) (Total government transfers ÷ Total revenue) We do not depend of funding from other levels of Government	1.3	Below 15.0
Uncollected Taxes (%) (Uncollected taxes ÷ Total taxes billed in current fiscal year) We do not have problems collecting taxes	4.1	Below 10.0
3 Year change in Tax Base (%) (Change in uniform assessment over 3 years ÷ Total uniform assessment for 3rd prior year) The Tax base is growing	15.3	Above 8.4
Commercial Property Assessment (%) (Total taxable commercial assessment ÷ Total taxable assessment) We do not have an over-reliance on residential taxes	18.1	Above 15.0
Reliance on Single Business/Institution (%) (Taxable assessment value of the largest business or institution ÷ Uniform assessment) We are not dependent on a single tax payer	1.4	Below 10.0



Financial Condition Indicators: Budget Dimension

Indicator	Score	Threshold
Residential Tax Effort (%) ((Total residential tax revenue ÷ Total dwelling units) ÷ (Median household income)) Residential taxes are affordable	3.1	Below 4.0
Deficits in the Last 5 years (Number of non-consolidated operating deficits in the last five years) We have had two deficits, after year end adjustments, in the past five years. These were not General Tax Rates deficits	2.0	Below 1.0
Budget Expenditure Accuracy (%) (Difference between budgeted and actual expenditures ÷ Budgeted expenditures) Budgets are an accurate projection of expenditures	-5.0	Between -5.0 and 5.0
Liquidity Ratio (Total short term operating assets ÷ Total short term operating liabilities) We have adequate cash flow	1.6	Above 1.0
Operating Reserves (%) (Total operating reserve fund balance ÷ Total operating expenditures) We maintain adequate reserves	5.6	Above 5.0



Financial Condition Indicators: Debt and Capital Dimension

Indicator	Score	Threshold
Debt Servicing Ratio (%) (Principal and interest paid on long term debt ÷ Total own source revenue) A low percentage of revenue is needed to pay off debt.	7.4	Below 15.0
Outstanding Debt (%) (Total outstanding long term debt ÷ Total uniform assessment) Outstanding debt is very low compared to the tax base.	0.7	Below 3.5
Depreciation of Assets (%) (Total net book value of capital assets ÷ Total gross cost of capital assets) Our Infrastructure is not too old	61.4	Above 60.0
5-Year Capital Purchases (%) (Total purchases of capital assets over a 5-year period ÷ Total depreciation accrued over the same 5-year period) Investment in new capital exceeds depreciation, preventing aging infrastructure	174.4	Above 100.0
5-Year Contributions to Capital Reserves (%) (Total contributions to capital reserves over a 5-year period ÷ Total depreciation accrued over the same 5-year period) We are accumulating reserves to address future capital requirements	38.9	Above 10.0



13/14 Surplus

	Period 9	Change	March 13
Prior Year Surplus	4,576.7		4,576.7
HRM Branding Project	(208.0)		(208.0)
Right of Way Waste Water Charge	(2,671.3)		(2,671.3)
Discovery Centre		(2,000.0)	(2,000.0)
Canadian Navy Memorial Trust	(25.0)		(25.0)
Canadian Red Cross	(300.0)		(300.0)
eDelivery		(405.8)	(405.8)
Kyber Grant		(45.0)	(45.0)
YMCA Grant	(140.0)		(140.0)
	1,232.4	(2,450.8)	(1,218.4)
Major Changes			
Vacancy Management	11,786.1	820.0	12,606.1
Deed Transfer Tax	(2,000.0)	(2,500.0)	(4,500.0)
Building Permits	(1,600.0)		(1,600.0)
Parkade Revenue	(600.0)		(600.0)
SOT Revenue	(500.0)	(200.0)	(700.0)
Other	886.3	1,672.2	2,558.5
Surplus as of March 13	9,204.8	(2,658.6)	6,546.2



Changes to Operating Budget

Analysis of Expenditure Budget changes	(millions)
2013-14 Expenditure Budget	\$824.0
Total Increase Compensation & Benefits	11.4
- Additional Positions (OCC) 4.3	
- Compensation increases * 4.1	
- Pension increase 3.0	
Transfer to Other Governments**	9.3
Decrease Prior Year Surplus	4.5
Capital from Operating	0.7
Transfer to Reserves	(0.9)
Decrease Misc. expenses	(1.7)
Decrease Debt Service	(2.4)
2014-15 Expense Budget	\$844.9

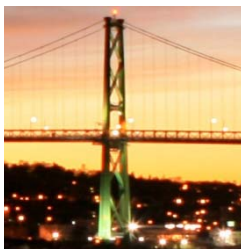
* This represents wage increases less eliminated positions

** Includes HRWC Storm water expense of \$3.9M and estimated mandatory charges



Staffing - Full Time Equivalent

Business Units	Budget	Change	Budget
	2013-14	2014-15	14/15
Chief Administrative Office	80.0	-2.5	77.5
Community and Recreation Services	324.0	2.0	326.0
Finance & Information, Communications and Technology	288.5	-2.5	286.0
Fire & Emergency Services	489.0	-7.0	482.0
Human Resources	54.0	0.0	54.0
Legal Services & Risk Management	32.5	1.5	34.0
Halifax Regional Library	295.7	2.4	298.1
Halifax Regional Police	695.0	-1.0	694.0
RCMP	178.0	0.0	178.0
Planning & Infrastructure	81.0	0.0	81.0
Transportation & Public Works	561.0	-23.0	538.0
General Rated Services	3,078.7	- 30.1	3,048.6
Metro Transit Services	898.5	22.0	920.5
Total:	3,977.2	-8.1	3,969.1



14/15 Expenditures

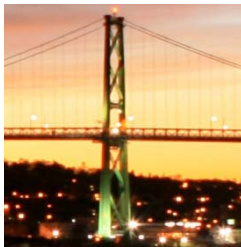
By Type

Source	13/14 Budget	(Increase) / Decrease	Proposed 14/15 Budget	% (Increase) Decrease
Compensation and Benefits	324,756	11,444	336,200	3.52%
Office Expenditures	10,069	1,152	11,220	11.44%
External Services	94,829	1,842	96,671	1.94%
Supplies	3,676	-339	3,337	-9.21%
Materials	4,215	-840	3,375	-19.92%
Building Costs	22,475	999	23,474	4.44%
Equipment & Communications	10,506	-1,110	9,396	-10.56%
Vehicle Expense	26,555	-697	25,857	-2.63%
Other Goods & Services	21,836	-794	21,042	-3.63%
Interdepartmental	-2	-157	-159	
Debt Service	58,388	-2,448	55,940	-4.19%
Other Fiscal	246,690	11,827	258,516	4.79%
Expense Total	823,992	20,879	844,870	2.53%

0.11% Increase

4.5 Prior Year Surplus
5.9 Provincial Transfers
3.9 RoW Storm Water
-2.3 Fire Hydrants

Growth in expenditures below GDP of 3.1% for 2013, projected 4% for 2014



14/15 Expenditures By Business Unit

Business Unit	13/14 Budget	Increase (Decrease)	Proposed 14/15 Budget	% Increase (Decrease)				
Community and Recreational Services	43,332	87	43,419	0.20%				
Fire and Emergency Services	56,615	1,718	58,333	3.03%	\$2.2M Efficiencies from Capital			
Metro Transit	106,204	4,756	110,960	4.48%	Growth			
Transportation and Public Works	143,949	-2,594	141,356	-1.80%				
Halifax Regional Library	22,253	751	23,004	3.38%				
Regional Police	81,473	2,088	83,560	2.56%				
RCMP	23,000	750	23,750	3.26%	From Contract			
Client Services	476,827	7,556	484,382	1.58%				
Office of the Auditor General	851	17	868	2.00%				
Chief Administrative Office	14,222	-95	14,128	-0.67%				
Bids	2,047	0	2,047	0.00%				
Finance and IT	29,140	916	30,056	3.14%	Efficiencies less than Growth (Print services)			
Human Resources	5,800	-215	5,585	-3.71%				
Legal and Risk Management	3,391	25	3,415	0.72%				
Planning and Infrastructure	8,153	-3	8,150	-0.04%				
Internal Services	63,604	644	64,248	1.01%				
Total Operations	540,431	8,200	548,630	1.52%				

Business units found efficiencies of \$11.1 million of off set inflationary pressure



Changes to Business Unit Presentations

- **\$100,000 for Emergency measures (Fire)**
- **\$118,000 for green bins (TPW)**
- **\$155,000 for Zebra stripes (TPW)**
- **\$170,000 for Sidewalk Safety Communications (CAO)**
- **\$180,000 for Diversity and Inclusion**
- **\$300,000 held for Arts Halifax Report**



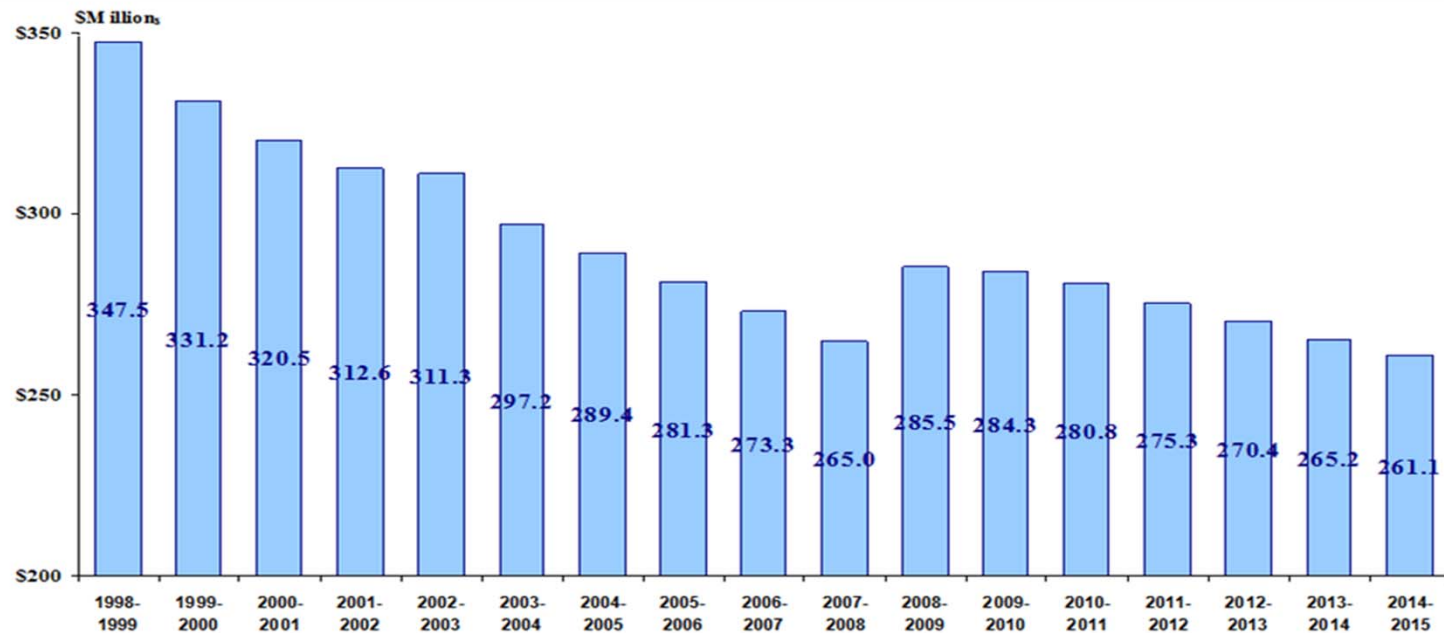
14/15 Expenditures

Financing

Financing Source	13/14 Budget	Proposed 14/15 Budget	Increase (Decrease)	% Increase (Decrease)
Debt Servicing				
--- Principal	36,138	34,766	-1,372	-3.80%
--- Interest	8,570	7,792	-778	-9.08%
Reserves	20,379	18,472	-1,907	-9.36%
Capital From Operations	47,156	47,812	656	1.39%
Total Corporate Financing	112,243	108,842	-3,401	-3.03%



Tax Supported Debt



Note: Estimates as of March 31st, end of fiscal year. Includes Issued, Approved and Work-in-Progress



Transfers to Outside Agencies

Agency	13/14 Budget	Increase / (Decrease)	Proposed 14/15 Budget	% Increase (Decrease)
Mandatory Provincial				
- Metro Housing	2,536	-209	2,327	-8.24%
- Corrections	6,381	-6	6,375	-0.09%
- Mandatory Education	113,965	5,951	119,916	5.22%
- PVSC	6,607	208	6,815	3.15%
- subtotal Mandatory Provincial	129,489	5,944	135,433	4.59%
- Supplimentary Ed	17,880	-568	17,312	-3.18%
HRWC				
- Fire Protection	11,689	-2,303	9,386	-19.70%
- Right of Way Storm Water	0	3,881	3,881	
	11,689	1,578	13,267	13.50%
Economic Development Agencies				
- BIDS	2,047	0	2,047	0.00%
- Greater Halifax Partnership	1,570	33	1,603	2.09%
- Destination Halifax	1,881	0	1,881	0.00%
- World Trade	626	8	634	1.28%
	6,125	41	6,165	0.67%
Total Transfers	165,183	6,995	172,177	4.23%



14/15 Expenditures

Net Transfers

	13/14 Budget	Increase (Decrease)	Proposed 14/15 Budget	% Increase (Decrease)
Total Expenditures	823,488	20,878	844,366	2.54%
Less:				
Provincial Transfers	129,489	5,944	135,433	4.59%
LIC Debt	2,500	29	2,529	1.16%
Private Roads	186	0	186	0.00%
HRWC Debt	11,190	-406	10,784	-3.63%
HRWC Other	11,689	1,578	13,267	13.50%
Economic Development Agencies	6,125	41	6,165	0.67%
Total Municipal Expenditures	662,310	13,692	676,002	2.07%



Capital Budget Overview

Gross Budget (in thousands)	13/14 Budget	14/15 Budget	15/16 Budget	16/17 Budget
State of Good Repair	72,400	85,785	107,045	94,570
Service Improvement	55,061	52,724	60,809	42,869
Growth	18,605	5,185	32,040	19,085
Total	146,066	143,694	199,894	156,524
Funding Status		Balanced	\$17.2M Planning gap	Balanced



State of Good Repair

\$81.2M in 2014/15

Includes:

- Streets & Roads \$24.5M
- Trunk Mobile Radios \$6.6M
- Ferry Replacement \$6M
- Conventional Bus Replacement \$4.47M
- Bridges \$2.8M
- Facility Maintenance /MDF Upgrades \$5.5M
- Sidewalk Renewals \$2.5M



Service Improvements

\$52.6M in 2014/15

Includes:

Steady increase in service improvements

- Metro Transit \$20M
- North Park Roundabouts \$9.2M (2 Years)
- New Sidewalks \$2.5M

Business tools

- \$12M of \$19M towards technology (ie. AVL, Business Intelligence)



Growth

\$5.2M in 2014/15

Includes:

- Industrial Park Development \$3.7M
- Land Acquisition \$1.5M
 - Parkland & Road Corridor



Project Budget Update

Update to Reflect Council Motions

- \$140,000 Increase for Accessibility upgrades at HRM Facilities (COW, Feb. 12)
- 5 yr., \$50 million Downtown Improvement Campaign (RC, Feb. 11)
 - One third HRM, cost for 14/15 is \$3.4 million
- \$1 million increase for Street Recapitalization (COW, Feb. 26)

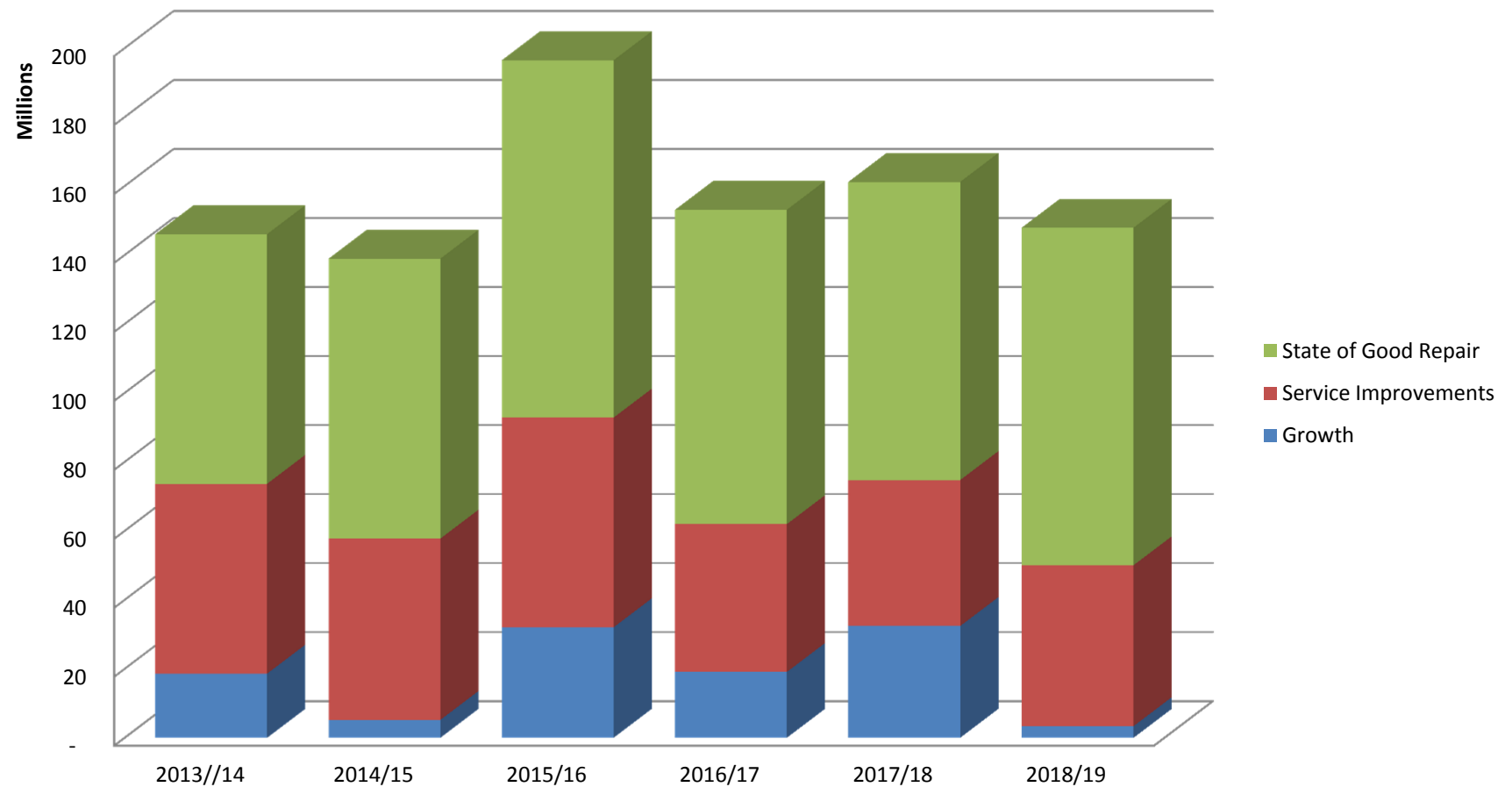
Other Adjustments to Work Sheets

- \$200,000 for Demolition of Beazley Field Grandstand
- \$85,000 Leasehold Improvement funding for Corporate Records Renovation
- Adjust Work Plan for Skating Oval Upgrade to include carry over: no increase to 14/15 Budget
- \$500,000 for renovations to the main level of Alderney Gate: Funded from reserve, no increase in the 14/15 Budget.



Capital Budget Overview

Proposed Budget by Type





Need Funding Strategy for Large Projects

- **Prioritize, delay or choose not to do some projects**
- **Use revenue from potential sale of surplus municipal properties**
- **Increase property taxes**
 - Longer term solution – capital from operating & reserves
 - For example: \$4m/year is a 1 cent increase in tax rate
 - Immediate solution – increase debt
 - For example: \$35m borrowing increases tax rate 1 cent per year



Own Source revenues – Non-Tax

Source	13/14 Budget	(Increase) / Decrease	Proposed 14/15 Budget	% (Increase) Decrease
Interest				
Taxes	-4,500	-50	-4,550	1.11%
Other	-110	40	-70	-36.36%
Investment	-2,000	-100	-2,100	5.00%
- subtotal Interest	-6,610	-110	-6,720	1.66%
Fees				
Parking Meters	-2,800	50	-2,750	-1.79%
Metro Park (net)	0	-1,001	-1,001	
- subtotal Fees	-2,800	-951	-3,751	33.97%
HRWC Dividend	-4,200	-379	-4,579	9.02%
Total Own Source Revenue	-13,610	-1,440	-15,050	10.58%



Proposed Downtown Reserve

- Due to the debt being paid off, Metro Park will have a surplus of \$1,001,000 next fiscal
- Rather than flow this to general revenues, staff propose that it flow to the Downtown reserve.
- This reserve would be targeted to fund initiatives from the pending “Parking Strategy” and “Downtown I’m In”



Tax Revenues

Source	13/14 Budget	(Increase) / Decrease	Proposed 14/15 Budget	% (Increase) Decrease			
Property Tax							
Residential	-205,399	-6,478	-211,877	3.15%	1339 New Homes		
Commercial	-165,258	-9,087	-174,345	5.50%	Construction and Imperial		
- subtotal Property Tax	-370,657	-15,565	-386,222	4.20%			
Transit Tax							
Local	-25,012	-1,246	-26,258	4.98%			
Regional	-15,898	-574	-16,472	3.61%			
Commercial	-31,930	-1,400	-33,330	4.38%			
- subtotal Transit	-72,840	-3,220	-76,060	4.42%			
Tax Agreements	-7,806	2,954	-4,852	-37.84%	Imperial Oil		
Grants-In-Lieu	-34,749	-1,429	-36,178	4.11%			
Deed Transfer	-39,000	3,000	-36,000	-7.69%			
Total Tax Revenue	-525,052	-14,260	-539,312	2.72%			

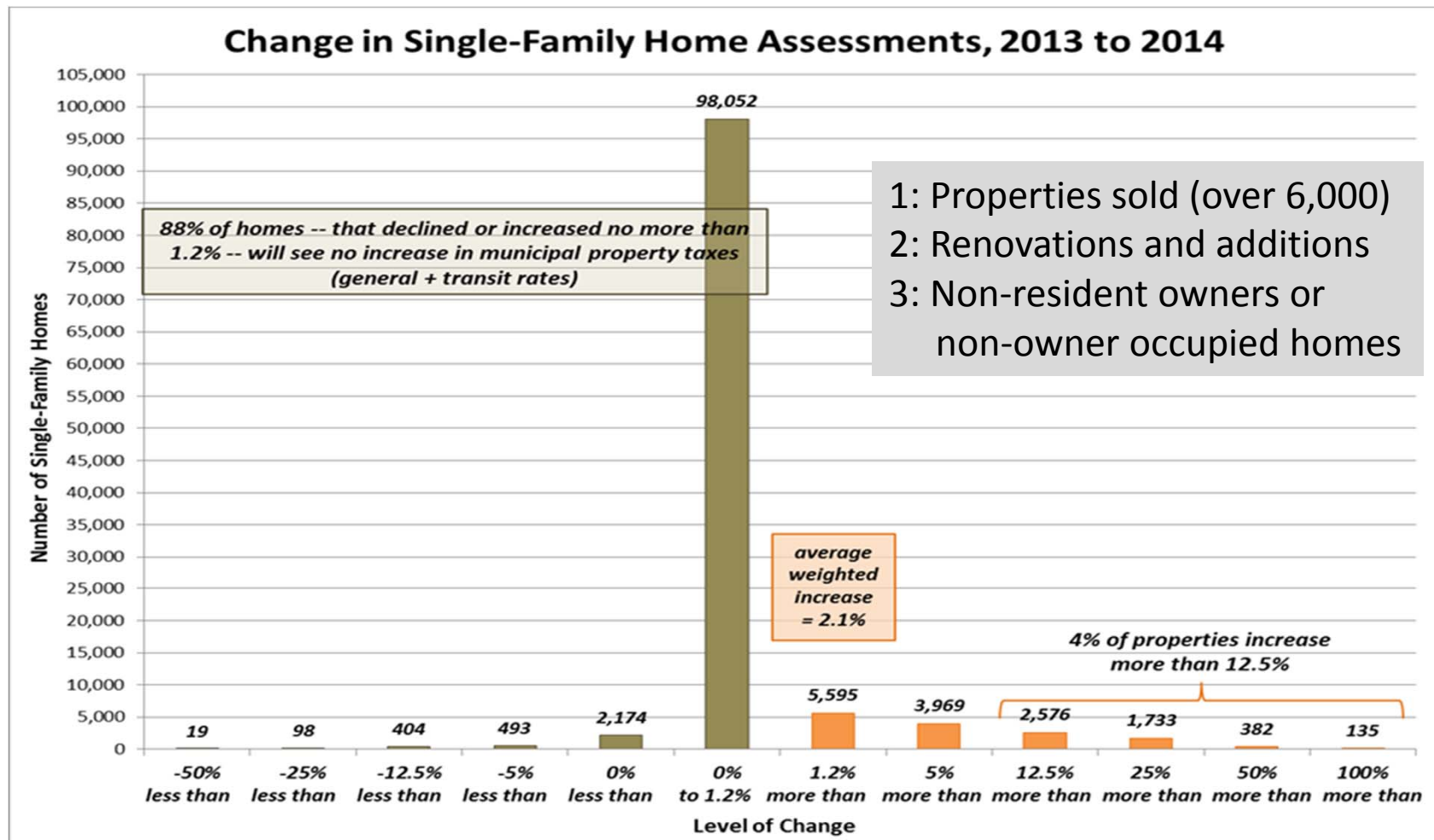


Tax Rates

- **Residential**
 - Tax rates drops 1 cent or 1.5%
 - 87.6% of homes see no increase in taxes
 - Residential Tax Revenue is 1.47% of Personal Income
- **Commercial**
 - Tax rate drops 11.5 cents or 3.8%
 - 57% of commercial properties see no increase in taxes
 - Commercial Tax Revenue is 0.99% of GDP

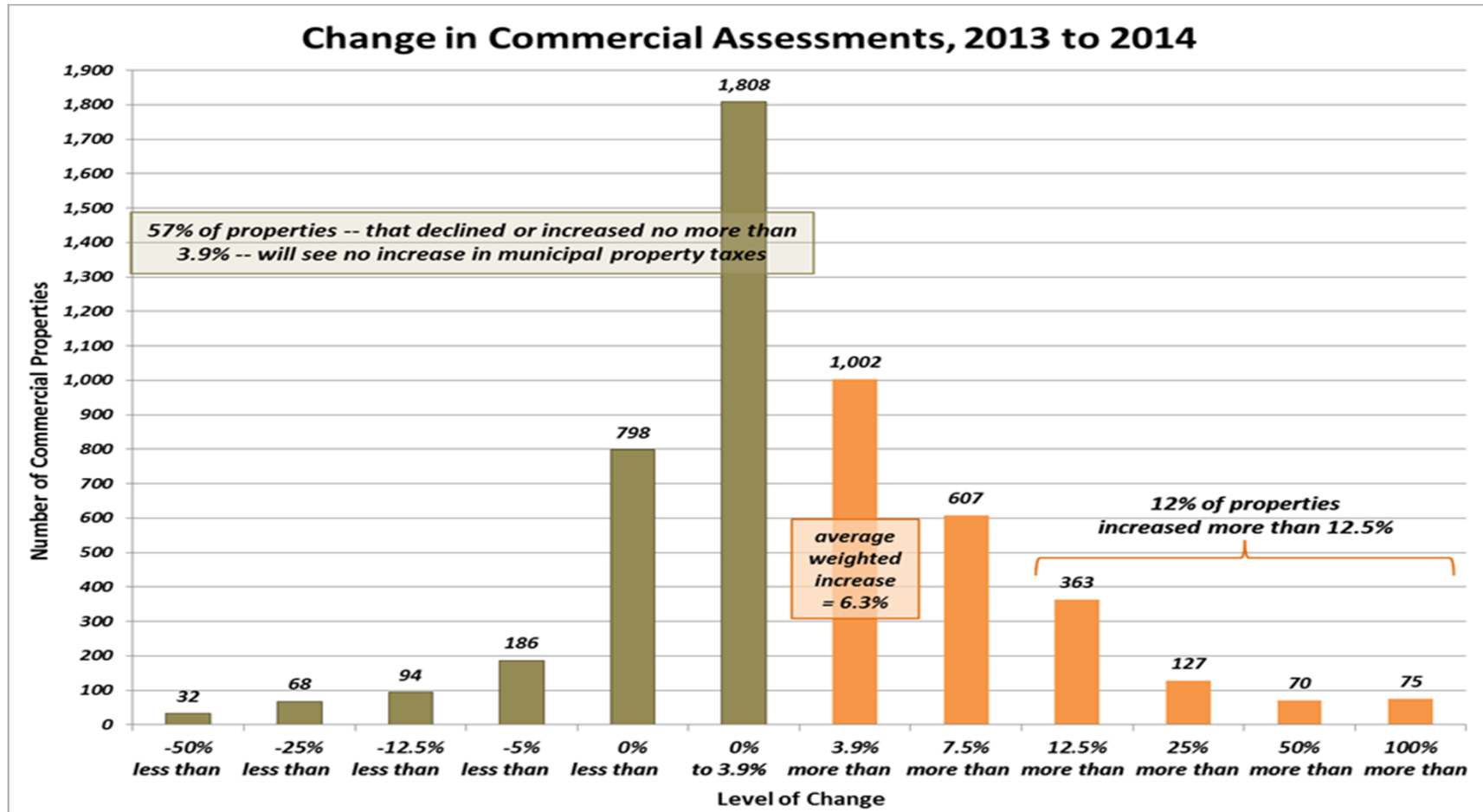


Change in Residential Taxes





Change in Commercial Taxes





Proposed Tax Rates for 2014-15

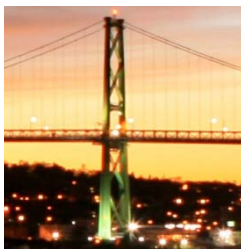
	Residential	Commercial
General Tax Rates		
Urban	0.658	2.939
Suburban	0.625	2.939
Rural	0.619	2.590
Transit Tax Rates		
Local Transit Tax	0.105	na
Regional Transportation Tax	0.051	na
Other		
Fire Protection	0.020	0.056
Supplementary Education	0.033	0.093

Note: Provincial Area Rates and other area rates are not final.



Review of Recreation Area Rates

- **Major inconsistencies in the way rec facilities are funded, with a number of possible tax solutions.**
- **At upcoming CoW, Staff will recommend that staff return with a plan for rec area rates, consistent with Council direction on Community Facility Master Plan and MDF review**
- **Staff will also recommend a freeze on new recreation area rates**



Summary of Key Trends

Residential	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	211,666,656	231,243,000	233,612,266	247,692,000	255,997,000
Single Family Home Assessment	183,600	192,700	203,500	211,200	216,800
Single Family Home Tax	1,749	1,823	1,825	1,867	1,880
General Urban Rate	0.7088	0.7088	0.6610	0.6680	0.6580
Per Capita Income	\$36,215	\$37,588	\$38,982	\$40,034	\$41,181
Assessment Cap	0.0%	2.9%	3.9%	1.4%	0.9%
Residential Revenue/Income	1.45%	1.50%	1.45%	1.48%	1.47%

Commercial*	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	183,053,000	194,645,000	196,041,000	200,796,000	207,975,000
Average Commercial Assessment	1,112,700	1,183,000	1,253,100	1,292,600	1,375,800
Average Commercial Tax	38,744	41,192	41,240	41,790	42,471
General Commercial Rate	3.257	3.214	3.084	3.054	2.939
GDP Growth	5.1%	4.8%	2.7%	3.1%	4.0%
Commercial Revenue/GDP	1.01%	1.02%	1.00%	0.99%	0.99%
Commercial Revenue as a % of Total	40.3%	39.9%	39.5%	38.7%	38.4%

Other	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Inflation - CPI Halifax	2.0%	3.5%	1.7%	1.1%	1.2%
Tax Supported Debt (\$000)	280,802	275,300	270,400	265,200	261,100
Debt per Household	1,566	1,519	1,473	1,422	1,379
Capital from Operating (\$000)	35,364	40,354	42,766	47,156	47,312

* Previous fiscal years re-stated to include Imperial Oil Tax Agreement in commercial revenues.



Summary

- **Financial position healthy**
 - Debt continues to decline
 - State of Good Repair is well funded
 - Taxation growth below changes in GDP, Income
 - Efficiencies found within existing budgets but must shift focus to changing the way we deliver services
- **Continued pressure on operating budget**
 - Operating Cost of Capital, Reserves, Capital from Operating
- **Ivany Report stresses risks to Province**
 - Need to review overall strategy to ensure we are sustainable in the long run



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Questions and Discussion

Budget Summary

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