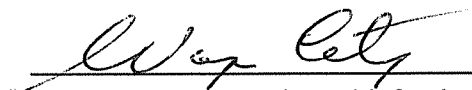



Halifax Regional Council
June 27, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Wayne Anstey, Acting Chief Administrative Officer


Geri Kaiser, Deputy Chief Administrative Officer

DATE: June 27, 2006

SUBJECT: 2006/07 Budget Parking Lot Items

ORIGIN

- May 2, 2006 , and May 30, 2006 tabling of the Proposed Capital and Operating Budgets

RECOMMENDATION

It is recommended that :

1. Council approve the strategy presented in the Discussion section of this report to address Parking Lot items.
2. Council approve the changes to the Operating, Reserve, and Capital budgets, as outlined in the Budget section of this report.
3. Council support the development of an HRM Building Recapitalization Program for 2007/08 and consider it as a Council Focus Area in development of the 2007/08 budget.

BACKGROUND

HRM Council debated the proposed 2006/07 Operating, Capital and Reserve budgets from June 14, 2006 to June 20, 2006. During the course of debate Council passed motions to add an additional \$1,426,630 in projects/initiatives for funding within the 2006/07 budget. Staff within responsible business units have been asked to respond with their advice on whether the initiatives should be approved and funded during 2006/07. Additionally, business units have been asked to advise of any possible funding re-allocation/re-prioritization within their budgets or alternative means of accommodating Council's requests.

DISCUSSION

The tables below outline the parking lot items, the response from staff, and proposed budget implications.

CAPITAL		
Parking Lot Item	Recommendation	Budget Implication
\$510,000 Fire Code and Occupational Health and Safety issues in Rural Fire Stations.	It is recommended these issues be funded and addressed immediately, with TPW taking the lead and funding through a combination of reserve and re-allocation within the Capital budget via the CB300627 Penhorn Fire Station. Construction of the Penhorn Fire Station is not planned until 2007/08; and the project is currently not fully funded. Staff are working on a detailed design and costing. The \$255,000 will be replenished as part of the 2007/08 budget process.	TPW capital account CB300838 Fire Services Station Upgrades would be increased by \$510,000 for Rural Fire building deficiencies with funding of \$255,000 from Q103 Capital Surplus, and funding of \$255,000 re-allocated from Fire Services Capital Account CB300627 Penhorn Fire Station.

<p>\$350,000 Halifax Public Library to address facility issues.</p>	<p>It is recommended that this be considered in conjunction with establishment of a corporate Building Recapitalization Program. TPW will take the lead in prioritizing and addressing building deficiencies; with those of rural fire being first for action. TPW will assign one person responsibility to work with Fire, CCED, the Library and Finance to develop a long term strategy around building assessments, prioritization, funding, and rationalization of HRM owned buildings.</p>	<p>None at this time.</p>
<p>\$125,000 Facility modifications/retrofits for Captain William Spry</p>	<p>It is recommended the report presented to Community Council on this matter come to Regional Council along with an overview of the pros and cons of this project. Analysis is required to identify lost revenues which would result and how lost revenues would be covered off. Pending Council approval, this initiative could be reserve funded. Some of the leases for existing tenants expire this fiscal year, so the matter should be looked at within the next three months.</p>	<p>Increase the transfers to reserves by \$125,000 from Fiscal Services (prior year surplus/deficit) to increase the available balance in the Service Improvement Reserve. Pending further analysis and Council approval, this project could be reserve funded through SIR as it would represent a significant improvement in recreation services/community development for the Spryfield/Harrietsfield area.</p>
<p>\$65,000 to Civic Addressing/Community Signage to complete within 2 years</p>	<p>It is recommended this initiative be funded to enable completion of the Community Signage program within 2 years.</p>	<p>Increase the capital account CDG00302 Community Signage by \$65,000, with funding from Fiscal Services Prior Year Surplus/Deficit.</p>

\$55,000 Re-Paving of the Halifax Forum parking lot and purchase of wire mats.	It is recommended that this should be done, and should be funded within existing TPW capital appropriations.	None at this time.
\$100,000 net cost of paving Buckingham Road with the other ½ funded by area rate.	It not recommended to do this, in deference to the fact that other Councillors had streets to put forward in similar circumstances. It is recommended all paving projects go through the normal process, and this will be considered for the 2007/08 budget with priority based on need, public safety, funding availability.	None at this time.
\$25,000 Playground at John MacNeil Elementary School (\$75 k project with 1/3 requested from Province, 1/3 coming from Community, and 1/3 requested from HRM)	If there is cost sharing confirmed from the Province, this would move the project up the existing priority list. In the event cost sharing is not confirmed, it is not recommended to do this, in deference to the fact that there are other Councillors with playground projects who did not bring them forward during budget debate and are letting them go through the normal process.	None at this time.
\$75,000 Phase 1 Design of ice rink for Prospect (funds to be matched by an area rate)	It is recommended staff consider this request in the context of existing arena capacity and facilities studies to assess need, and bring a report to Council. Pending confirmation of need, prioritization in the context of other municipal recreation needs, and approval by Council, this could be considered in a future fiscal year.	None at this time.

OPERATING		
\$6,630 Halifax Public Libraries to fund "Word on the Street".	This represents 0.05% of the Library's \$12,554,317 Operating Budget. It is recommended that the business unit re-allocate within their existing budget to fund this initiative. Initially, the Library staff had conveyed that \$2,000 is the amount required to enable this program to go forward. Council had proposed re-allocating funds from a capital project CID00710 Corporate Records Management. This could result in HRM debt financing what is a very small Operating expenditure.	None at this time.
\$115,000 Additional admin support for Councillors at \$5,000 per district.	This is not recommended because Councillor Support Office will be undertaking a review of the existing support structure to identify potential opportunities for enhancing Council support. In addition, technological or process changes to better enable information management for the Councillors will be explored.	None at this time.

Priorities and Choices

The 2006/07 budget was developed around the Focus Areas established by Council. The \$4 million in new services focus mainly on public safety, youth, community development, and Regional Plan implementation. Elimination of some of these proposed services were considered as an alternative to fund some of the parking lot items; however this option is not recommended as the new services all directly relate to Council Focus Areas, and are important to improving public safety, responsible growth and community development. Throughout development and presentation of the 2006/07 budget, another priority area emerged which Executive Management acknowledges must be addressed. Fire Services, Transportation Public Works, Community Culture Economic

Development, and Halifax Public Libraries all raised concerns about funding for building repairs, improvements, and and new construction. Executive Management has directed staff to develop a Corporate Building Recapitalization Program to develop a long term strategy around building assessments, prioritization, funding, and rationalization of HRM owned buildings. It is hoped HRM Council will recognize this as a focus area for 2007/08.

HRM owns 2.5 million square feet of building space, with an estimated replacement value of \$500 million dollars. Industry standards/best practices suggest that 1 - 3% of the replacement value should be spent on re-capitalization annually. In HRM's case, staff feel that \$6 - \$7 million annually may be sufficient.

Temporary Fire Station Closures

Senior Management recognizes that some Councillors have expressed concern about potential Fire station closures as a result of budget reductions which were allocated by Fire Services to overtime. There are \$701 k of corporate reductions showing under Fire on page K3 of the budget book, however the Fire operating budget has increased by \$3 m over last year's budget and actuals. The only department that had a higher percentage increase was Police.

The Executive Management Team will direct Fire Services to work within their Operating budget envelope to appropriately manage their resources to minimize station closures and maintain service standards. Fire Services will be taking all necessary steps to ensure coverage is provided by surrounding stations. Finance is committed to working with Fire Services to review adequacy of their operating budget and the possibility of reallocation within their envelope to prevent any station closures motivated by financial objectives, versus service requirements. Some possible options have been noted for exploration.

BUDGET IMPLICATIONS

The current 2005/06 operating surplus is \$279,411 (subject to confirmation by external auditors).

The proposed budget for 2006/07 will change as follows:

Operating: Transfers from fiscal to reserve will increase by \$125,000 (SIR)
Capital from Operating will increase by \$65,000 (Community Signage)
Net increase to Operating Budget - \$0

Reserves: Contributions to Q310 Service Improvement Reserve will increase by \$125,000
Reserve withdrawals from Q103 Capital Surplus will increase by \$255,000
Net increase in Reserve Budget withdrawals - \$40,589

Capital: Capital account CDG00302 Community Signage will increase by \$65,000
Capital account CB300838 Fire Services Station Upgrades will increase by \$510,000
Capital account CB300627 Penhorn Fire Station will decrease by \$255,000
Capital from Operating will increase by \$65,000 (Community Signage)
Transfers from Reserves will increase by \$255,000
Net increase in Capital Budget - \$0

These changes will result in the 2005/06 operating surplus being reduced to \$89,411. It is proposed that this amount be transferred to the Q103 Capital Surplus Account.

The Transportation Public Works capital account CB300838 Fire Services Station Upgrades will be increased by \$510,000 for Rural Fire building deficiencies with funding of \$255,000 from Q103 Capital Surplus, and funding of \$255,000 re-allocated from Fire Services Capital Account CB300627 Penhorn Fire Station. Construction of the Penhorn Fire Station is not planned until 2007/08; and the project is currently not fully funded. Staff are working on a strategy for the remaining required funds for this project, and the \$255,000 will be replenished as part of the 2007/08 budget process.

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


- Alternative 1 - Council approve changing the proposed tax decrease from 5.1% to 4.6%. This would yield approximately \$2 million in additional revenue; and Council could approve the creation of a new capital account within Transportation Public Works for a Building Recapitalization Program, with 2006/7 funding of \$2 million dollars with the Rural Fire issues (\$510,000) and Library issues (\$350,000) being addressed, and the balance to be prioritized and allocated to the needs of other HRM owned facilities. Treatment of all other parking lot items would be as recommended in the body of the report, and unchanged from the recommended option.
- Alternative 2 - HRM Council could elect to fund any/or all of the Parking Lot items from reallocation within the Proposed Capital Budget, or from reduction in new services proposed for 2006/07. This is not recommended, because further re-allocation within the proposed Capital and Operating budgets would eliminate other projects and new services in areas where Council has deemed a priority.
- Alternative 3 - HRM Council could elect to approve the proposed budget as presented. This is not the recommended option as it would not address the safety concerns raised with respect to Rural Fire facilities.

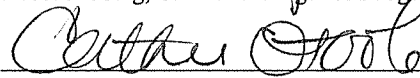
ATTACHMENTS

None

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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