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Halifax, Nova Scotia
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Item No.
Audit & Finance Standing Committee
February 13, 2013

TO: Chair and Members of Audit & Finance Standing Committee
Original Signed

SUBMITTED BY: _____
Ken Reashor, P.Eng., Director, Transportation and Public Works

DATE: January 30, 2013

SUBJECT: 2013/14 Preliminary Budget Presentation

ORIGIN

At the December 4, 2012 Committee of the Whole, Regional Council directed staff to present the 2013/14 draft Budget and Business Plans to the Audit and Finance Committee for review and discussion prior to consideration by Regional Council.

RECOMMENDATION

It is recommended that the Audit and Finance Committee direct staff to proceed to prepare the Transportation & Public Works Budget and Business Plan as proposed in the accompanying presentation, incorporating additional direction provided through the committee discussion on Transportation & Public Works for inclusion in the proposed HRM 2013/14 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2013/14 Proposed Budget, the Audit and Finance Committee is reviewing each Business Unit's high level budget and proposed plans in advance of detailed Budget and Business Plan preparation.

At the December 4, 2012 Committee of the Whole Regional Council considered their Strategic Priority Outcomes and directed staff to: *"present the 2013/14 draft Budget and Business Plans to the Audit and Finance Committee for review and discussion prior to consideration by Regional Council following the priority outcomes described in Attachment "A" having regard to the changes and additional priorities raised by Council during the course of discussion in Committee of the Whole."*

DISCUSSION

Staff has prepared a draft Business Unit Budget and Business Plan presentation consistent with the fiscal direction received from the Audit and Finance Committee on December 19, 2012 and aligned with the Council Priorities discussed at the December 4th Committee of the Whole.

Following direction from the Audit and Finance Committee, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2013/14 Budget and Business Plan documents to be presented to Audit and Finance Committee as per the process and schedule endorsed by Regional Council on December 4, 2012.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2013/14. There are no immediate financial implications from these recommendations. The broader financial implications will be discussed and debated as the budget is developed in more detail.

COMMUNITY ENGAGEMENT

None are associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Audit and Finance Standing committee can choose to amend the Budget and Business Plan as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget and Business Plan for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

Presentation

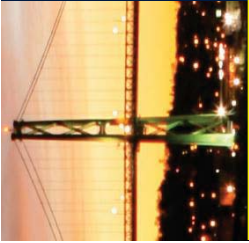
A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Beate Hartlen, Coordinator, Transportation & Public Works

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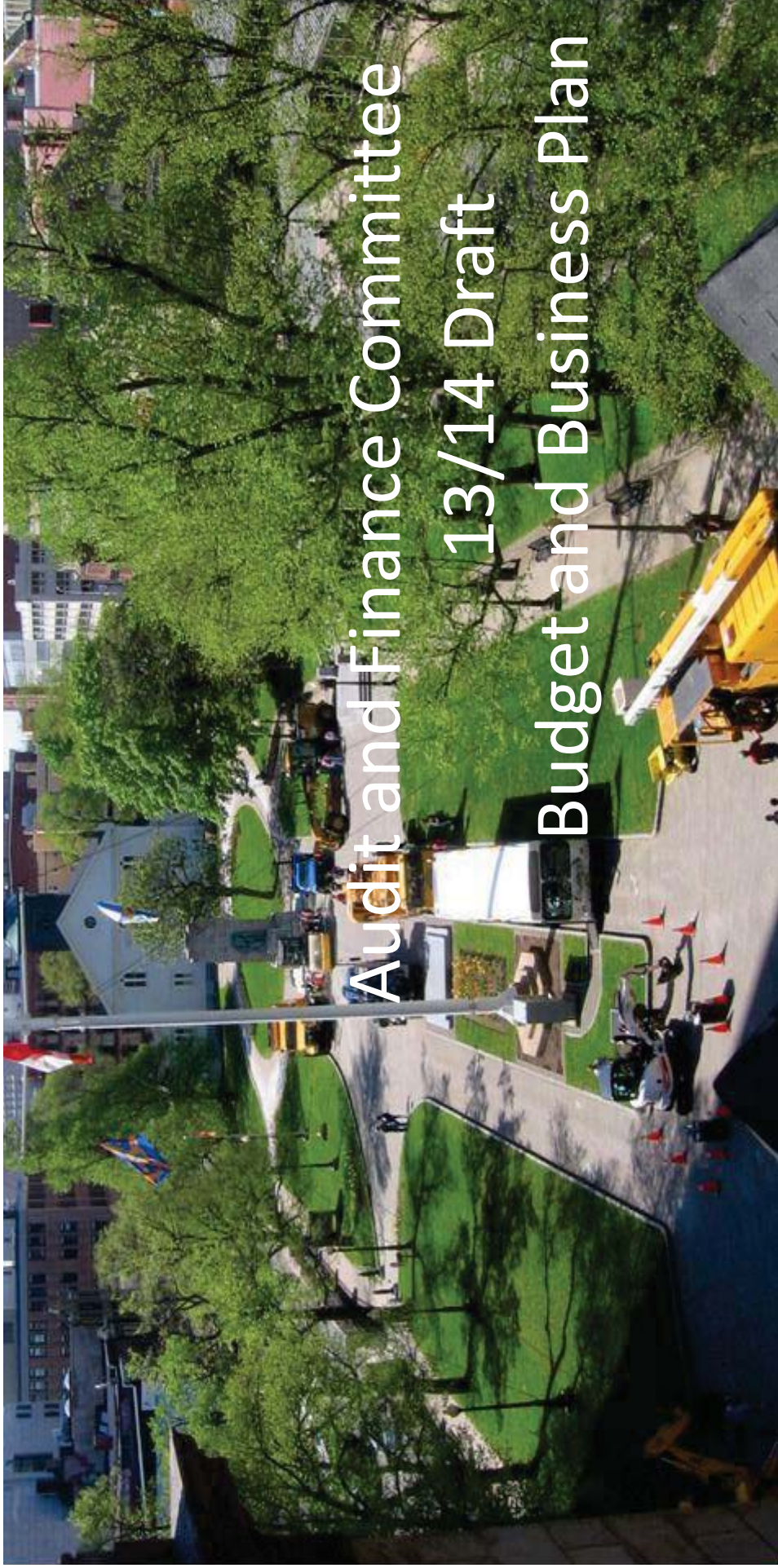
Financial Approval by:

Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308



Budget Schedule

Milestone	Audit and Finance Committee Meeting
Revenue Targets	December 19
Debt & Reserve and Project Budget	January 16
Transit	January 30
TPW	February 13
P&I, Library, FICT, CAO, Legal, HR	February 27
March Break	March 11 - 15
CRS, Fire, Police (HRP/RCMP)	March 20
Return if required	April 3
Consolidated Entities and Fiscal	April 17
Full Review of Budget	April 24
Table at Regional Council April 30	

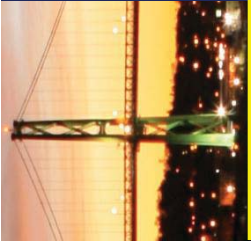


Audit and Finance Committee 13/14 Draft Budget and Business Plan

Transportation & Public Works |

February 13, 2013



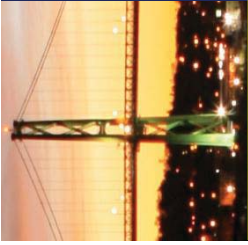


Transportation & Public Works

Business Unit Overview

To deliver public works services and systems that meets the needs and expectations of our communities and citizens

TPW has 561 FTE's employees working out of 15 different locations. 94 Seasonal and Students are hired each year.



Business Unit Overview

Asset Owner/Manager/Steward

- 270 traffic signals, 40,500 streetlights
- 9,000 signs
- 1,789 km of roads, 2,100 km of curbs, 895 km of sidewalks, 60 km of gravel roads and 85 bridges
- 2 land fill sites

Manager/Steward

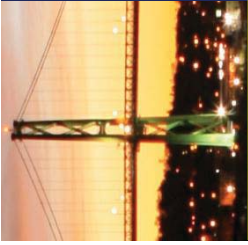
- 1,500 vehicles for Municipal Fleet, Police, Fire and Metro Transit

Asset Steward

- 825 park properties, 325 playgrounds, 174 ball diamonds, 130 sport fields, and 230 Sport courts
- Approximately 221 of 350 buildings supporting centralized service deliveries. The remaining buildings are maintained by Boards and Commissions.

Services

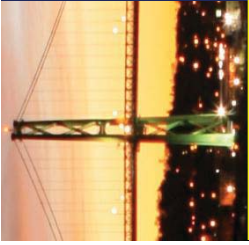
- Collection of recyclables, organics and refuse at approx. 139,000 eligible properties
- Contract management for operation and maintenance of 5 solid waste processing facilities and 2 land fill sites.



Budget Recommendation

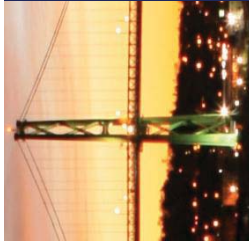
In this budget recommendation you will see:

- **Flat expenditures driven by efficiencies**
- **Emphasis on State of Good Repair**
 - 97% of D&C projects tendered this fiscal
 - Additional \$500K for Sidewalks, \$200K for Bridge Recap, \$500K for Guide rails, \$300K for Road Shouldering, \$300K for Micro Surfacing and \$100K for Pot Holes.
 - SDI has stabilized at 7.4 based on the funding levels in 2012 (\$18.5M new funding and approximately \$4M from other sources).
 - Approximately 93 km of roads and streets upgraded in 2012
 - Approximately 4.5 km of sidewalk renewal in 2012
- **Absorption of additional assets**
 - 63 buildings acquired from CRS and Fire = increase of 483,564 sq. ft (20% increase in Sq Footage)
 - 25 Community Operated Facilities = 254,564 sq.ft
 - 38 Rural Fire Stations = 229,000 sq. ft
 - 38.74 lane km of Asphalt Streets, 10.5 km of Concrete Sidewalks, 16.11 km Concrete Curb and Gutter, 19.96 km Gravel Roads, 23,866 sq m Grass mowing



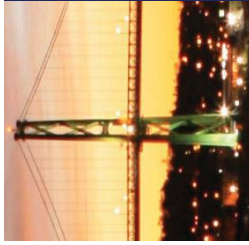
13/14 Priority Initiatives

Council Priority	TPW Priority Initiative	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost
Economic Development - Parking	Implement recommendations from the Parking Strategy to provide adequate supply of parking to support the needs of business and residents P&I Lead	Support		
Healthy Communities – Environment and Sustainability	Complete street light inventory. Support business case and implementation plan for the deployment of LED street lighting. P&I Lead	Support		
	LED Conversion of HRM Streetlights (CT000005)	7.3M	3.31M	3.31M
Transportation – Road Network Expansion/Optimization	Intersection Improvements (CTU01086)	1.8M	700K	2.9M
	North Park Corridor Improvements (CT000001)	200K	1M	1M
	Traffic Signal Installation (CTU01085)	600K	600K	6750K
	Traffic Signal System Integration (CT1400001)	1.2M	1M	



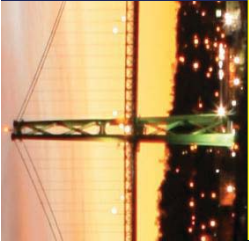
13/14 Priority Initiatives

Council Priority	TPW Priority Initiative	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost
Financial Stewardship- State of Good repair	Complete asset inventories (Parks and Sports fields)	Effort		
Financial Stewardship – Asset Management	Provide operational subject matter experts to Effort the – Asset Management project team P&I Lead			
Excellent In Service Delivery – Continuous Improvement	Participate/support in the ICT implementation of the following projects: ICT Lead EAM - CID00631 AVL - CID01292 Business Intelligence/Enterprise Decision Support - CI990001	Support Capital Funds 1.07M 750K 590K	1.07M	495K 230K
Excellent In Service Delivery – Performance Measures	Refine KPI information and identifying available data	Effort		
Governance & Communication – Public Communication	Continue to work with Corporate Communications to educate public on service standards, service levels and winter parking ban	Effort		



13/14 Priority Initiatives

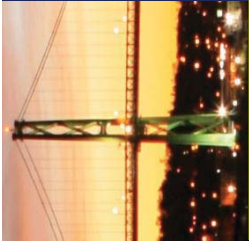
Council Priority	TPW Priority Initiative	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost
Healthy Communities – Environment and Sustainability	Operationalize Urban Forestry Master Plan CP990001	650K	650K	650K
Healthy Communities – Recreation	Facility Maintenance ** Footprint expanded by 500,000 Sq ft	Operating, OCC and Capital		
State of good Repair	CBX990001 – Facility Maintenance HRM Managed	500K	2M	2M
	CBX01343 – Facility Maintenance – Community Managed	310K	750K	750K
Economic Development – Regional Centre	Additional maintenance of infrastructure in the BIDS (i.e. light standards) P&I Lead	Support		
	CDX01182 – Downtown Streetscapes CDV00734 – Streetscaping in centre hubs/corridors	2.285M 1M	3.225M 1M	2.74M 1M



13/14 New or Expanded Services

These items are not reflected in current envelop and would require additional funding:

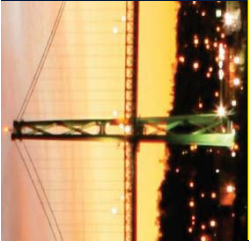
Priority Alignment	New or Expanded Service	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost
Healthy Communities – Environment and Sustainability	Operationalize Urban Forestry Master Plan Operating Costs: - proactive cyclic pruning program - \$650,000 - Establish more canopy in park areas \$75,000 - Support citizen-led urban forest stewardship \$50,000 - Urban forest research projects \$32,500	807.5K – operating (Not currently funded)	807.5K - operating	807.5K - operating
Transportation - AT	Sidewalk snow clearing for all HRM sidewalks - General urban vs. area rate	2.3M	2.3M	2.3M
State of Good repair	Identify additional assets and unit costs to appropriately fund assets acquired through development (Budget amount based on 2011 accepted infrastructure)		275K	275K



13/14 New or Expanded Services

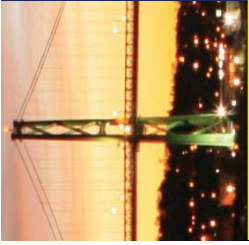
These items are not reflected in current envelope and would require additional funding:

Council Priority	New or Expanded Service	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost
Economic Development – Regional Centre	Replacing concrete slabs in the BIDS rather than asphalt patching	4.5M*		
	Review pedestrian safety action plan	TBD	TBD	TBD
	New sidewalks in the general tax rate FIT - Lead	Support		



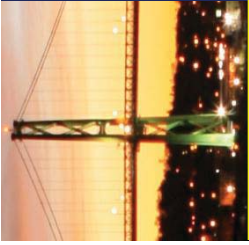
12/13 Operating Budget Overview

Cost Element Groups	2010-11	2011-12	2012-13	2012-13
	Budget	Budget	Budget	Q3 Projection
Expenditures				
* Compensation and Benefits	38,644,067	39,726,305	38,590,800	36,127,423
* Office	614,074	722,858	669,500	644,610
* External Services	50,863,537	54,139,509	59,125,600	61,893,401
* Supplies	762,512	790,605	755,500	829,814
* Materials	3,291,385	3,368,357	4,336,600	3,546,792
* Building Costs	14,034,795	15,142,601	17,554,160	17,593,453
* Equipment & Communications	3,590,474	3,793,428	3,826,900	3,839,890
* Vehicle Expense	4,242,144	4,626,020	5,924,800	5,748,514
* Other Goods & Services	2,547,601	2,143,028	3,224,000	4,302,429
* Interdepartmental	(7,548,847)	(7,896,556)	(1,969,000)	(2,488,771)
* Debt Service	3,480,300	3,271,600	3,176,400	3,207,400
* Other Fiscal	3,052,276	3,476,905	3,160,540	2,201,696
** Total	117,574,318	123,304,660	138,366,800	137,446,651
Revenues	Budget	Budget	Budget	
* Area Rate Revenue	(2,696,800)	(2,846,188)	(2,677,000)	(2,677,000)
* Transfers from other Gov'ts	(3,019,636)	(2,936,746)	(3,281,900)	(3,233,900)
* Fee Revenues	(14,989,209)	(14,942,186)	(15,257,400)	(15,354,687)
* Other Revenue	(1,438,700)	(1,633,600)	(1,738,400)	(2,012,841)
* Interdepartmental Revenue	(84,100)			
** Total	(22,228,445)	(22,358,738)	(22,954,700)	(23,278,419)
Net Surplus/Deficit	95,345,873	100,945,922	115,412,100	114,168,233



Service Area Budget Overview

Net TPW Expenses by Service Area	10/11 Budget	11/12 Budget	12/13 Budget	Q3 Projection
Director/Admin	1,219,119	949,847	632,300	3,105,686
Corporate Fleet Services	422,985	579,346	11,371,300	10,850,659
Design & Construction	4,158,569	4,139,592	3,823,500	3,423,883
Facilities Management	13,832,798	16,212,512	19,536,200	18,974,168
Municipal Operations	34,505,938	35,592,202	38,100,600	36,275682
Solid Waste Resources	30,377,399	32,916,609	31,422,000	31,366,257
Traffic & Right of Way	10,829,065	10,555,814	10,526,200	10,171,897
TPW Net Expenses	95,345,873	100,945,922	115,412,100	114,168,232

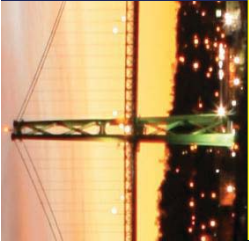


Year to Year Base Comparison

12/13 Services at 13/14 Costs including Inflation, Contracts, etc.

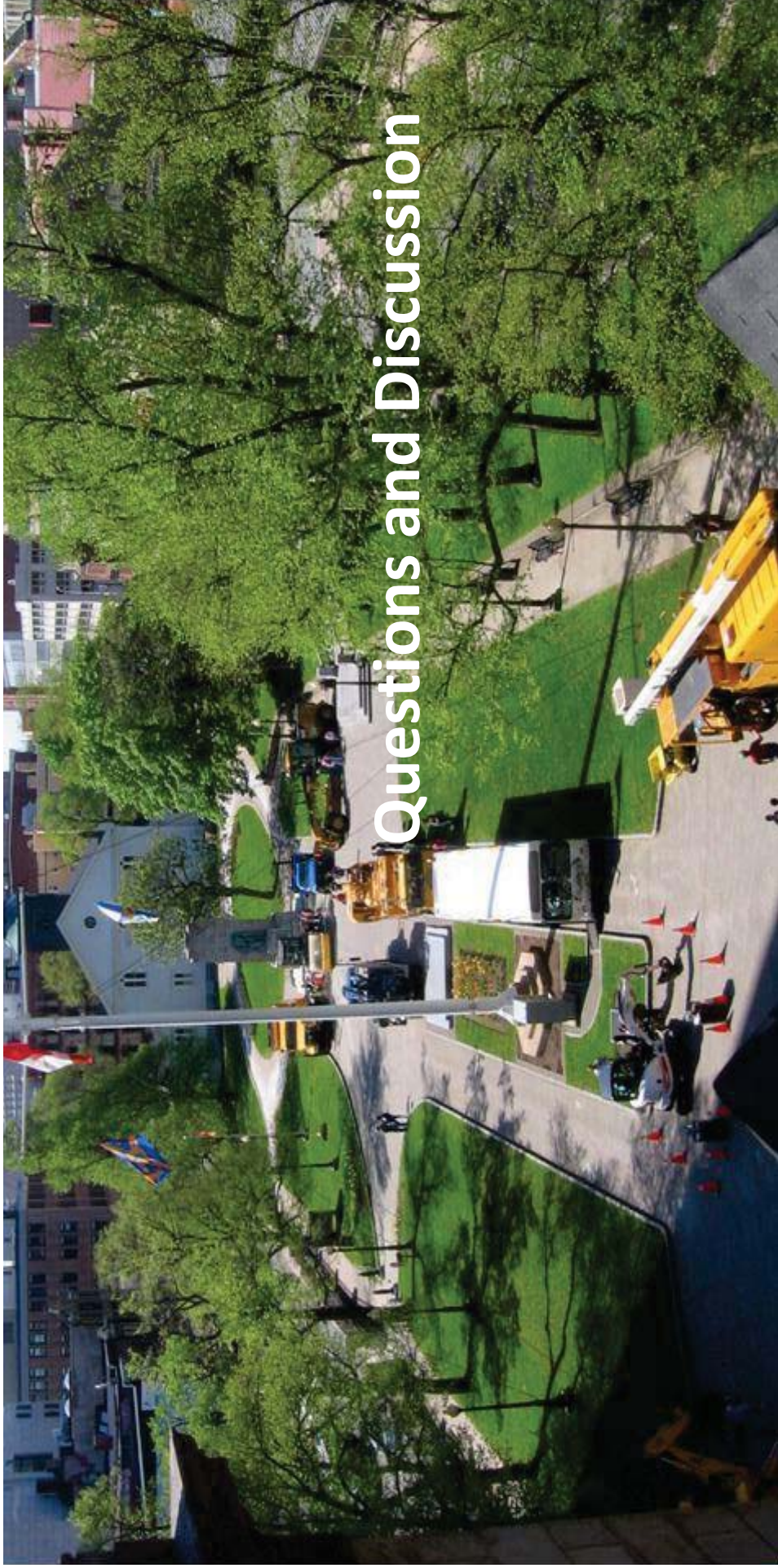
Service Area	12/13 Budget	13/14 Cost	13/14 Proposed
Director/Admin	632,300	\$649,500	\$599,500
Corporate Fleet Services	11,371,300	\$11,644,100	\$11,224,900
Design & Construction	3,823,500	\$3,938,900	\$3,840,600
Facilities Management	19,536,200	\$21,549,800	\$21,405,800
Municipal Operations	38,068,8000	\$38,910,200	\$35,828,300
Solid Waste Resources	31,359,000	\$32,570,900	\$31,541,000*
Traffic & Right of Way	10,526,200	\$10,954,100	\$10,871,700
Business Unit Total	115,317,300	\$120,217,500	\$115,311,800

* Risk – loss of revenue from RRFB



13/14 Cost Reduction Initiatives

Cost Reduction Initiatives	Proposed 13/14 Saving	Projected 14/15 Saving	Projected 15/16 Saving
Efficiency Savings - Fuel savings - Reduction in graffiti calls, less materials & rental requirements - Reduction in sick time/overtime - Depot consolidation – Ilsley & Cobequid - Salary savings during recruitment & selection process for new hires	2M		
Shift of 1.9 M SOGR money from operating to capital	1.9M		
Leachate	1M		
Total to offset Base Cost Increase	4.9M		



Questions and Discussion

Transportation & Public Works

February 13, 2013

