



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No.
Audit & Finance Standing Committee
April 24, 2013

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: 
Richard Butts, Chief Administrative Officer

DATE: April 22, 2013

SUBJECT: Proposed 2013/2014 Project and Operating Budget

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.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that the Audit and Finance Committee recommend the 2013/2014 Project and Operating Budget to Regional Council for approval as per Attachment A - "Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2013/14."

BACKGROUND

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 the proposed 13/14 Budget consistent with the fiscal direction received from the Audit and Finance Committee on December 19, 2012 and more recently on April 3, 2013.

Since April 3, 2013, the projected 12/13 Operating Surplus has grown to a point where staff is able to support an alternative 13/14 Tax Rate that would see no increase in the municipal tax burden on a fully capped home.

FINANCIAL IMPLICATIONS

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 the Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

None are associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Audit and Finance Standing committee can recommend the 2013/2014 Project and Operating Budget to Regional Council for approval as per Attachment B - “Alternate Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2013/14”. This would result in no increase in the municipal tax burden on a **fully capped** home. Commercial tax rates, based on average assessments, would decrease so that additional taxes would only be collected on the part of the assessment attributable to growth.

April 24, 2013

ATTACHMENTS

Attachment A - Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2013/14. (CPI+1%)

Attachment B - Alternate Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2013/14. (No increase on fully capped homes)

Attachment C - Staff Presentation

Attachment D – Proposed Operating Budget 2013/14

Attachment E – Proposed Project Budget 2013/14


Attachment F – Detailed Change Report 2013/14

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:

Bruce Fisher, Manager of Financial Policy and Planning

Report & Financial Approval by:


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

HALIFAX REGIONAL MUNICIPALITY

Proposed 2013/14 Operating & Project Budget

RESOLUTION for Approval of Operating & Project Budget and Tax Rates for Fiscal 2013/14

It is hereby resolved that:

- a) the Operating Budget in the amount of **\$825,947,000** gross expenditures (which includes **\$696,582,000** in municipal expenditures including the reserve withdrawals specified in the Operating and Project Budget and listed in appendix A), **\$611,141,500** in property tax revenues (including area rate revenues) and **\$214,805,500** in other revenues be approved;
- b) the Project Budget in the amount of **\$165,042,500** be approved;
- c) the general rates of taxation on commercial property be set at
 - (i) **\$3.070 for the urban area;**
 - (ii) **\$3.070 for the suburban area; and**
 - (iii) **\$2.721 for the rural area**And applied to the taxable assessment of the property;
- d) the general rates of taxation on residential and resource property be set at
 - (i) **\$0.658 for the urban area;**
 - (ii) **\$0.642 for the suburban area; and**
 - (iii) **\$0.636 for the rural area**And applied to the taxable assessment of the property;
- e) that Council approve the Metro Transit Annual Service Plan and that the tax rates associated with Transit Taxation be set at
 - (i) **\$0.051 for the Regional Transportation tax rate;**

(ii) **\$0.105 for the Local Transit tax rate**

And applied to the taxable assessment of the property;

- f) (i) the boundary of the urban, suburban and rural areas is as delineated in the attached "Tax Structure Map";

(ii) the boundary of the Regional Transportation area includes all properties within communities included within the attached "Regional Transportation map";

(iii) the boundary for the Local Transit area includes all properties within 1km walking distance of any HRM transit stop.
- g) **Supplementary Education**, under Section 80 of the Halifax Charter, shall be set at the rate of \$0.035 to the residential and resource assessment and at \$0.104 to the commercial assessment including business occupancy;
- h) **Fire Protection** rates shall be set at the rate of \$0.025 for all residential and resource assessment and at \$0.075 to the commercial assessment including business occupancy; for properties which are within 1,200 feet of a hydrant that is designed and operated for public fire protection purposes.
- i) the final tax bills will become due on **Thursday, October 31, 2013**;
- j) the interest rate on the Special Reserve Funds, designated as requiring interest under Section 121(2) of the Halifax Charter, be set at the rate of return on funds invested by HRM for the period April 1, 2013 to March 31, 2014;
- k) the interest rate on the Pollution Control Reserves be set at the rate of return on funds invested by HRM for the period April 1, 2013 to March 31, 2014;
- l) the interest rate on all reserves except for those identified in j) and k) will be set at the rate of return on funds invested by HRM for the period April 1, 2013 to March 31, 2014;
- m) approve in advance, a funding commitment in the amount of \$72,400,000 for the 2014/15 fiscal year, for the projects listed in Appendix B.

2013/14 Withdrawals from Reserves

Reserve		Withdrawals		Amount
Q204	General Fleet			
Q205	Police Vehicles and equipment			
Q206	Fire Vehicles and equipment	CEJ01220 Opticom Signalization System		-80,000
Q213	Fuel System			
Q306	Self Insurance	A303 Risk & Insurance Services		-470,900
Q308	Operations Stabilization			
Q309	Snow & Ice Control			
Q310	Service Improvement	A620 Digital Signage Project		-100,000
Q311	Cemetery Maintenance			
Q312	Culture Development Reserve	CD990003 Cultural Inventory & Places		-500,000
		C764 Barrington St Heritage Initiative		-50,000
		C764 Various Cultural operating costs		-151,062
		Q317 Reserve		(25,000)
Q313	Municipal Elections			
Q314	EMO Cost Recovery			
Q315	Marketing Levy Special Events	CD990002 Civic Events Equipment Infrastructure		-50,000
		C772 Hallmark events		(470,000)
		Commercial Special Events		(95,000)
		Major Special Events		(350,000)
		Natn'l & Intern't'l Sporting Events		(149,475)
		Major Civic Celeb/Twinning		(371,390)
Q316	DNA Costs (HRP and RCMP)	P325 Police Identification		-109,300
Q317	Titanic Reserve			
Q318	Central Library Capital Campaign & Development Operating	B063 Library Capital Campaign		-475,700
Q319	Major Events Facilities	CVU01207 Ice Resurfacer - Metro Centre		-150,000
Q320	Operating Cost of Capital	OCC Projects		-4,921,750
Q321	Information & Communication Tech	CIP00763 Computer Aided Dispatch (CAD)		-200,000
		CI00004 ICT Infrastructure Recapitalization		-820,000
		CI990002 Service Desk System Replacement		-100,000
		CID01362 Trunk Mobile Radios - TMR		-500,000
		A421 ICT Corporate Services		-72,000
Q322	Police Emergency/Extraordinary Investigation			
Q323	Police Officer On the Job Injury			

Q324	Commons Enhancement			
Q325	Provincially Funded Police Officers & Facility Lease			
Q326	Convention Centre Reserve			
Q327	LED Streetlighting Reserve		CT0000005 LED Conversion of HRM Streetlights	-8,000,000
Q101	Sale of Capital Assets		CDX091182 Downtown Streetscapes	-2,285,000
			CBX01162 Environmental Remediation/Bldg Demol.	-200,000
			CBU01004 Former CA Becket School Soil Remediation	-50,000
			Q312 Reserve	(969,586)
			Q145 Reserve	(2,269,585)
Q121	Business/Industrial Parks Expansion		CQ300741 Burnside & City of Lakes Development	-11,000,000
			CQ300746 Development Consulting	-50,000
			CQ300745 Park sign renewal & maintenance	-25,000
			CQ200414 Business Parks Major Intersections	-125,542
Q103	Capital Surplus		CPX01025 Point Pleasant Park Upgrades	-50,000
			CRU00792 Street Lighting	-225,000
			CTI00695 Emission Reduction - Public Transit Buses	-867,000
Q107	Parkland Development		CPX01149 Park Land Acquisition	-500,000
			Q312 Reserve	-50,000
Q119	Sackville Landfill Closure		CWU01064 Biolac System Hwy 101 Landfill	-310,000
			CWU01353 Environment Monitoring Site Work 101 Landfill	-450,000
			R314 Sackville Landfill Site	-15,300
			R315 Leachate Treatment	-318,300
Q123	Waste Resources		CW000001 Add'l Green Carts for New Residents	-435,000
			CW000002 Otter Lake Equip.	-1,600,000
Q124	Upper Sackville Turf			
Q125	Metro Park Parkade		CBX01140 MetroPark Upgrades	-90,000
Q126	Strategic Growth		CTX01111 Margeson Drive Interchange	-2,580,000
Q127	Sustainable Communities		D948 Environmental Sustainability	-236,100
Q128	Rural Fire			
Q129	Ferry Replacement		CMX01123 New Conventional Ferry	-6,000,000
Q130	Capital Replacement			
Q131	Energy & Underground Services		CBX01161 Energy Efficiency Projects	-500,000
Q133	CCC Bedford South Interchange		CD500274 Wentworth Estates	-56,285
Q134	Gax Tax Reserve		various projects	-25,150,000
Q135	Alderney Gate Recapitalization		CBX01157 Alderney Gate Recapitalization	-995,000

Appendix A

Q137	Regional Capital Cost Contribution			
Q138	Community Facility Partnership			
Q139	Central Library Repayment Reserve			
Q140	Central Library Recapitalization Reserve			
Q141	BMO Ctr Life Cycle Reserve			
Q142	Waterfront Development Reserve			
Q143	Bus Replacement Reserve			
Q145	Regional Facility Expansion Reserve			
Q108	Kingswood Water			
Q112	5594-96 Morris St	W204 Spencer House		-30,000
Q113	Rockingham Community Centre			
Q115	Captain William Spry			
Q116	Richmond School			
		Totals		(75,644,275)

Project Year	2014
Project Type	State of Good Repair
Total Gross	(Multiple Items)

Project Name	Project #	Gross Budget	Project Specific Funding	Borrowing & Other Transfer
Buildings				
Alderney Gate Recapitalization(Bundle)	CBX01157	470,000	470,000	-
Architecture - Exterior (Category 2)	CBX01274	1,300,000	-	1,300,000
Architecture - Interior (Category 5)	CBX01273	500,000	-	500,000
Consulting - Buildings (Category 0)	CBX01268	300,000	-	300,000
Electrical (Category 7)	CBX01275	500,000	-	500,000
Energy Efficiency Projects	CBX01161	500,000	500,000	-
Environmental Remediation/Building Demolition	CBX01162	200,000	200,000	-
Facility Assessment Program	CB990002	250,000	-	250,000
Facility Maintenance - Community Managed Facilities	CBX01343	750,000	-	750,000
Facility Maintenance - HRM Managed Facilities	CB990001	2,000,000	-	2,000,000
HRM Depot Upgrades	CBX01170	450,000	-	450,000
HRP Lock-up Upgrades	CBX01364	2,000,000	-	2,000,000
Mechanical (Category 6)	CBX01269	1,750,000	-	1,750,000
Metropark Upgrades	CBX01140	75,000	75,000	-
Multi District Facilities-Upgrades (Bundle)	CB000002	3,250,000	-	3,250,000
Roof (Category 3)	CBX01272	1,000,000	-	1,000,000
Site Work (Category 1)	CBX01271	750,000	-	750,000
St. Andrew's Community Centre Renovation	CB000011	250,000	-	250,000
Structural (Category 4)	CBX01270	500,000	-	500,000
Buildings Total		16,795,000	1,245,000	15,550,000
Business Tools				
Application Recapitalization	CI000002	500,000	500,000	-
ICT Infrastructure Recapitalization	CI000004	500,000	500,000	-
Internet Program	CI000001	1,000,000	-	1,000,000
Business Tools Total		2,000,000	1,000,000	1,000,000
Community & Property Development				
Civic Events Equipment	CD990002	50,000	50,000	-
Cultural Structures and Places	CD990003	350,000	350,000	-
Community & Property Development Total		400,000	400,000	-
Equipment & Fleet				
Fire Apparatus Replacement	CVJ01088	3,500,000	-	3,500,000
Fire Services Equipment Replacement	CE010001	350,000	-	350,000
Fire Services Water Supply	CHJ01221	150,000	-	150,000
Fleet Services - Shop Equipment	CEU01132	50,000	-	50,000
Fleet Vehicle Replacement	CVD01087	1,830,000	-	1,830,000
Ice Resurfacers Replacement	CVU01207	150,000	-	150,000
Police Marked Cars	CVK01090	1,650,000	-	1,650,000
Equipment & Fleet Total		7,680,000	-	7,680,000
Industrial Parks				

Business Park Sign Renewal & Maintenance	CQ300745	25,000	25,000	-
Industrial Parks Total		25,000	25,000	-
Metro Transit				
Access-A-Bus Replacement	CVD00430	400,000	-	400,000
Biennial Ferry Refit	CVD00436	540,000	-	540,000
Bus Stop Signs	CM000002	10,000	-	10,000
Conventional Bus Replacement	CVD00435	3,150,000	-	3,150,000
Ferry Terminal Pontoon Rehabilitation	CBX01171	500,000	-	500,000
Mid Life Bus Rebuild	CVD00431	300,000	-	300,000
Replacement Transit Technology	CMU01203	210,000	-	210,000
Service Vehicle Replacement	CVD00433	135,000	-	135,000
Transit Facilities Upgrades (Bundle)	CBX01164	450,000	-	450,000
Metro Transit Total		5,695,000	-	5,695,000
Parks and Playgrounds				
Cemetery Upgrades (Bundle)	CPX01181	100,000	-	100,000
Horticultural Renovations	CPX01183	70,000	-	70,000
Park Assets - State of Good Repair	CP000002	1,400,000	280,000	1,120,000
Point Pleasant Park Upgrades	CPX01025	150,000	150,000	-
Public Gardens Upgrades	CPX01193	150,000	-	150,000
Regional Trails: Maintenance	CDG00983	125,000	-	125,000
Regional Water Access/ Beach Upgrades	CPX01331	650,000	-	650,000
Sports Fields/Courts - State of Good Repair	CP000003	1,000,000	-	1,000,000
Street Trees	CP990001	650,000	-	650,000
Parks and Playgrounds Total		4,295,000	430,000	3,865,000
Roads & Streets				
Bridges	CRU01077	2,500,000	-	2,500,000
Curb Renewals	CYU01076	1,100,000	-	1,100,000
Municipal Operations - State of Good Repair	CR990002	2,115,000	-	2,115,000
Other Road Related Works	CRU01079	1,500,000	-	1,500,000
Storm Sewer Upgrades	CR000001	2,000,000	1,000,000	1,000,000
Street Recapitalization	CYX01345	18,600,000	-	18,600,000
Roads & Streets Total		27,815,000	1,000,000	26,815,000
Sidewalks, Curbs & Gutters				
Sidewalk Renewals	CKU01084	2,550,000	-	2,550,000
Sidewalks, Curbs & Gutters Total		2,550,000	-	2,550,000
Solid Waste				
Dredging of Siltation Pond	CWU01092	360,000	360,000	-
Half Closure Cell 6 - Otter Lake	CWU01358	1,400,000	1,400,000	-
Otter Lake Equipment	CW000002	1,000,000	1,000,000	-
Solid Waste Total		2,760,000	2,760,000	-
Traffic Improvements				
Barrington Street Upgrades	CT000006	1,500,000	-	1,500,000
Controller Cabinet and Detection Program	CT000004	400,000	-	400,000
Street Lighting	CRU00792	205,000	205,000	-
Traffic Signal Rehabilitation	CTU00419	280,000	-	280,000
Traffic Improvements Total		2,385,000	205,000	2,180,000
Grand Total		72,400,000	7,065,000	65,335,000

HALIFAX REGIONAL MUNICIPALITY

Proposed 2013/14 Operating & Project Budget

RESOLUTION for Approval of Operating & Project Budget and Tax Rates for Fiscal 2013/14

It is hereby resolved that:

- a) the Operating Budget in the amount of **\$821,236,000** gross expenditures (which includes **\$691,871,000** in municipal expenditures including the reserve withdrawals specified in the Operating and Project Budget and listed in appendix A), **\$606,749,500** in property tax revenues (including area rate revenues) and **\$214,486,500** in other revenues be approved;
- b) the Project Budget in the amount of **\$165,042,500** be approved;
- c) the general rates of taxation on commercial property be set at
 - (i) **\$3.037 for the urban area;**
 - (ii) **\$3.037 for the suburban area; and**
 - (iii) **\$2.691 for the rural area**And applied to the taxable assessment of the property;
- d) the general rates of taxation on residential and resource property be set at
 - (i) **\$0.651 for the urban area;**
 - (ii) **\$0.635 for the suburban area; and**
 - (iii) **\$0.629 for the rural area**And applied to the taxable assessment of the property;
- e) that Council approve the Metro Transit Annual Service Plan and that the tax rates associated with Transit Taxation be set at
 - (i) **\$0.051 for the Regional Transportation tax rate;**

(ii) **\$0.105 for the Local Transit tax rate**

And applied to the taxable assessment of the property;

- f) (i) the boundary of the urban, suburban and rural areas is as delineated in the attached "Tax Structure Map";

(ii) the boundary of the Regional Transportation area includes all properties within communities included within the attached "Regional Transportation map";

(iii) the boundary for the Local Transit area includes all properties within 1km walking distance of any HRM transit stop.
- g) **Supplementary Education**, under Section 80 of the Halifax Charter, shall be set at the rate of \$0.035 to the residential and resource assessment and at \$0.104 to the commercial assessment including business occupancy;
- h) **Fire Protection** rates shall be set at the rate of \$0.025 for all residential and resource assessment and at \$0.075 to the commercial assessment including business occupancy; for properties which are within 1,200 feet of a hydrant that is designed and operated for public fire protection purposes.
- i) the final tax bills will become due on **Thursday, October 31, 2013**;
- j) the interest rate on the Special Reserve Funds, designated as requiring interest under Section 121(2) of the Halifax Charter, be set at the rate of return on funds invested by HRM for the period April 1, 2013 to March 31, 2014;
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- l) the interest rate on all reserves except for those identified in j) and k) will be set at the rate of return on funds invested by HRM for the period April 1, 2013 to March 31, 2014;
- m) approve in advance, a funding commitment in the amount of \$72,400,000 for the 2014/15 fiscal year, for the projects listed in Appendix B.



Audit and Finance Committee Budget 2013/2014

Chief Administrative Officer

April 24, 2013

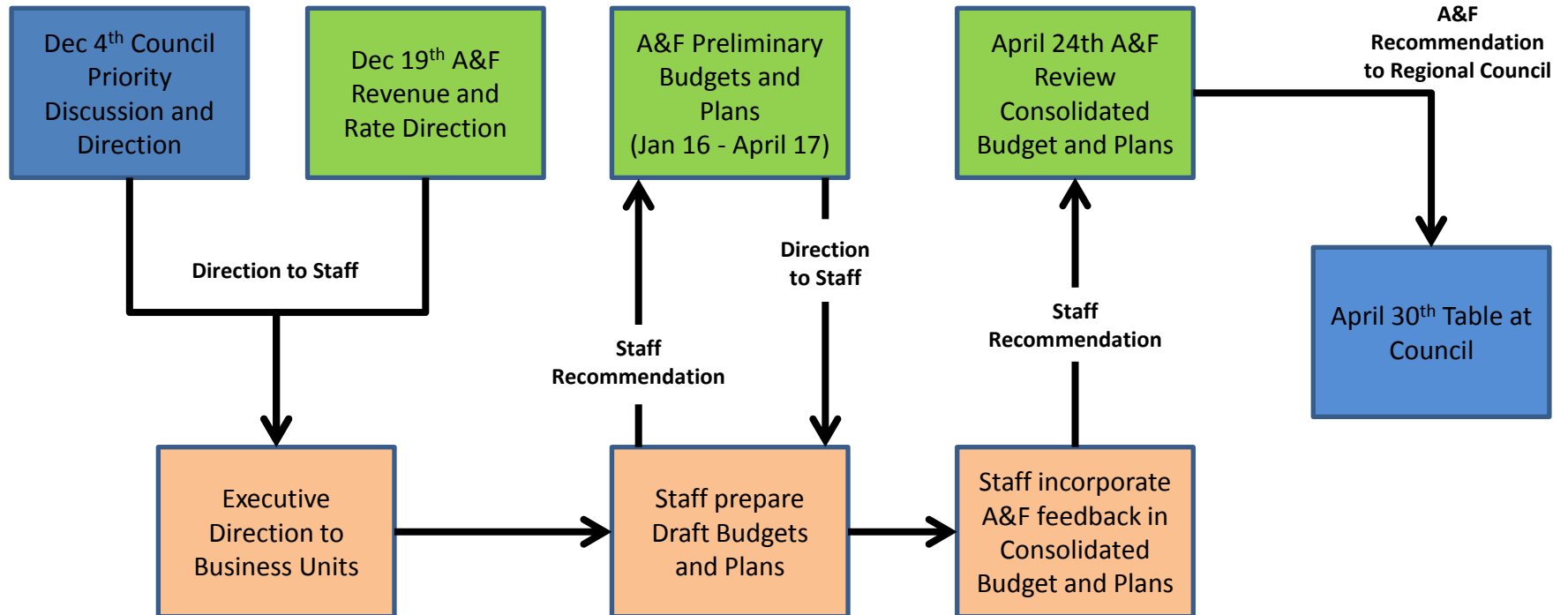


Agenda

- **Budget Context and Directions**
- **Executive Summary**
- **Themes**
- **2013 / 2014 Operating Budget Overview**
- **Services by Business Unit**
- **Staffing**
- **3 year Outlook**
- **2013 – 2022 Recommended Project Budget and Plan**
- **What's Being Built**
- **Debt Impacts**
- **Revenues**



Budget and Business Plan Development Process





Budget Context and Direction

- **Expenditures**
 - Find efficiencies to absorb inflationary increases and wage increases.
 - Address council priority interests
 - Manage spending in line with average tax bill
- **Revenues**
 - Limit tax increases to CPI + 1
 - Shadow budget of no tax increase, further reduction in tax rate.
- **Capital**
 - State of Good Repair
 - Sufficient to maintain assets at their current state
 - Funded from operations and Gas Tax
 - Transit, Transportation, Economic Development
 - Continuing decline of tax supported debt per household



Executive Summary

- **Steady Progress**
 - Expenditure management
 - Internal services flat
 - State of Good Repair
 - Continuous Improvement
- **Responsive to Council's Priorities**
- **Modest revenue requirements**
 - Residential and Commercial Tax rates drop
 - Residential tax burden as a percentage of median household drops
 - Commercial tax burden as a percentage of GDP drops



Themes from Dec 4

- **Transportation**
- **Economic Development**
- **Healthy Communities**
- **Governance and Communications**

- **Administrative Priorities**
 - Financial Stewardship
 - Organizational Capacity
 - Service Improvements

Specifics in Budget book pages T1 – T9



2013 / 2014 Operating Budget Changes

	Significant Changes from 2012-13	
Cost Pressures, after Efficiencies	Wage Pressure (existing staff)	3.7
	Debt Charges	-2.0
	One Time Changes in Reserves	2.6
	Deficit/(Surplus)	4.9
	Mandatory Education and Provincial Costs	7.9
	Other	-1.6
Services	Sackville Sports Stadium and BMO	5.6
	Additional Positions (Internship, Other)	2.8
	Additional Positions (Transit)	4.5
	Transit Service (Other)	1.9
	Capital from Operating (General Rated)	4.1
	Other	1.5
	Total Change in Expenditures	35.9
Revenues	Sackville Sports Stadium and BMO	5.2
	Mandatory Education and Provincial Costs	7.9
	Deed Transfer Tax	3.0
	Transit Area Rate for Residents	2.5
	Other	1.7
	Subtotal	20.3
	Tax Revenues Requirement	15.6

Note: These are after the application of \$16 million in efficiencies to cover other pressures



13/14 Revenue

	Projection 12/13	Budget 12/13	Budget 13/14	Change	Pct
Tax Revenue	443,296	438,298	456,215	17,918	4.1%
Area Rate Revenue	186,993	186,628	196,076	9,447	5.1%
Tax Agreements	8,450	8,297	7,806	(491)	-5.9%
Payments in Lieu of taxes	33,448	33,594	35,225	1,631	4.9%
Transfers from other Gov'ts	11,147	11,468	11,105	(363)	-3.2%
Interest Revenue	6,810	6,390	7,110	720	11.3%
Fee Revenues	78,207	76,929	83,104	6,174	8.0%
Other Revenue	34,193	28,422	29,307	885	3.1%
Revenue Total	802,544	790,026	825,947	35,921	4.5%



13/14 Expenditures

	Projection 12/13	Budget 12/13	Budget 13/14	Change	Pct
Compensation and Benefits	306,013	310,663	324,822	14,159	4.6%
Office Expenditures	9,587	9,370	10,234	863	9.2%
External Services	98,624	91,780	92,022	242	0.3%
Supplies	4,473	3,572	3,620	48	1.3%
Materials	3,962	4,364	4,128	(236)	-5.4%
Building Costs	22,529	21,760	22,837	1,077	4.9%
Equipment & Communication	12,989	10,938	10,431	(506)	-4.6%
Vehicle Expense	25,277	25,354	26,330	976	3.8%
Other Goods & Services	16,720	22,803	21,711	(1,092)	-4.8%
Interdepartmental	(285)	(168)	7	174	-103.9%
Sub Total	499,888	500,437	516,141	15,704	3.1%
Debt Service	60,391	60,321	58,437	(1,884)	-3.1%
Transfers to Outside Agencies	148,720	148,682	156,378	7,696	5.2%
To/From Reserves	13,964	14,295	18,023	3,728	26.1%
Capital from Operating	40,027	40,027	47,156	7,129	17.8%
Prior Years Surplus	(8,381)	(4,900)	-	4,900	-100.0%
Other Fiscal	32,197	31,165	29,812	(1,353)	-4.3%
Expense Total	786,806	790,026	825,947	35,920	4.5%



Business Units - Expenditures

	Expenditures					
Business Unit	12/13 Budget	Proposed 13/14 Budget	Increase (Decrease)	% Increase (Decrease)		
Community and Recreational Services	38,072	43,522	5,450	14.31%	Sackville Sport and BMO = \$5,696	
Fire and Emergency Services	55,411	56,624	1,212	2.19%	Efficiencies less than inflation	
Metro Transit	101,465	106,204	4,739	4.67%	New Ferry, Buses and Technology	
Transportation and Public Works	138,367	141,544	3,177	2.30%	Transfers from P&I	
Halifax Regional Library	22,935	22,253	-682	-2.97%		
Regional Police	77,231	81,020	3,789	4.91%	Efficiencies less than inflation	
RCMP	22,671	23,000	329	1.45%		
Client Services	456,153	474,167	18,014	3.95%		
Office of the Auditor General	793	851	58	7.27%		
Chief Administrative Office	12,035	14,052	2,018	16.76%	Transfer from CRS	
Bids	2,125	2,125	0	0.00%		
Finance and IT	28,917	29,140	223	0.77%		
Human Resources	5,456	5,800	344	6.30%	Efficiencies less than inflation	
Legal and Risk Management	2,647	3,318	670	25.31%	Transfers and in-house legal	
Planning and Infrastructure	11,578	8,153	-3,425	-29.58%	Transfers to TPW	
Internal Services	63,552	63,439	-114	-0.18%		
Total Operations	519,705	537,605	17,900	3.44%		



Service Changes

Business Unit	Initiative	Amount
Fire	Professional Development and Certification	250
	Emergency Communication and Technical Support	180
	Inspection Fee	-300
CAO	Greater Halifax Partnership	170
	Council Support Office	170
HR	Service Review	100
	Safety Officer	46
Legal	Reorganization, net of transfers (This will be offset by savings on outside legal work)	78
Corporate	Trade Centre Limited – Convention Centre Marketing	650
	Bridging the Gap program	880



Proposed Reserve Budget 13/14

	Projected Net Balance 31-Mar-13	Contributions	Interest	Withdrawals	Projected Net Balance 31-Mar-14
Equipment Reserves	\$3,278,281	\$305,000	\$40,592	(\$80,000)	\$3,543,873
Operating Reserves	\$35,213,912	\$9,106,232	\$411,401	(\$18,131,577)	\$26,599,968
Capital Reserves	\$67,996,520	\$74,647,602	\$1,240,463	(\$57,432,698)	\$86,451,886
	\$106,488,713	\$84,058,834	\$1,692,456	(75,644,275)	\$116,595,727

Note: Opening balance contains transfers to reserves not yet approved by Council



Community and Recreational Services

- New Youth-at-Risk Program Opportunities.
- Increased Access to Recreation through:
 - New/Expanded Programs, focus on Unstructured Play
 - Frozen/Reduced Rates
 - Community Access Plan and Centralized Scheduling
 - Accessibility Upgrades
- Foster Economic Development:
 - Increased organizational capacity to process applications/permits
 - No new/increased development-related fees
 - Continued focus on cutting of red tape and rationalization of fees
- Improved Governance and Financial Stewardship of HRM's recreational and cultural assets.
- All reduction are administrative in nature.
- Increased revenue is from increased activity.
- New funding (\$70K) for YMCA in Dartmouth.
- Destination Halifax transferred to CAO



Halifax Regional Library

- Central Library
 - Complete furniture and fixture plans
 - Continue Community Engagement
 - Transition Plans
 - Fund Raising Campaign
- Update Immigrant Service Plan 2010-2013
- Implement Service to First Nations Service Plan
- Implement Library and Archives of Canada “Lest we Forget” Pilot
- Implement RFID technology
- Implementation of Master Facilities Plan
 - Consultation on Bedford Library
 - Refurbishment Plan for Cole Harbour Library



Transit

- Public Consultation (2 rounds)
 - Values
 - Priorities
- Ridership Marketing Campaign
- Technical Solutions
 - Establish Project Management Office
 - Tender Computer Aided Dispatch / Automated Vehicle Locator foundation
- Service Enhancements
 - Construct new Ferry (Woodside)
 - Renovate Alderney Ferry Terminal
 - Complete expansion of Ragged Lake Maintenance Facility
 - Expanded MetroX to Porters Lake
 - Additional Conventional Hours (equal to five buses)
- \$.25 Fare Increase September 2013
- Area Rates stay the same



Transit Service Changes

- **Service Expansions**
 - Woodside Ferry Service expansion
 - New routes –
 - Mount Edward Urban Express
 - Cole Harbour Urban Express
 - 4 New Accessible Low Floor (ALF) buses
 - Five new expansion conventional vehicles
 - Route 7 Robie increased frequencies seven days per week
 - Two expansion Access-A-Bus (AAB) vehicles
 - New 370 Porters Lake Metro X
- **Service Reductions**
 - Route 8 Waterfront removed
 - MetroLink Route 165 Woodside removed



Transportation and Public Works

- Solid Waste Strategy Review
- Pedestrian Safety Report and Action Plan
- Compost System Upgrades
- Implement Fleet Focus Software
- Facility Condition Assessments
 - Community run facilities
 - Rural Fire Stations
- Downtown Sidewalks
 - Complete BID approved sidewalk work
- Operationalize Urban Forest Master Plan
 - Dalhousie Study
 - Bylaw
 - Identification of Plantings
- Northpark Corridor Community Engagement
- Commercial Leases transferred from Planning and Infrastructure
- Operational costs for Urban forests deferred
- Replacing concrete slabs in BIDs deferred



Fire and Emergency Services

- Fire Underwriters Study
 - Current and Projected emergency response
 - Station Location and apparatus deployment
- Succession Management
 - Community Outreach
 - Recruitment
 - Leadership Strategy Development
- Explore alternative methods of Life Safety Inspections based on occupancy risks
- Implement “fee for service” for select Licensing Inspections
- Conduct Community Hazard Assessments
- Enhance technical support to CAD/FDM systems (2 FTEs)
- Determine Training Facility Requirements
- Obtain Professional Certification for identified positions
- Items added:
 - Professional Development and Certification (\$250,000)
 - Emergency Communications and Technical Support (\$180,000)



Police

- Public Safety Plan
 - Report Card on Mayor's Round Table on Violence
 - Crime Reduction Strategy (3% reduction)
- Increase availability of Crime Data to the Public
- Education campaign on downtown violence
- Focus on traffic and pedestrian safety
- Prescription Drug Drop-off Event



Planning and Infrastructure

- RP+5
- Regional Centre Plan
- Port Wallace Community Planning Process
- Parking Strategy
- Enterprise Asset Management
- Transportation Demand Management
 - Mainland North Corridor Analysis
 - North South Peninsula Cycling Corridor, etc.)
- Streetscaping
 - Queen Street
 - Main Street
 - Sackville Drive
 - Herring Cove Road
- Canal Greenway Park
- Burnside Park Phase 12.4 – 12.6
- Strategic Surplus Property Disposition
 - Queen Street
 - Bloomfield
 - etc



Internal Services

- **Finance and ICT**

- Public Consultation on Budget
- Research on Competitiveness and Tax
- Procurement Coordination
- Shared Services Analysis
- Strategic Enterprise Risk Management
- Process improvements
- Open Data Pilot
- Halifax.ca replacement
- Business Intelligence

- **Human Resources**

- HR Service Review
- Workforce Planning
- Leadership Development
- Corporate Safety (additional Safety Consultant)

- **Legal Services**

- Catalyst Report – Continue Implementation
- Tax Sales backlog (300 files in 2013/14)
- Bylaw Review Project
- Contract Review

- **CAO Office**

- Policy Support
- Increased Councillor Support
- Review of GHP

- **Corporate Accounts**

- Convention Centre Marketing
- Bridging the Gap Program



Staffing

BU	2012/2013 Approved (Apr 1/12)	2013/2014 Proposed Change (+/-)	2013/2014 Proposed Total FTEs
CAO	76	4	80
CRS	307.5	21	328.5
FICT	298	-9	289
Fire	488	1	489
Legal	26	6.5	32.5
HRP	522	-9	513
HRP Civ	180	2	182
RCMP	178	0	178
HR	54	1	55
P&I	84	-3	81
Transit	849.5	49	898.5
TPW	562	-1	561
Library	286.9	9	295.7
HRM Total	3,911.8	71.5	3,983.2

CAO – 3 in Councillor support, 1 DH; CRS - Sackville Sports Centre 20
Legal - mostly transfers ; Library is for the new central library
Transit is new ferry (9) and buses (30) as well as 4 Systems Operators
staff, and 6 others



Corporate Accounts - Transfers

Transfers to Outside Agencies

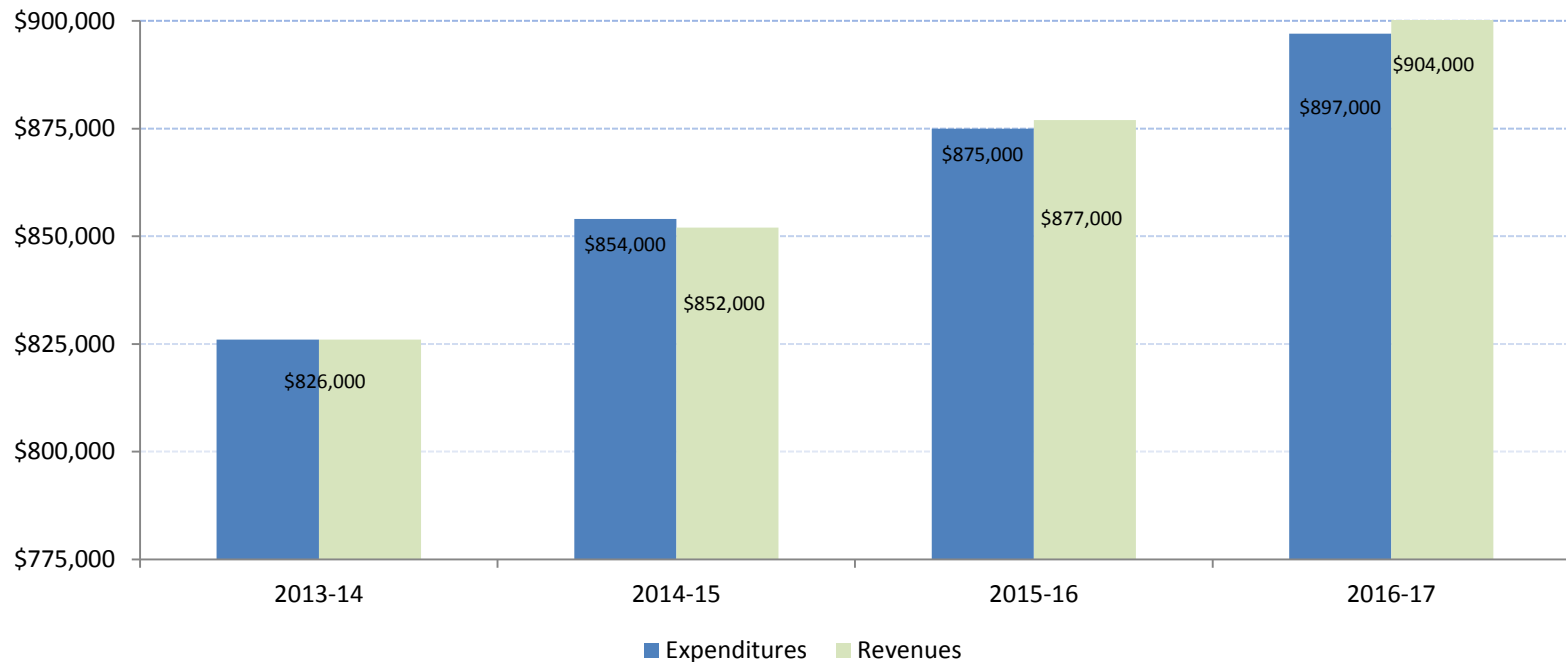
Agency	12/13 Budget	Increase / (Decrease)	Proposed	
			13/14 Budget	% Increase (Decrease)
Provincial				
- Metro Housing	2,263	137	2,400	6.05%
- Corrections	6,437	40	6,477	0.62%
- Mandatory Education	106,256	7,619	113,875	7.17%
- PVSC	6,822	-57	6,765	-0.84%
- subtotal Provincial	121,778	7,739	129,517	6.36%
- Supplementary Ed	18,146	-450	17,696	-2.48%
- Fire Protection	11,945	-256	11,689	-2.14%
- World Trade	588	38	626	6.46%
Total Transfers	152,457	7,071	159,528	4.64%



Outlook

Estimated Revenues and Expenditures

(Expenditures based on 2% inflation plus expected changes.
Residential Tax at CPI+1%, Commercial = 1.03% GDP)



Average Tax Bill SFH

1,705

1,757

1,812

1,867

Commercial Tax over GDP

1.03%

1.03%

1.03%

1.03%



2013 - 2015 Project Budget Highlights

- **Three Year “Budget”**
 - Greater emphasis placed on project budgets and state of readiness of projects
 - Detailed Planning Tool for 2014/2015 and 2015/2016
- **First priority given to accommodating requests for maintaining assets in a state of good repair**
- **Continued development of Phase 12 Burnside and LED Street lighting not included in Debt Targets**



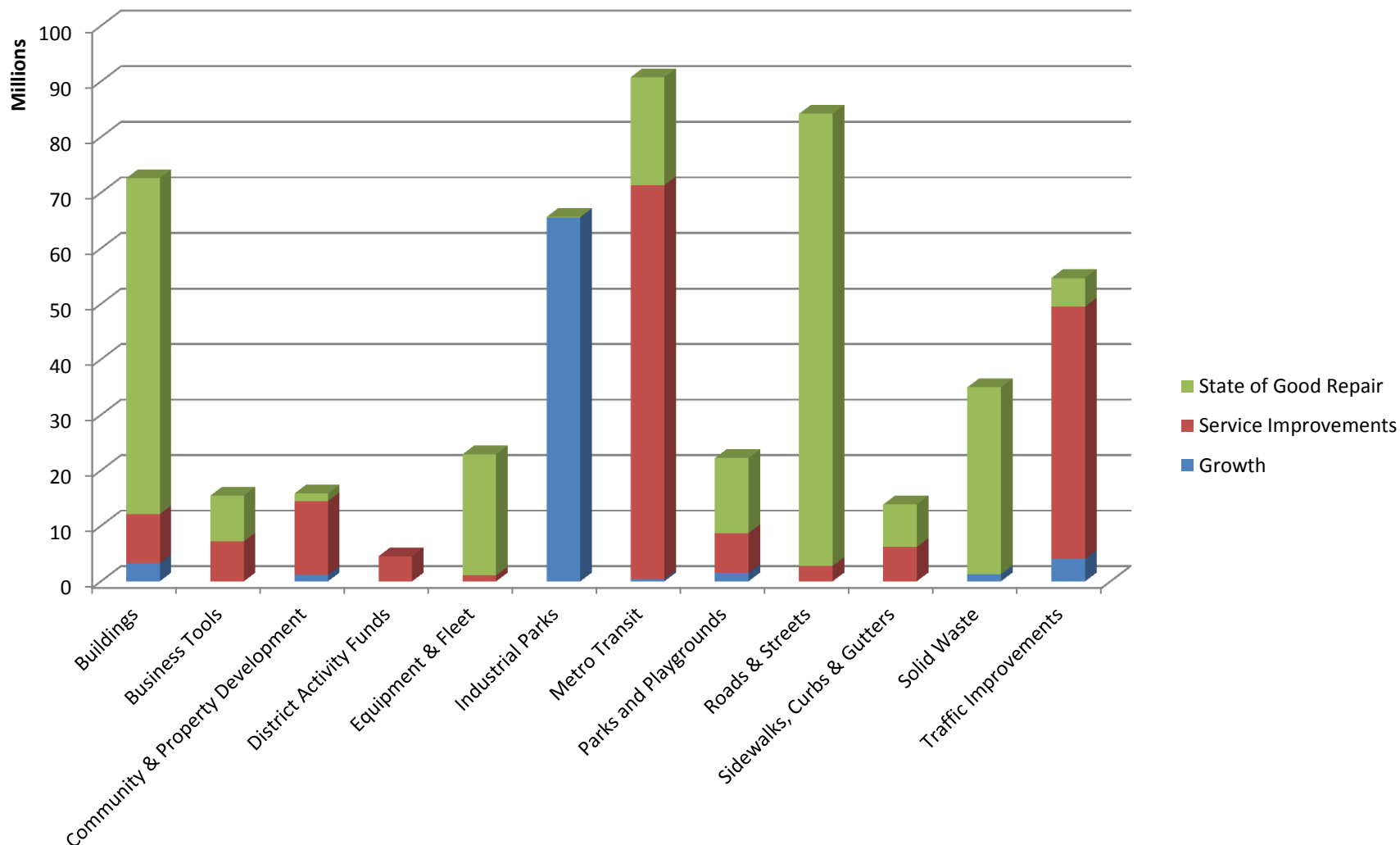
Strategic Priorities

Strategic Priorities to be developed for 2014/2015

- **Long Term Arena Strategy**
- **Cogswell Interchange**
- **Urban Core investment campaign and streetscape improvement plan**



2013 – 2015 Summary by Budget Category





Budget Overview

Project Type	2013/14	2014/15	2015/16
State of Good Repair	72,525,500	72,400,000	103,907,000 ¹
Service Improvements	67,432,000	55,061,000	45,001,000
Growth	25,085,000	18,605,000	33,595,000
Grand Total	165,042,500	146,066,000	182,503,000
Debt	30,390,000	32,632,000	34,341,000

Notes:

1 – Reflects construction of a new landfill cell in 2015/2016



Funding the 2013/2014 – 2015/2016 Project Budget

	2012/13	2013/14	2014/15	2015/16
Capital from Operating - Total	40,027	47,154	49,656	49,286
Gas Tax Reserve	25,130	25,150	25,650	26,165
Unspent Previous Years	4,578	9,190	1,906	1,482
Project Specific Funding¹	30,626	53,159	36,222	71,229
Sub Total	100,361	134,653	113,434	148,162
Debt	31,239	30,390	32,632	34,341
Total Funding	131,600	165,043	146,066	182,503

Note 1 – “Project Specific Funding” includes cost sharing, reserves, LIC’s, etc.



7 year Capital Forecast

- **\$928 million from existing sources over the same period**
- **\$640 million needed to be set aside for State of Good Repair**
 - includes implementation of the Long Term Arena Strategy.
- **\$288 million for service improvements and growth related capital priorities beyond “Year 3”.**

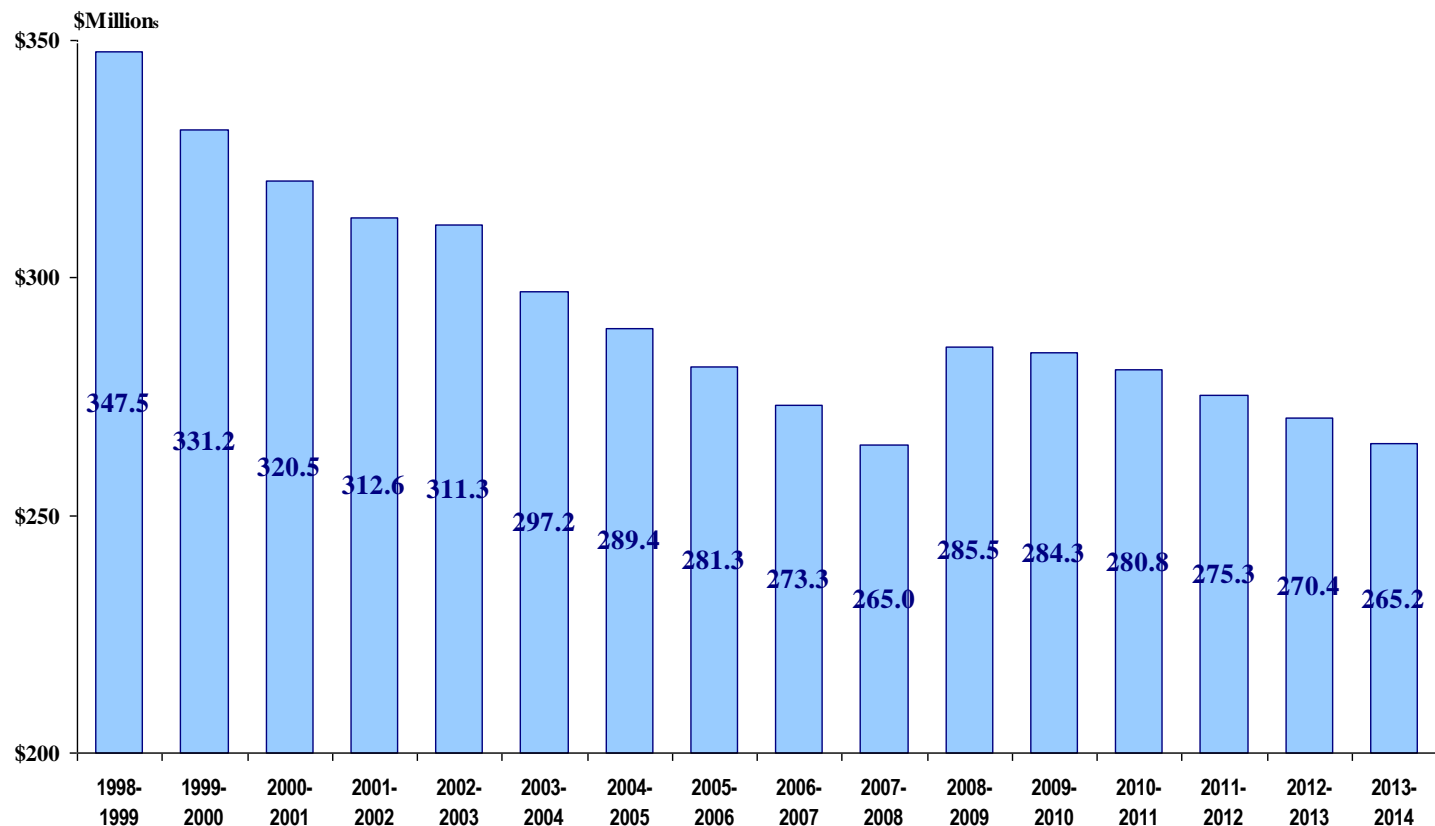


What's Being Built

- **Bedford Community Centre**
- **Centre Hub streetscapes**
- **Burnside / City of Lakes Development**
- **Land Acquisition**
- **Fourth Ferry and Additional Buses**
- **Highfield and Lacewood Terminal Replacements**
- **Transit Technology**
- **Regional Trails**
- **New and repaired Sidewalks**
- **Bedford West Roadway Oversizing**
- **Margeson Drive Interchange**
- **Enterprise Asset Management**
- **LED Streetlights**



Tax Supported Debt



Note: Estimates as of March 31st end of fiscal year. Includes Issued, Approved and Work-in-Progress. To be adjusted for additional debt from elimination of LICs on Sidewalks



Revenue

- **Taxes in the HRM are comparable to similar cities**
- **Assessment increase of less than 1.5% for over 80% of residential properties**
 - Change in the balance driven by a change in ownership or renovations
- **Assessment increase less than 5% for 88% of commercial properties.**
- **About 25% of assessment increase is growth.**
- **Final phase out of Business Occupancy Tax (\$4M)**

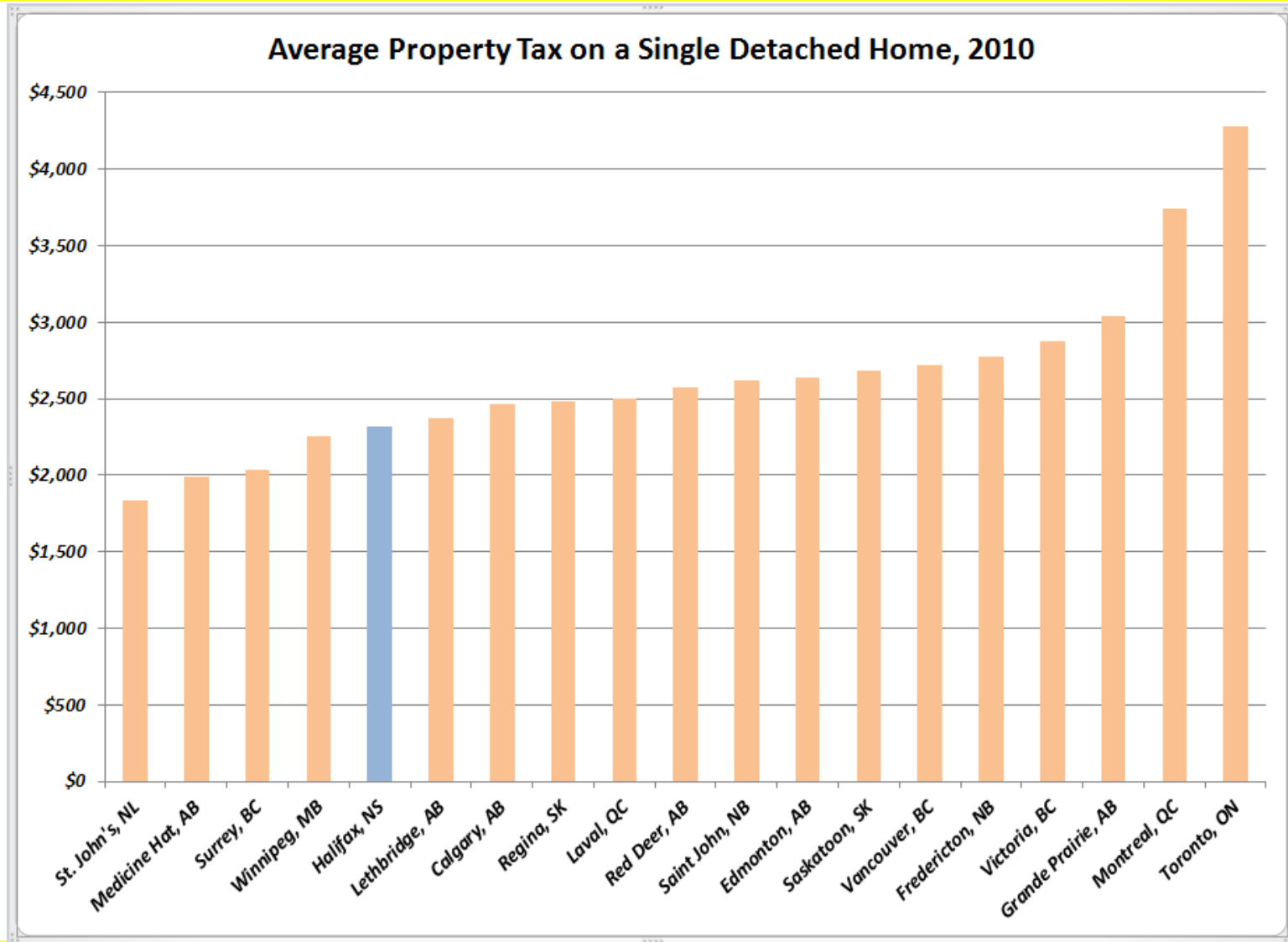


Corporate Accounts - Taxes

Tax Revenue				
Source	12/13 Budget	Increase / (Decrease)	Proposed 13/14 Budget	% Increase (Decrease)
Property Tax				
Residential	193,868	10,029	203,896	5.17%
Commercial	158,450	7,701	166,151	4.86%
Business Occupancy	3,986	-3,986	0	-100.00%
- subtotal Property Tax	356,304	13,744	370,047	3.86%
Transit Tax				
Local	23,445	1,567	25,012	6.68%
Regional	14,923	975	15,898	6.53%
Commercial	29,997	1,933	31,930	6.44%
- subtotal Transit	68,365	4,475	72,840	6.55%
Tax Agreements	8,297	-491	7,806	-5.92%
Grants-In-Lieu	33,425	1,480	34,905	4.43%
Deed Transfer	36,000	3,000	39,000	8.33%
Total Tax Revenue	502,391	22,208	524,598	4.42%

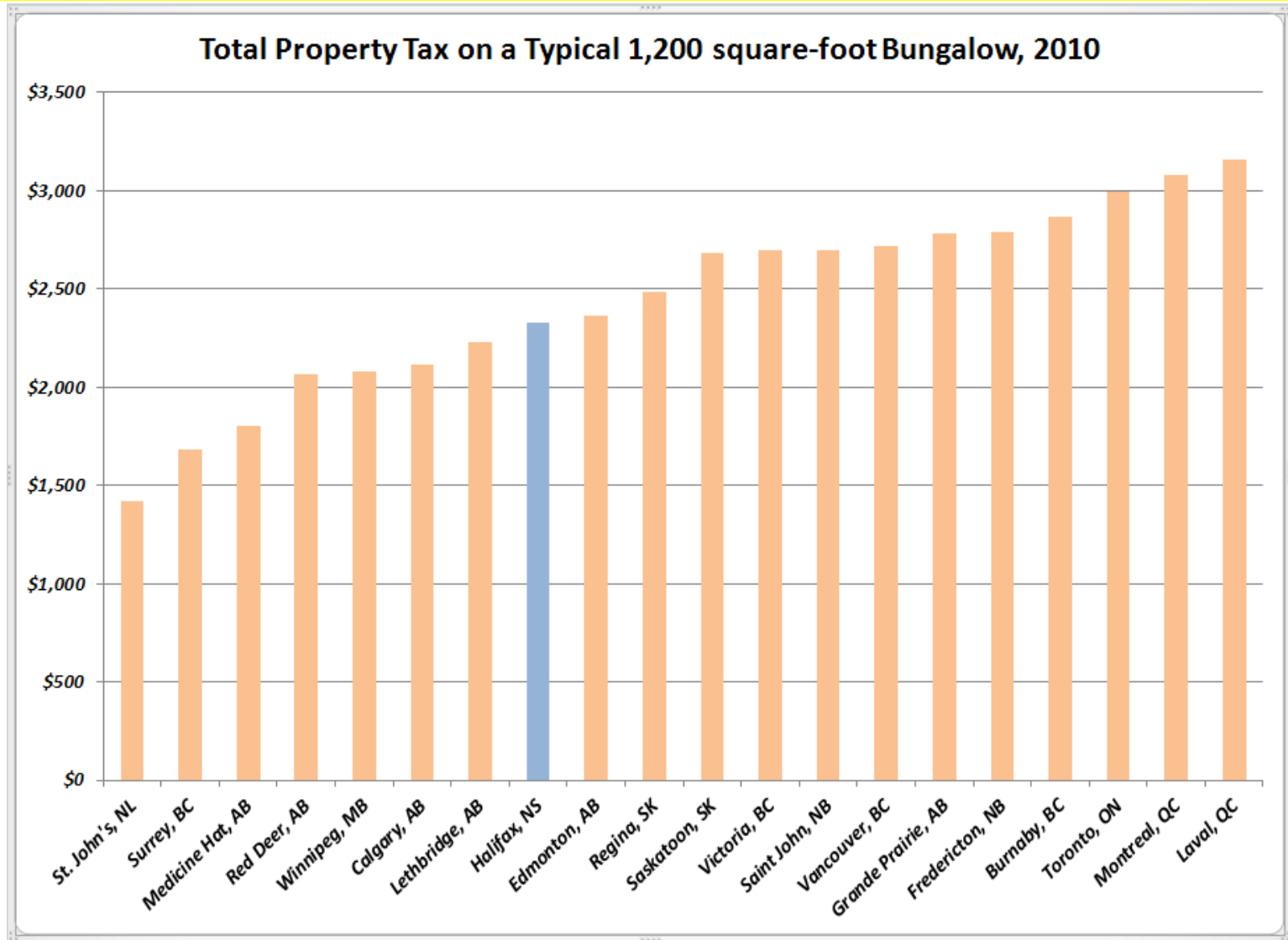


Residential Tax Comparison





Residential Tax Comparison





Proposed Residential Tax Rates

Proposed Budget - Average Tax Bill is less than Inflation Plus 1%

	Current Tax Bill	Proposed Tax Rate (Cents per \$)	Proposed Tax Bill	Change in Average Tax Bill	%
General Tax Rate	1,346	0.6580	1,378	32	2.4%
LIC Rate	6	0.0000	0	-6	-100.0%
Local Transit Rate	214	0.1050	220	6	2.8%
Regional Transit Rate	<u>104</u>	<u>0.0510</u>	<u>107</u>	<u>3</u>	<u>2.9%</u>
Total	1,670	0.8140	1,705	35	2.1%
 Revenues	 233,615,500		 246,206,000	 12,590,500	 5.4%

Note: Rate drops from 0.82 to 0.814

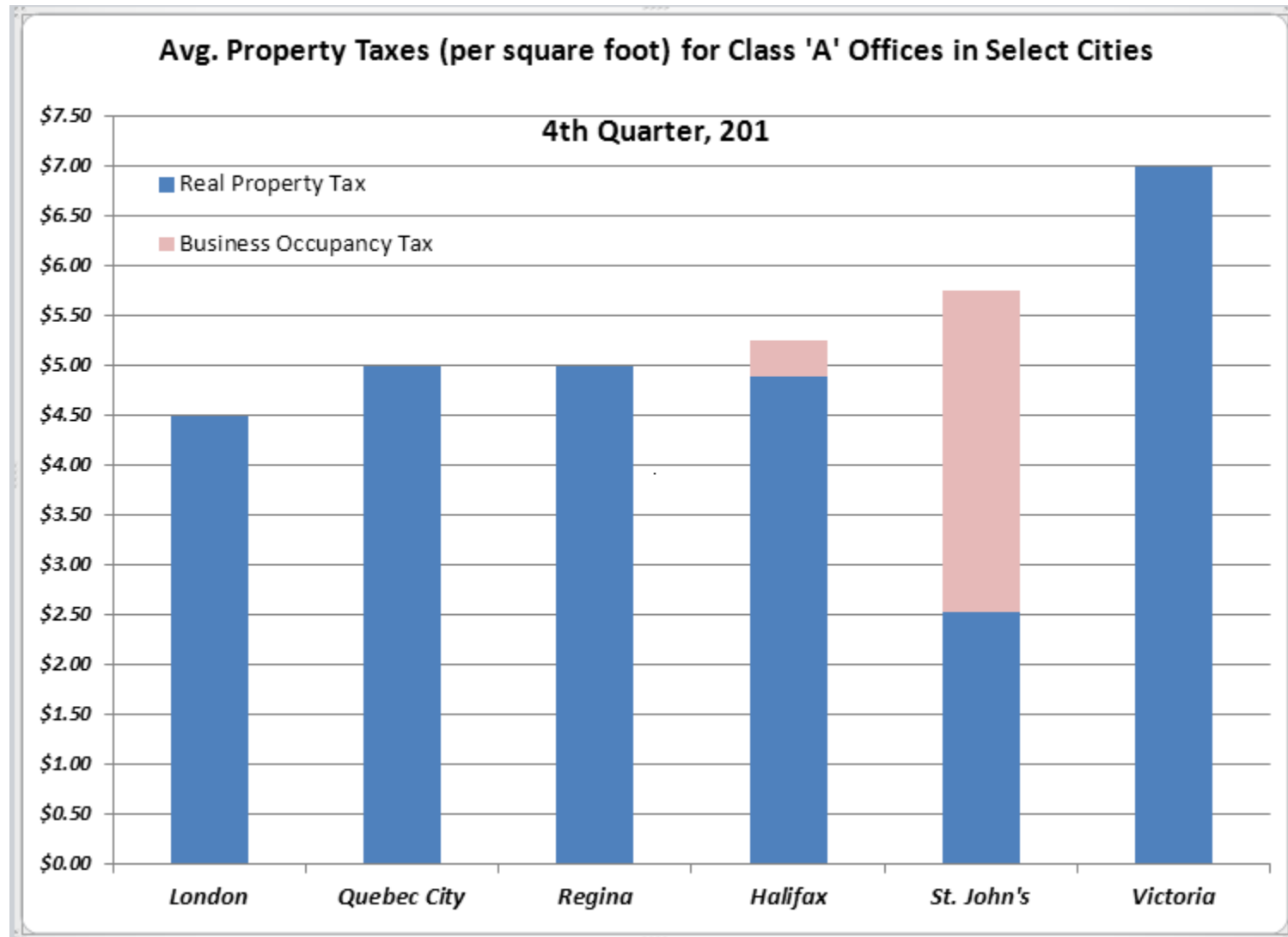


Commercial Tax Rate

- **Current policy is to calculate the commercial rate using a multiplier on the residential rate**
- **This has the impact of not allowing a separate policy approach to setting the commercial tax rate**
- **This budget proposes that policy be replaced by setting the commercial rate separately**
- **As a measure of the reasonableness of the rate, we will compare the total commercial tax collected with GDP for the HRM.**
- **This percentage should at least remain constant or decline, as it is this year, over time**

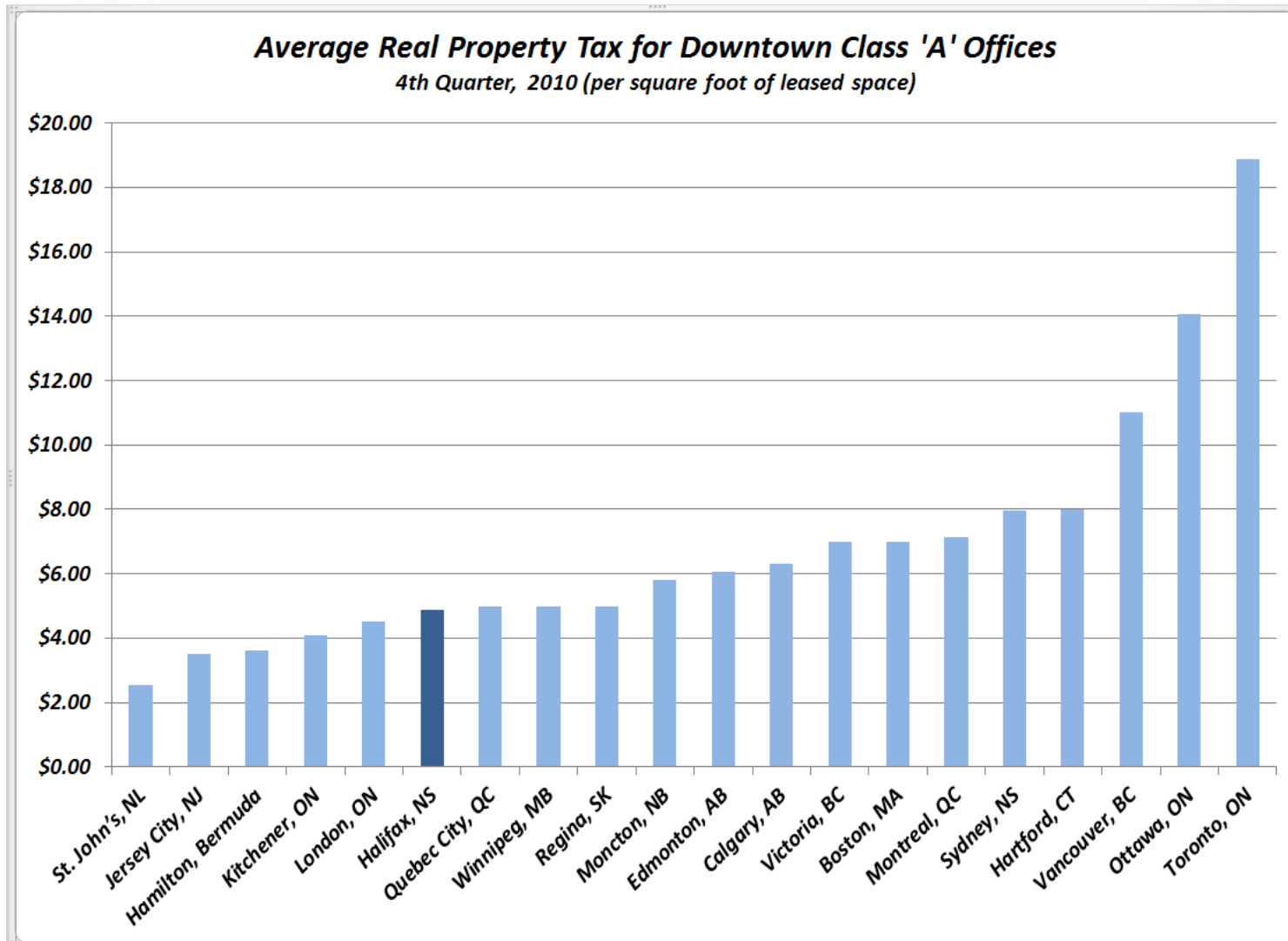


Commercial Taxation





Commercial Taxation





Proposed Commercial Taxation

Proposed Budget - Commercial

	Current Tax Rate (Cents per \$)	Current Tax Bill	Proposed Tax Rate (Cents per \$)	Proposed Tax Bill	Change in Average Tax Bill	%
Commercial Tax Rate	3.0840	38,202	3.0700	40,192	1,990	5.2%
Business Occupancy	<u>0.0640</u>	<u>793</u>	<u>0.0000</u>	<u>0</u>	<u>-793</u>	<u>-100.0%</u>
Total	3.1480	38,995	3.0700	40,192	1,197	3.1%
 Revenues		192,433,000		198,081,000	5,648,000	2.9%
 Taxes/GDP		1.048%		1.032%		
 Median Assessment	3.1480	8,062	3.0700	8,252	190	2.4%



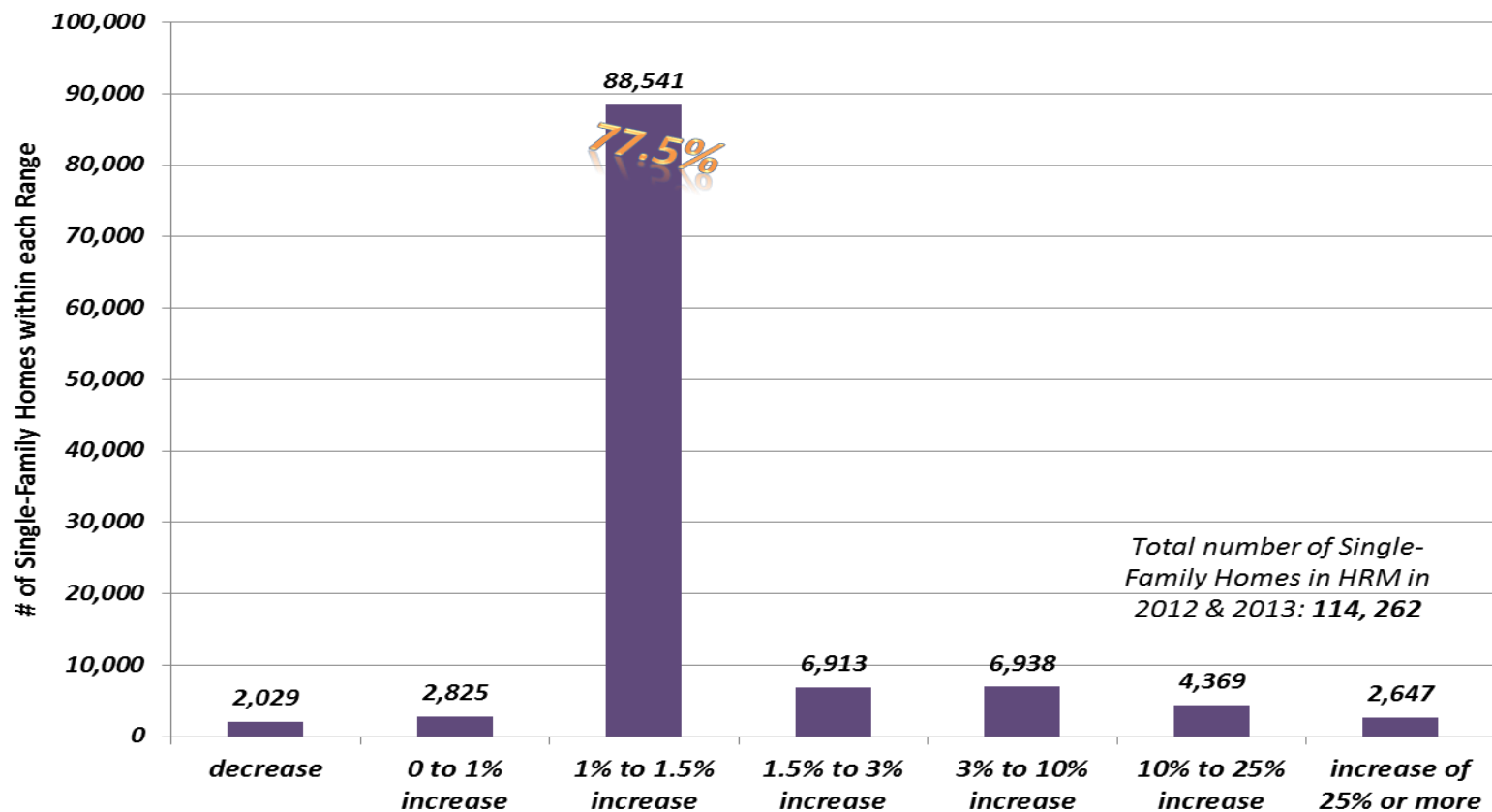
Other Commercial Tax Changes

- **Small Property Tax Rate:**
 - Very Expensive with little practical impact
 - No solid policy support for targeting relief to small assessment
 - Cannot tie size of business to size of assessment
 - Large business could own many small properties
 - Does not provide relief to small business who rent and pay tax through the rent.
 - Doubtful we have the authority
- **Moving Average Assessment:**
 - Promising results elsewhere
 - Would need changes at PVSC and legislation



Residential Assessment Increases

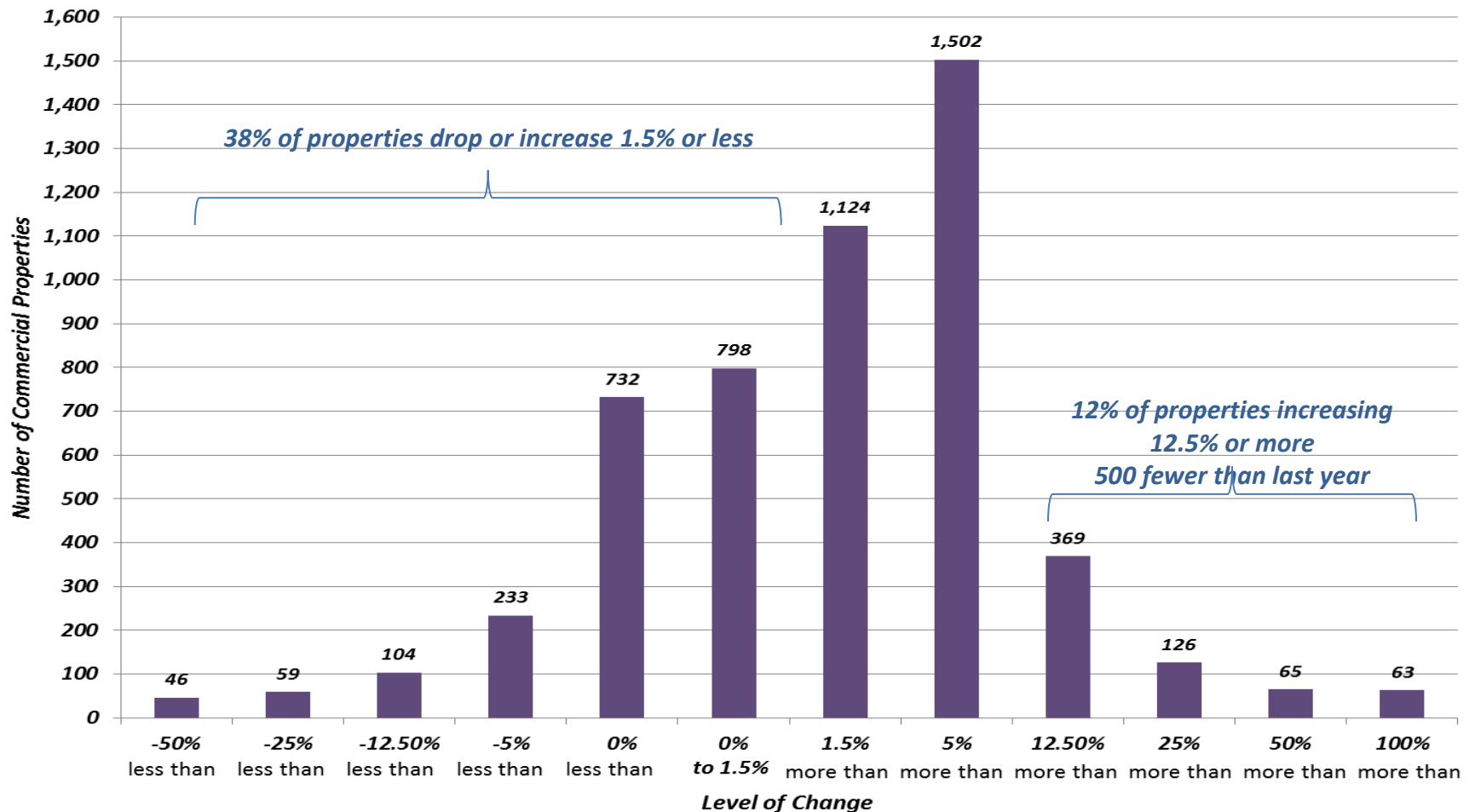
**Range of Assessment Increases for Single-Family Homes,
2012 to 2013**





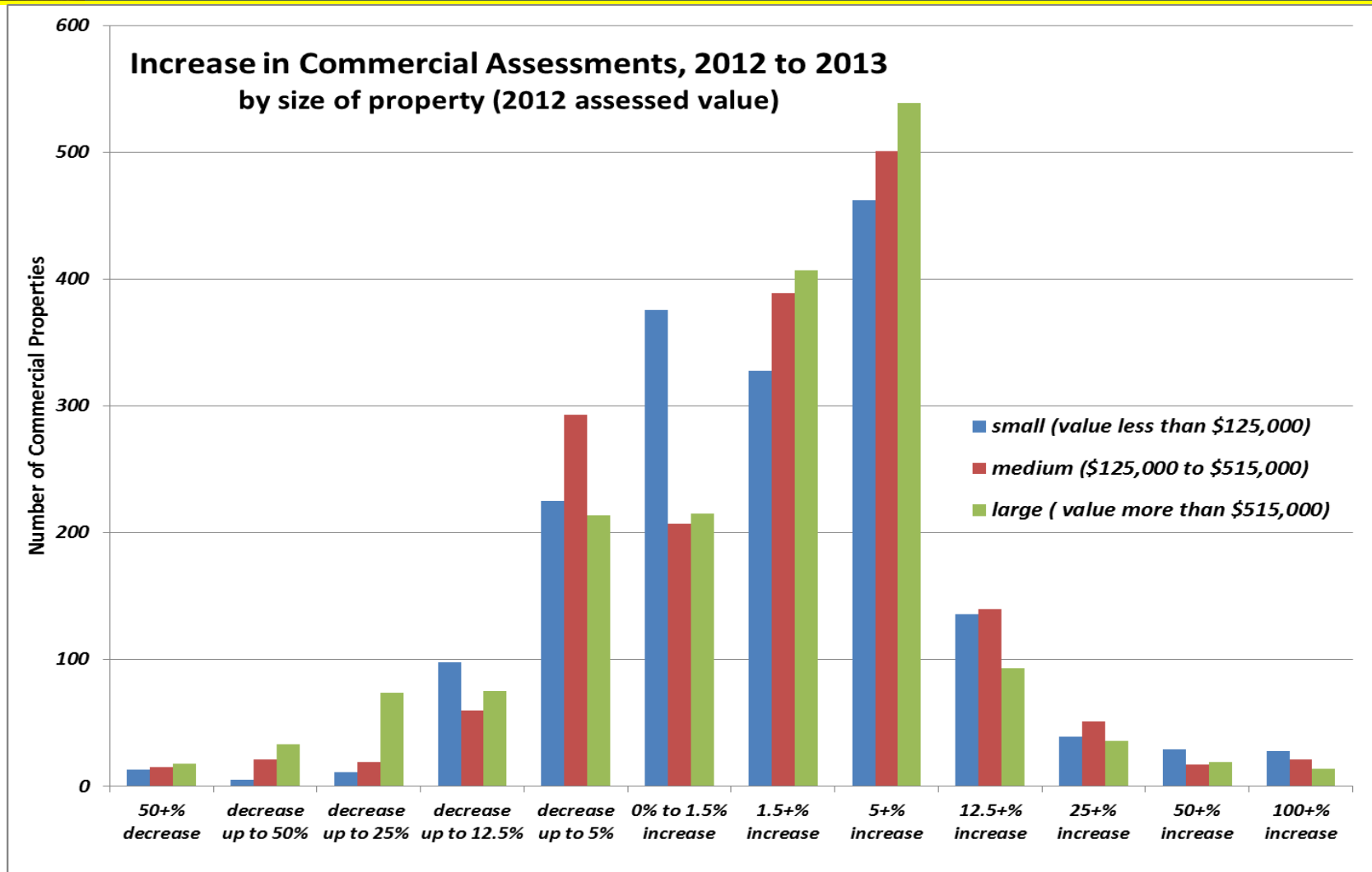
Commercial Taxation

Change in Commercial Assessment, 2012 to 2013





Change in Commercial Assessment





Surplus

Revenue

Deed Transfer	6,130
Investment Income	1,000
Fees	730
Sackville Sports	3,000
Recoveries	1,500
Permits	550
Library Fund Raising	500
Other	534
Total	13,944

Expenses

Compensation	9,300
12/13 surplus	2,000
Other	1,146
Total	12,446
Surplus	26,390

Impact on 13/14 Budget

- **\$3 million increase in Deed Transfer Tax**
- **\$1 million in Investment Income**
- **\$3 million for Sackville**
- **\$800 thousand in fees and permits**
- **\$12 Million in under-spend lead to \$16 million in efficiency savings**



No Tax Increase Option

- **Option**
 - Reduce Residential Tax Rate by 1.5%
 - Those who have had no improvements or purchased a property will see the same or a reduced bill
 - Reduce Commercial Tax Rate by 1.5%
 - Keeps the tax flat except for growth
 - Reduces revenue by \$4.7 million
- **This can be achieved by moving some of the 12/13 surplus to the 13/14 operating fund, rather than to reserves.**
- **Surplus is higher than expected – Staff can now support this transfer**



Questions and Discussion

Chief Administrative Officer |

April 24, 2013