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Item No. 9.1.4
Audit & Finance Standing Committee
October 15, 2014

TO: Chair and Members of Audit & Finance Standing Committee

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SUBMITTED BY: Richard Butts, Chief Administrative Officer

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Kathleen Llewellyn-Thomas, A/Director Transportation & Public Works

DATE: September 29, 2014

SUBJECT: Q123 Waste Resources Reserve Withdrawal

ORIGIN

The 2013/14 Approved Capital Budget.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit & Finance Committee recommend that Halifax Regional Council approve an increase in the gross project budget to account CW000002, Otter Lake Equipment in the amount of \$1,600,000 with funding from the Waste Resources Reserve, Q123, for the purchase of replacement equipment.

BACKGROUND

The HRM and MIRROR NS agreement (1997) provides for the replacement of capital equipment (Schedule K). Supplementary Agreement No.13 between HRM and MIRROR NS outlines capital repair and replacement in Sections 3 and 7, and in Schedules C and E. Replacement of equipment at the end of its useful life as included in the contract. Potential stationary equipment to be replaced or overhauled includes conveyors, compactors, bag breakers, shredder, baler, agitators, walking floor and ventilation systems. Mobile equipment to be replaced per agreed schedule in the contract. Note that all yearly estimates are preliminary estimates only, provided by MIRROR NS. Schedule of items and cost estimates are updated annually. All equipment shall be replaced and maintained to meet their expected useful life as per the contract and to ensure there are minimal disruptions in the service provided.

DISCUSSION

The 2013/14 Approved Capital Budget included \$1,600,000 for the replacement of equipment at Otter Lake in account number CW000002. In some cases, new account numbers are created in order to help track expenditures which creates multiple account numbers with the same name. The 2013/14 budget of \$1,600,000 was inadvertently placed in an older account number (CWU01354) of the same name in error. In an attempt to create budget capacity, the older account was closed and the funds were returned to the reserve. This transaction will return the funds to the active account to be used for its intended purpose.

FINANCIAL IMPLICATIONS

There are sufficient funds within the Waste Resources Reserve, Q123, to transfer to account CW000002, Otter Lake Equipment. However, if approved, this will increase the withdrawals from reserves for 2014/15.

Budget Summary: Waste Resources Reserve Q123

Projected Net available Balance, March 31, 2015	\$21,126,363
Less amount transferred to CW000002	<u>\$ 1,600,000</u>
New Projected Net Balance, March 31, 2015	\$19,526,363

Budget Summary: Otter Lake Equipment, CW000002

Cumulative Unspent Budget	\$ 265,188.53
Plus proposed withdrawal from Q123	<u>\$1,600,000.00</u>
Balance	\$1,865,188.53

COMMUNITY ENGAGEMENT

No Community Engagement is required.

ENVIRONMENTAL IMPLICATIONS

Equipment is replaced at the Otter Lake Facility at the end of its useful life in order to reduce the chance of service disruption at the facility.

ALTERNATIVES

The alternative is to not fund the project from the Reserve. This alternative is not recommended as the delay of equipment delivery may increase the chance of service disruption at the facility.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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