

# 2011-2012 PROJECT OVERVIEW

Committee of  
the Whole

March 29, 2011

# PURPOSE

Provide information and context for Council regarding the 2011-2012 Project Budget, prior to discussing the Oval and the Bedford West Community Centre.

# DEFINITIONS

- **Base Project – State of Good repair**
  - Maintains or replaces existing assets
  - Does not change level of service
  - E.g. – road resurfacing, roof replacements
  
- **Capability Project**
  - New or improved assets
  - Increases level of service or capacity
  - Improved efficiency
  - E.g. – Metro X buses, new playgrounds, LED streetlights

# WHAT DOES COUNCIL NEED TO CONSIDER?

## **CONSIDERATION # 1**

Accommodate Oval and Bedford West Community Centre in 2011/2012 to 2013/14 Project Budget

## **CONSIDERATION # 2**

Accommodate projects under consideration into future budgets while balancing recapitalization needs

# 2011-2012 UPDATE

■ Gross Budget	\$127,525,000
59.7% Base	
40.3% Capability	
■ Net Budget	\$ 89,357,833
■ Envelope	\$ 83,328,438
■ Funding Shortfall	\$ 6,029,395

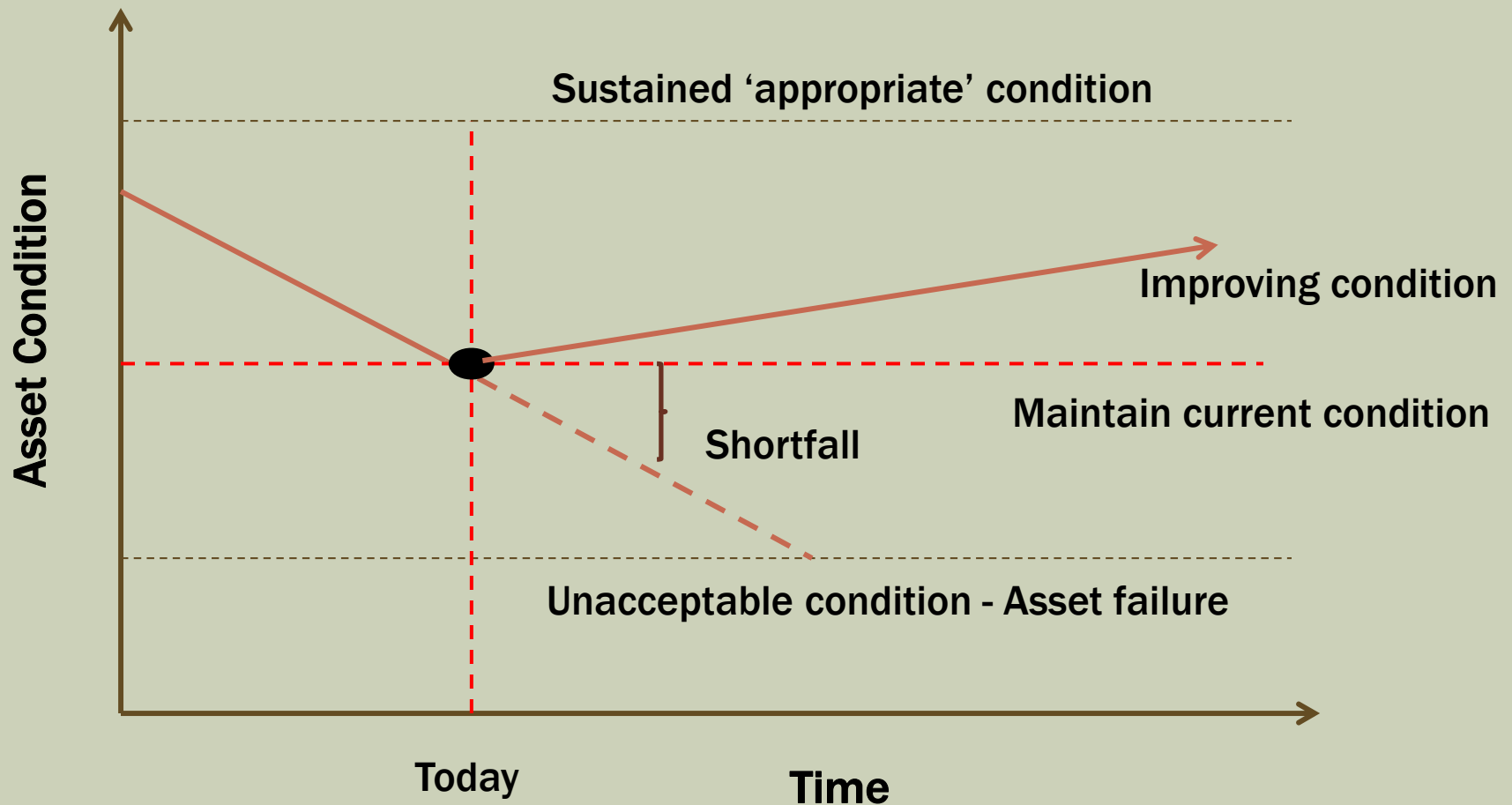
# 2011-2012 UPDATE

<b>Funding Shortfall</b>	<b>\$ 6,029,395</b>
<b><u>Adjustments</u></b>	
■ Un-spent Budget Review	\$ (2,605,818)
■ Postpone 1/2 pay-back to Ferry Reserve	\$ <u>(3,850,000)</u>
<b>Sub-Total Adjustments</b>	<b>\$ 6,455,818</b>
<b>Surplus/(Deficit)</b>	<b>\$ 426,423</b>

# MAINTAINING ASSET CONDITION

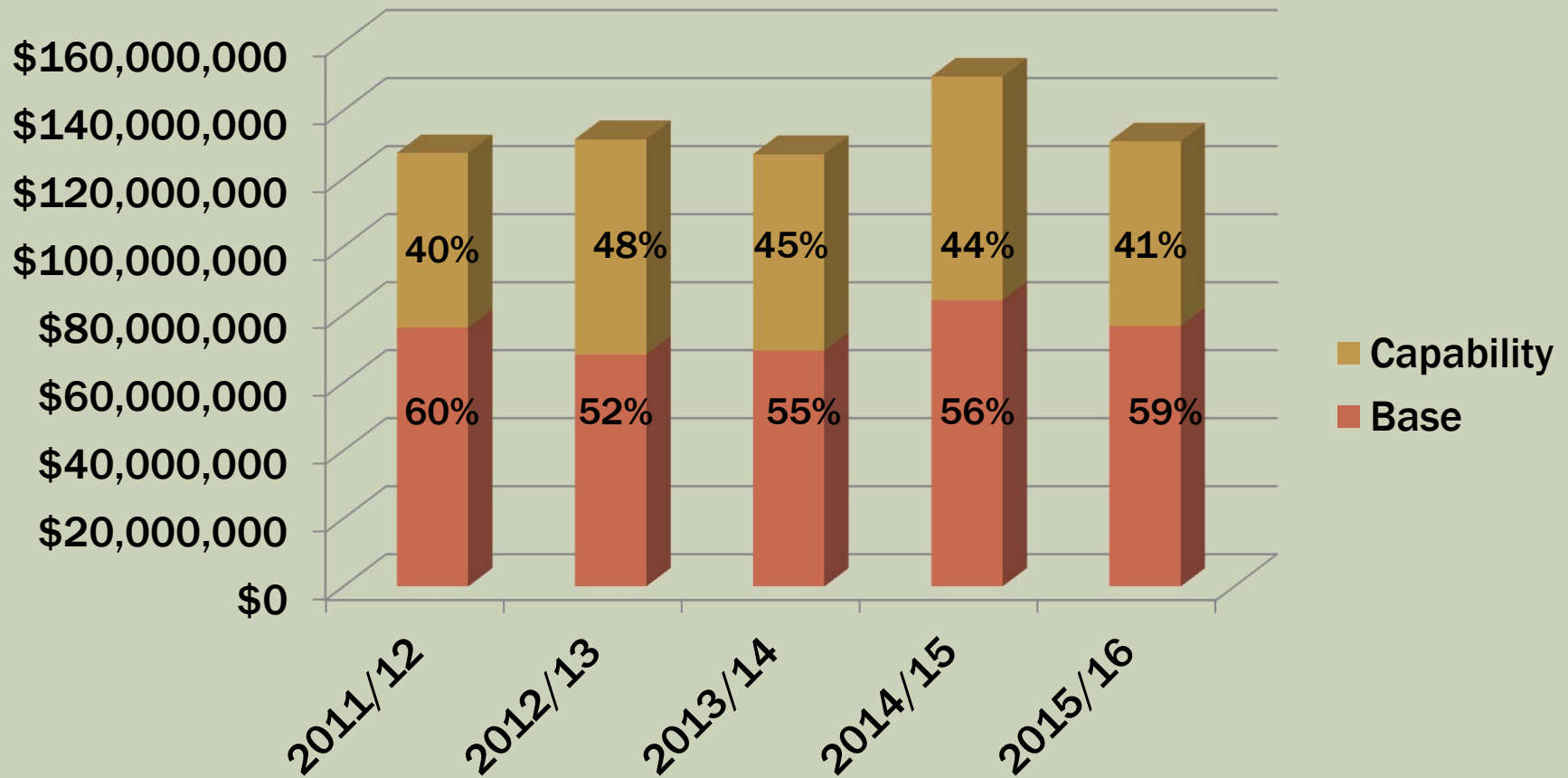
- **2008/09:**
  - Estimate to maintain condition: \$87M/yr
  - Budget shortfall: \$13M/yr
- **2011/12:**
  - Estimate to maintain condition: \$93M/yr
  - Budget shortfall: \$17M/yr
- **Condition has deteriorated since 2008/09**
- **Industry standards suggest the 5 year shortfall to be in the order of \$300-\$400M**

# ASSET CONDITION





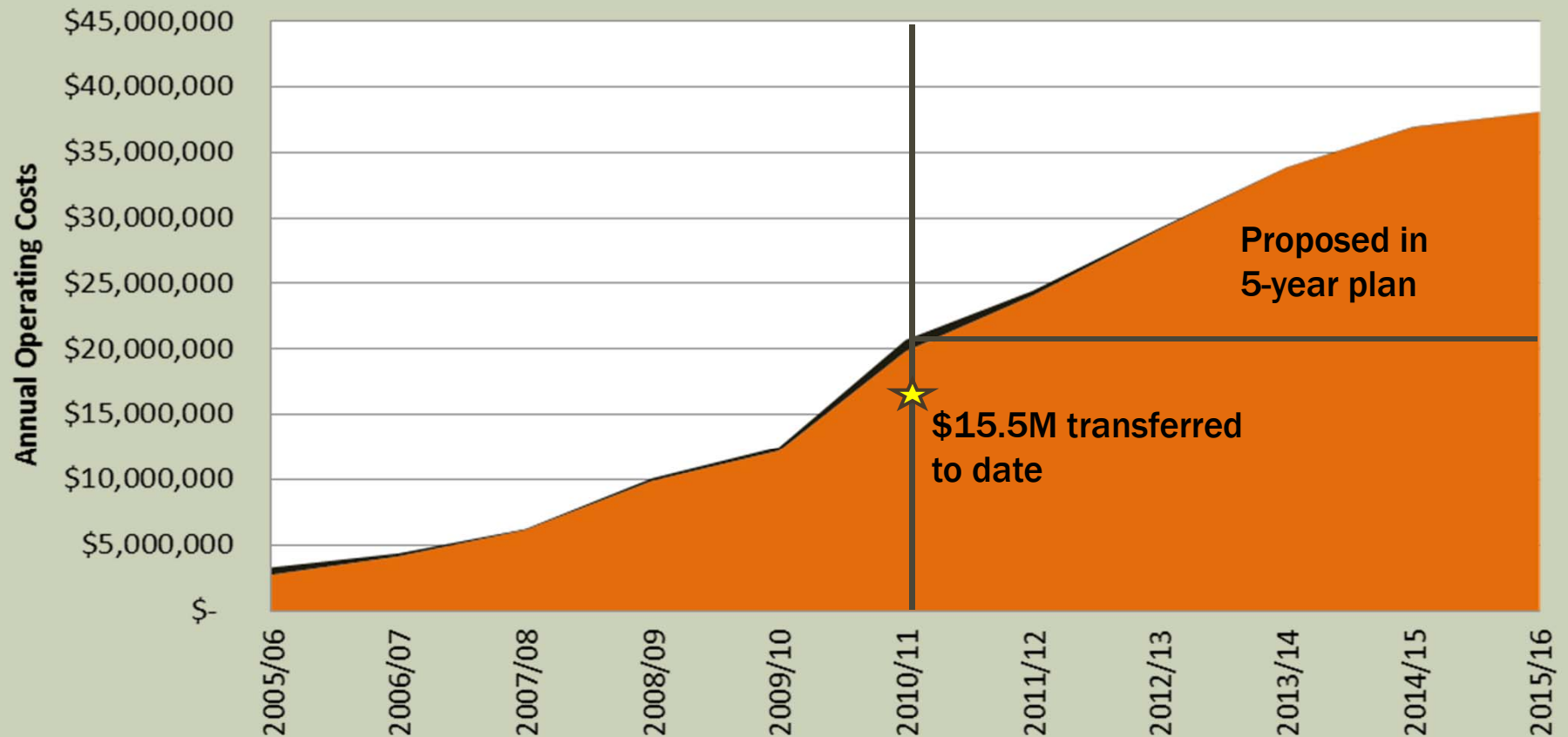
# 5 - YEAR PROJECT PLAN



# OPERATING COSTS OF CAPITAL

## New Capability Projects

■ Ongoing ■ Implementation



# 3 YEAR CAPABILITY FUNDING SHORTFALL

Yearly Capability Funding Requirement*			
Project	2011/12	2012/13	2013/14
Oval	\$3.75M	\$1.4M	
Bedford West CC	\$ 0.5M	\$2M	\$2M
Total	\$4.25M	\$3.4M	\$2M

\*these numbers do not include on-going operating costs

# 5 YEAR CAPABILITY FUNDING SHORTFALL

- **\$ 175M in un-funded Capability projects over the next 5 years**
  - \$16M for upgrades to Libraries and smaller Community Facilities
  - Dartmouth Sportsplex (\$22M), Halifax Forum(\$12M), Long Term Arena Strategy (\$35M), Peninsula Facilities Renos (\$6M), Mainland Common Dev. (\$6M), Dartmouth Common Plan (\$2M), Point Pleasant Park Dev.(\$3M), St. Andrews Community Facility (\$4M)
  - \$4M for New Fire Stations
  - Does not include cost for a New Stadium
- **Two key demand for Capability projects are Transit and Recreation Facilities.**
  - Funding strategy is in place for Transit
  - Funding strategies for Recreation Facilities do not exist

# **OPTIONS – 3 YEAR OVAL & BEDFORD WEST COMMUNITY CENTRE**

- **Corporate and private funding**
- **2010/11 Operating Surplus**
- **Defer Capability Projects to future years**
- **Increase Tax Rates**
- **Reduce Base funding–Not Recommended**

# 3 YEAR CAPABILITY FUNDING OPTIONS

<b>Yearly Capability Funding Options*</b>			
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Shortfall</b>	<b>\$4.25M</b>	<b>\$3.4M</b>	<b>\$2M</b>
<b>Sponsorship</b>	<b>\$1.0M</b>		
<b>Surplus</b>	<b>\$1.0M</b>		
<b>Defer Capability</b>	<b>\$1.0M</b>	<b>\$2.0M</b>	<b>\$1.0M</b>
<b>Rate</b>	<b>\$1.25M</b>	<b>\$1.4M</b>	<b>\$1.0M</b>
<b>Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*these numbers do not include on-going operating costs

# OPTIONS – 5 YEAR/FUTURE CAPABILITY FUNDING SHORTFALL

- Set Targets for Base and Capability Spending
  - Business Case Approach for individual Capability Projects
- Re-prioritize the Five Year Project Plan
- Special Purpose Infrastructure Re-cap Rate
- Amend the Multi-year Financial Strategy to slow Debt Reduction
- Rationalization of Assets/Services
- Encourage/Direct growth to serviced areas
- Take this discussion initially to the Audit and Finance Committee

# NEXT STEPS

- Short Term decisions on the Oval and Bedford West Community Centre projects
- If at least one of these projects is approved, guidance from Council on the funding option presented
- Return to Council with implications of those options as part of the upcoming Budget debate



# QUESTIONS