



The 2012-13 Budget

Seeking Direction on Taxes and Expenses

February 14, 2012

Outline

- Recommendations
- Revenue Picture
- Operating Overview
- Capital Overview
- Transit Overview
- Summary
- Options
- Recommendation

Recommendations

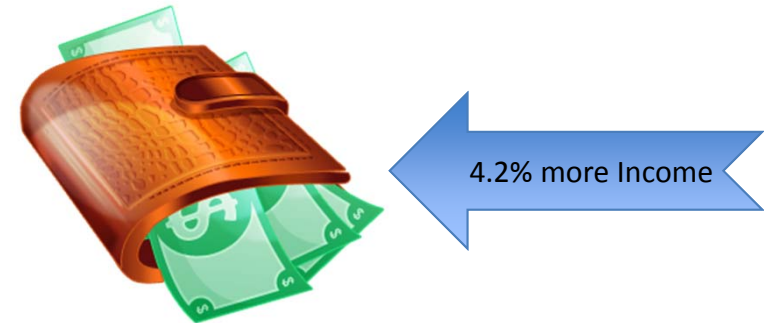
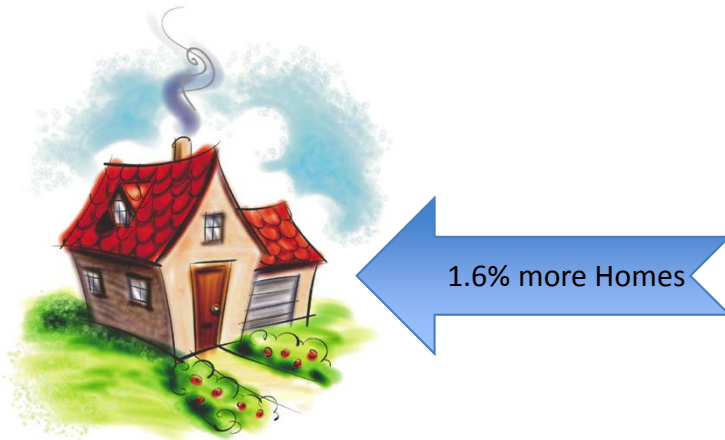
It is Recommended that

Staff return with

- an operating budget that maintains municipal services
- a transit budget that increases transit service in the Region and focuses on greater efficiencies
- a Capital Budget that emphasizes the State of Good Repair

And that the General Tax Rates and Transit Tax rates be set as per **Option B**, that is, **the average tax bill per Single Family Home does not increase.**

The Economy for Halifax in 2012



The Revenue Picture

Assessment Continues to Rise

There are four main types of assessment: Residential, Resource, Commercial and Business Occupancy. The values are not set by HRM but by the Property Services Valuation Corporation (PVSC).

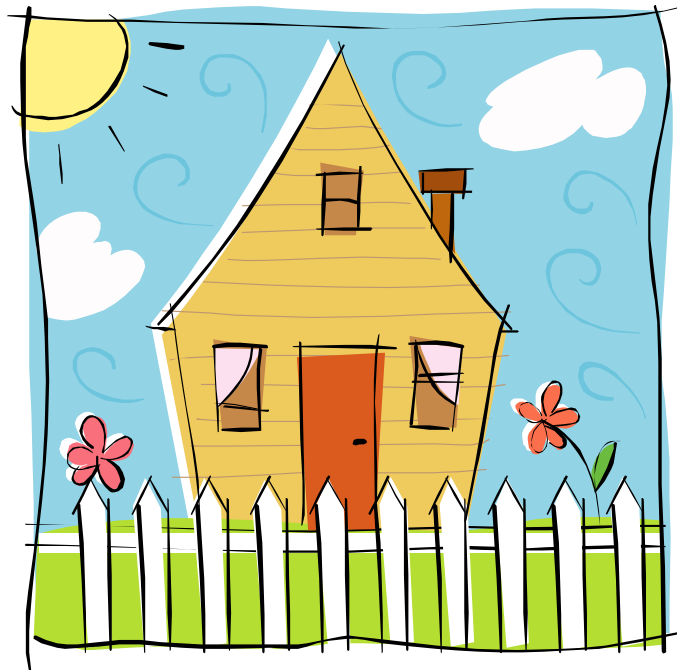
“Assessed Values are up \$2.4 Billion or 7%. This includes new homes and properties”

Residential and Resource Assessment cannot grow more than the Consumer Price Index of 3.9%. This is called “Capping” and applies to single family homes but not apartment over 3 units. The “Cap” is removed when a property is sold. It doesn’t apply to new homes or construction in the year they are built. In 2012, 83% of single family homes are capped. The “Capped” values are up by \$2 billion. Commercial values are up by \$400 million.

	2011-12	2012-13	\$	%
Residential and Resource	\$27.8	\$29.8	\$2.0	7.2%
Commercial, Business Occupancy	<u>6.3</u>	<u>6.7</u>	<u>0.4</u>	<u>6.3%</u>
Total Assessment	\$34.1	\$36.5	\$2.4	7.0%

Revenues without a Rate Decrease	
2012-13	
Existing Properties	\$26.9
New Homes	<u>4.7</u>
Total Assessment	\$31.6

Average Home Values are up 5%



Homes Values have increased by 5%

The Average Single Family Home has risen in value from \$192,800 in 2011 to \$202,400 in 2012. This is an increase of 5%.

Apartments Buildings (6 units+) have risen 10% in value.

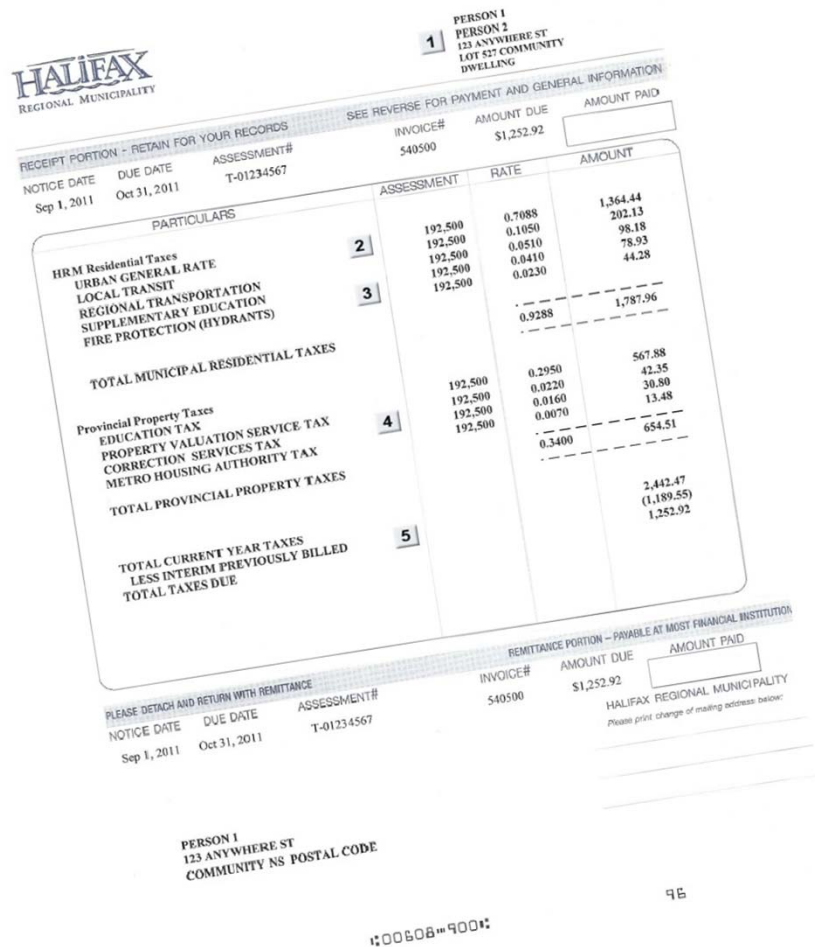
There are also New Homes

There are 1,400 new single family homes and 1,600 new apartment units, together worth more than \$500 million. On average, new homes are assessed at \$300,000.

Commercial Values

There are over 5,000 commercial properties. On average properties have risen by just over 5.4%.

What Does this Mean for Tax Revenues?



RECEIPT PORTION - RETAIN FOR YOUR RECORDS

NOTICE DATE: Sep 1, 2011 | DUE DATE: Oct 31, 2011 | ASSESSMENT#: T-01234567

PERSON 1: 123 ANYWHERE ST, COMMUNITY NS, POSTAL CODE

PERSON 2: 123 ANYWHERE ST, LOT 427 COMMUNITY DWELLING

INVOICE#: 540500 | AMOUNT DUE: \$1,252.92

PARTICULARS	ASSESSMENT	RATE	AMOUNT
HRM Residential Taxes	192,500	0.7088	1,364.44
URBAN GENERAL RATE	192,500	0.1050	202.13
LOCAL TRANSIT	192,500	0.0510	98.18
REGIONAL TRANSPORTATION	192,500	0.0410	78.93
SUPPLEMENTARY EDUCATION	192,500	0.0230	44.28
FIRE PROTECTION (HYDRANTS)			
TOTAL MUNICIPAL RESIDENTIAL TAXES		0.9288	1,787.96
Provincial Property Taxes	192,500	0.2950	567.88
EDUCATION TAX	192,500	0.0220	42.35
PROPERTY VALUATION SERVICE TAX	192,500	0.0160	30.80
CORRECTION SERVICES TAX	192,500	0.0070	13.48
METRO HOUSING AUTHORITY TAX		0.3400	654.51
TOTAL PROVINCIAL PROPERTY TAXES			2,442.47
TOTAL CURRENT YEAR TAXES			(1,189.55)
LESS INTERIM PREVIOUSLY BILLED			1,252.92
TOTAL TAXES DUE			1,252.92

REMITTANCE PORTION - PAYABLE AT MOST FINANCIAL INSTITUTION

INVOICE#: 540500 | AMOUNT DUE: \$1,252.92

HALIFAX REGIONAL MUNICIPALITY

PLEASE DETACH AND RETURN WITH REMITTANCE

NOTICE DATE: Sep 1, 2011 | DUE DATE: Oct 31, 2011 | ASSESSMENT#: T-01234567

PERSON 1: 123 ANYWHERE ST, COMMUNITY NS, POSTAL CODE

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Assessment Does Not Create Revenues

Under Provincial law Council votes on the tax rates each year. In addition to the General Tax Rates there are the Transit Tax rates and a number of area rates including the Provincial Area Rate for Education, Corrections, Housing and Assessment Services.

“Council must re-set the rate each year. Until Council votes on a tax rate, there are no revenues.”

The Provincial Area Rates are typically set to cover the costs of education, corrections, assessment and housing. The Province determines the amount required.

Costs Pressures on the General Tax Rate

Cost Pressures

Winterworks	\$4,700,000
Capital from Operating	2,600,000
Electricity and Fuel	2,400,000
Compensation	2,200,000
Vehicles and Fuel	1,300,000
RCMP	1,100,000

Opportunities

Election Reserve	-1,600,000
Solid Waste	-1,600,000
Deed Transfer Tax	-3,200,000
Otter Lake Cell Reserve	-4,500,000
Q3 2011-2012 Surplus	-2,800,000

We can manage cost pressures through:

- Alignment / organizational focus
- Favourable contract prices
- Solid Waste cost containment
- Fleet rationalization
- Reviewing currently Vacant positions
- Budgeting for Future Vacancies
- Overtime controls
- Revenue adjustments
- Additional provincial costs (eg Education) will flow through the area rate when known. Estimated at \$8 million.

Conclusion

- **Cost Drivers remain but we have slowed expenditure growth**

The Capital Budget

- **12/13 Gross Budget of \$131 Million**
 - Projects budgeted in the year when funds are needed
 - Reviewed and closed finished projects
- **State of Good Repair (Recapitalization) up to 80 M, from 56 M in 11/12**
 - Council already approved 12 Million for transit buses
 - Focus on streets and roads, sidewalks in business districts
- **Continue with Growth (capability) projects**
 - Oval, Library, Bedford-Hammonds Plains Centre as initiated
 - Bring forward funding approach for Multi-District facilities
 - Funding plan for HRM's share of Stadium, as required
- **We will be recommending a three year Capital Plan in 2013-2014**
- **Conclusion**
 - Renewed emphasis on strong planning with increased funding for State of Good Repair

Transit Services have Risen Steadily

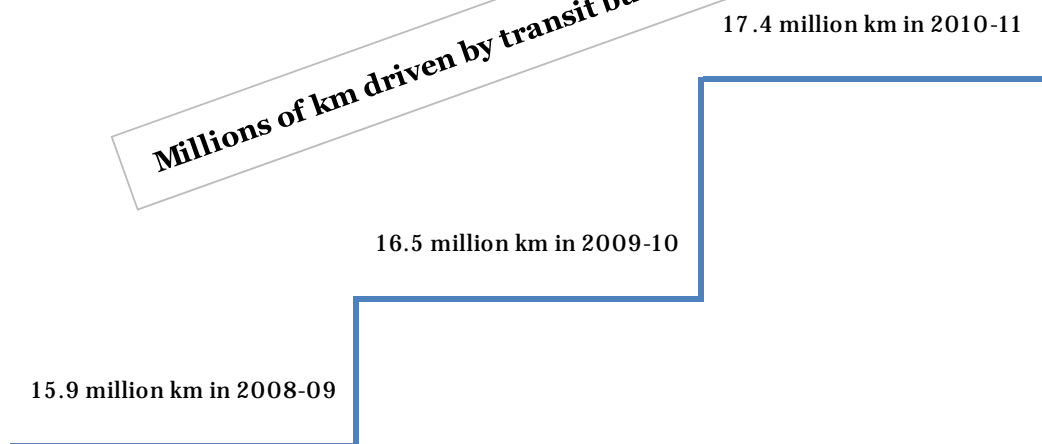
Transit Service continues to increase

The number of routes, buses and service is rising dramatically. The Ragged Lake Transit Centre is open and the new Dartmouth Terminal is on schedule. Metro Transit now drives 1.5m kilometres more than it did three years ago.

There are 60% more buses than ten years ago.



Millions of km driven by transit busses



The Pressures on the Transit Service



Cost Pressures

Includes new Buses with additional drivers and fuel

Compensation	\$6,400,000
Vehicles and Fuel	1,600,000
New Operating Costs	1,700,000
Debt Charges	400,000
Vehicle Efficiencies	-500,000
Reserve Changes	-1,100,000

New Revenues

Keeping Rates the same	\$4,500,000
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We Aim to Find Efficiencies

The Transit Service has grown dramatically but fares cover only 43% of operational costs.

In addition to new routes, a new transit centre and more buses there is a focus on efficiencies:

- Renewed collective agreement
- newer, more efficient buses
- Attendance support

Conclusion

This is Council's highest priority. Efficiencies will help provide for greater, more reliable service.

General Tax Rate:

- Cost Pressures remain but we have slowed the growth of expenditures, and lowered the cost of Government.

To balance: an estimate \$3 million in tax revenues.

Capital Budget:

- Emphasizes on Funding projects as they are implemented.
- The focus is on the State of Good Repair
- Funding approach for Multi-District Facilities

Transit Budget:

- Our highest priority. Efficiencies will lead to greater service. Transit fares and new home growth cannot provide for both increased service and cost pressures.

To balance: an estimate \$8 million to \$10 million in tax revenues.

The Options on the General and Transit Tax Rates



		Urban Tax Bill (General/Transit) at Average Assessment	Change in Revenues (estimate)
	Current Tax Bill for 2011-2012	1,667	
A	Keep Both Rates the Same	1,751	31,600,000
	No Change in Combined General and Transit Tax Bill		
B	Increase the Transit Tax Rates by 0.7 cents Reduce the General Tax Rate by 3.4 cents	1,667	10,000,000
	Lower Tax Bill for General and Transit Rates		
C	Reduce the Transit Tax Rates by 0.8 cents Reduce the General Tax Rate by 3.6 cents	1,661	8,200,000
	Take the Equivalent of Residential Tax Growth		
D	Reduce the Transit Tax Rates by 0.9 cents Reduce the General Tax Rate by 4.2 cents	1,647	4,700,000

The average tax bill stays the same in this scenario

Recommendations

It is Recommended that

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And that the General Tax Rates and Transit Tax rates be set as per **Option B**, that is, **the average tax bill per Single Family Home does not increase from 2011-2012.**

Next Steps

- **Council Direction - Today**
- **Staff to complete work**
 - Operating and Capital Budget
 - Business Plans
- **Expected Tabling of Budget**
 - March 27, 2012
- **Expected Budget Debate**
 - Starts Monday, April 2nd, 2012