



The 2012-13  
Proposed Operating and  
Project Budgets

Tuesday, March 27, 2012

# Outline

- Council Direction
- Tax Rates and Average Tax Bills
- Budget Outcomes and Risk Mitigation
- Summary of Budgets
  - Operating Overview
  - General and Transit Tax Rates
  - Capital Overview
- Next Steps

- Table an operating budget that
  - maintains municipal services
  - increases transit service in the Region and focuses on greater efficiencies
  - emphasizes the state of good repair
- Set the general tax rates and transit tax rates as per **Option B**, so that **the average tax bill per Single Family Home does not increase** from 2011-2012
- “... what reductions would be required in the proposed 2012/2013 budget or legislative changes to also result in no increase in the average commercial property tax bill.”

# What's Changed since the February 21st Council Meeting

	14-Feb-12	Proposed Budget
<b>Residents</b>		
Change in General Tax Rate	-4.8 cents	-4.8 cents
Change in Transit Tax Rate	+0.7 cents	Flat
Change in Average Tax Bill	0%	-0.8%
<b>Commercial Tax Rate</b>		
Change in Commercial Tax Rate	-13.7 cents	-19.0 cents
Change in Average Tax Bill	+1%	-0.7%

Average Tax Bills Decline

# Tax Rates and Average Tax Bills down

- Average tax bill down
  - average single family home paid \$1,667 in 2011-12
  - average assessment rose 5%
  - tax rates proposed to drop 5.5%
  - same home will pay less municipal tax this year than last



# Tax Rates and Average Tax Bills down

## Average Residential Tax Bill

	Tax Rate (cents per \$100)	Change in Average Tax Bill
General Tax Rate	66.1	-\$29
Local Transit	10.5	11
Regional Transit	<u>5.1</u>	<u>5</u>
<b>Sub-Total</b>	<b>81.7</b>	<b>-\$13</b>
Fire Protection (Hydrants)	2.5	7
Supplementary Education	3.7	-4
<b>Municipal Tax</b>	<b>87.9</b>	<b>-\$11</b>

Note: Expenditures required for Mandatory Education and other transfers have not yet been announced by the Province. Current estimates would see the residential Provincial Area Rate unchanged, hence a \$32 increase in the average Provincial Property Tax bill.

# Commercial Tax Rates and Average Tax Bills down

- Average tax bill down
  - average business paid \$38,100 in 2011-12
  - average assessment rose 5.4%
  - tax rates proposed to drop 5.8%
  - same property will pay over \$200 less municipal tax this year than last



# Commercial Tax Rates and Average Tax Bills down



## Average Commercial Tax Bill

	Tax Rate (dollars per \$100)	Change in Average Tax Bill
General Tax Rate	3.084	-\$258
Local Transit	0.000	0
Regional Transit	<u>0.000</u>	<u>0</u>
<b>Sub-Total</b>	<b>3.084</b>	<b>-\$258</b>
Fire Protection (Hydrants)	0.075	117
Supplementary Education	0.110	-70
<b>Municipal Tax</b>	<b>3.269</b>	<b>-\$211</b>

Note: Expenditures required for Mandatory Education and other transfers have not yet been announced by the Province. Current estimates would see the commercial Provincial Area Rate decline slightly, hence a \$106 increase in the average Provincial Property Tax bill.



# Budget outcomes- What's in the budget?

## Operating

- 311 call center
- Winterworks is fully funded
- Asset Improvements to sidewalks, bridges and roads
- Fuel and electricity appropriately funded

## Transit

- No proposed fare increase for 12/13
- MetroX Service to Airport (102), Porters Lake (107), Shel Drake Lake (103)
- High frequency corridor – Portland Street
- Replacement of 17 buses
- Improved schedule adherence
- Bus Reserve being created (\$1m)

## Project Budget (Capital)

- Increased funding of State of Good Repair by 15.5 M (23 %)
- Asset condition is beginning to stabilize
  - \$500K – to undertake assessment of buildings
- Service Expansions – Bedford/ HP Community Center, Oval Phase 2
- Approach for Multi-District Facilities

# Budget - Risk Mitigation

- Appropriate funding for winterworks budget (+\$5m)
- Fuel and Electricity
  - Assumptions on Price and Volume are reasonable
- Overtime Budget is Appropriate
  - Transit overtime is being rightsized (+\$2.5 m)
  - Other overtime declines slightly (-\$0.3m)
- Appropriate funding for key reserves
  - Solid Waste contributions at sustainable level
  - Ferry Reserve loan fully re-paid
  - Bus Reserve being created (\$1m)
- Council's Debt Policy being followed
  - Tax Supported Debt decreased by \$4.9m to \$270.4m
  - Capital from Operating consistent with Council Policy

# Summary of Revenues and Expenditures

















	2011-12 Budget	2012-13 Budget	Variance \$	Variance %
<u>Expenditures:</u>				
Business Units	503.8	519.7	15.8	3.1%
Fiscal Services	<u>254.9</u>	<u>269.1</u>	<u>14.2</u>	<u>5.6%</u>
<b>Total</b>	<b>758.7</b>	<b>788.8</b>	<b>30.1</b>	<b>4.0%</b>
<u>Revenues:</u>				
Revenues and Area Rates	336.4	362.7	26.3	7.8%
Transit Taxes	35.9	38.4	2.5	7.0%
General Rate Taxes	<u>386.4</u>	<u>387.7</u>	<u>1.2</u>	<u>0.3%</u>
<b>Total</b>	<b>758.7</b>	<b>788.8</b>	<b>30.1</b>	<b>4.0%</b>

Note: In 2012-13 an additional \$1.9m of General Rate taxes are used to support the Transit Tax Rates.

# Business Units' variance from '11-'12

## Re-stated for Elimination of Interdepartmental Charges

	<b>2011-12 Budget</b>	<b>2012-13 Budget</b>	<b>Variance \$</b>	<b>Variance %</b>	
Community and Recreation Services	40.1	38.5	-1.7	-4.2%	
CAO	14.1	13.9	-0.2	-1.3%	
Finance & Information Technology	29.0	28.8	-0.2	-0.7%	
Fire & Emergency Services	55.4	55.3	-0.1	-0.2%	
Auditor General	0.8	0.8	0.0	0.0%	
Library	22.8	22.9	0.1	0.2%	
Human Resources Services	5.4	5.5	0.0	0.7%	
Legal Services	2.6	2.6	0.0	1.1%	
Regional Police	76.3	77.2	1.0	1.3%	
Planning & Infrastructure	11.4	11.6	0.2	1.4%	
RCMP	21.7	22.7	1.0	4.4%	
Transportation & Public Works	131.2	138.4	7.2	5.5%	
Metro Transit Services	92.9	101.5	8.5	9.2%	
<b>Business Units</b>	<b>503.8</b>	<b>519.7</b>	<b>15.8</b>	<b>3.1%</b>	
Fiscal	254.9	269.1	14.2	5.6%	
<b>Total</b>	<b>758.7</b>	<b>788.8</b>	<b>30.1</b>	<b>4.0%</b>	

# Business Unit Variances

## Expenditures for Most Business Units Decline

- Four Business Units declined
- Six others were flat or saw minimal change

## Expenditures for Two Business Units Increase

- Transportation and Public Works:
  - Winterworks fully funded (\$5m)
  - Repairs for Sidewalks, Bridges, Roads (\$1.9m)
- Metro Transit:
  - Increased transit service (\$3.4m)
  - Existing transit service (\$4.1m)
  - New Bus Reserve (\$1.0m)

## Fiscal Services

- Debt Charges (\$10m) offset by recovery
- Provincial Expenditures (\$7.8m)

# Summary of Key Tax Rates

	General Tax Rate	Transit Taxes	Other Municipal Tax Rates	Provincial Area Rate	Total
Changes in Expenses	16.0	5.1	1.2	7.8	30.1
Changes in non Tax Rate Revenues	-16.7	-0.7	0	0.0	-17.4
<b>Changes in Tax Rate Revenues</b>	<b>-0.7</b>	<b>4.4</b>	<b>1.2</b>	<b>7.8</b>	<b>12.7</b>

# 2012-13 General Tax Rate Details

In 2012-13, General Tax Rate revenues are \$700,000 less than in 2011-12

While facing same cost drivers, HRM slowed expenditure growth and reduced cost of government by:

- re-alignment/organizational focus
- solid waste cost containment
- fleet rationalization
- elimination of 50 positions
- other

Budget to include \$4.9m for General Tax Rate Surplus

- Estimated Transit Tax Rate Deficit of (\$1.0m)

# 2012-13 General Tax Rate Details

## Changes in Expenses:

Compensation	\$4.1
RCMP	1.0
Winterworks	5.0
Sidewalks, Bridges, Roads	1.9
Diesel, Gasoline and Electricity	2.8
Debt Charges (\$9.9m, Net \$0)	0.0
Solid Waste Reserve	-4.8
Other Changes in Reserves	-6.0
Capital from Operating	2.7
Estimated Surplus	-4.9
Other Expenses	<u>4.3</u>
<b>Expenses</b>	<b>\$6.1</b>

## Changes in Revenues:

Increase in Deed Transfer Tax	\$3.6
Increase in Grants in Lieu	2.1
Change in Other Revenues	<u>1.1</u>
<b>Revenues</b>	<b>6.8</b>

<b>Net Change in Tax Revenues</b>	<b>-\$0.7</b>
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# Growing Transit Service

- Number of routes, buses and services rising dramatically
  - Metro Transit has 60% more buses than it did ten years ago
- Between 2020 and 2023 HRM will need to replace as many as 130 buses
  - Bus Replacement Reserve being introduced
- Will continue to seek even greater efficiencies



# 2012-13 Transit Tax Rate Details

## Changes in Expenses:

Compensation	\$5.5
Diesel and Gasoline	2.2
Other Vehicle Expenses	1.3
Ferry Reserve Loan Repaid	-3.1
Proposed Bus Reserve	1.0
Capital from Operating	-3.0
Estimated Deficit	1.0
Other Expenses	<u>0.2</u>
<b>Expenses</b>	<b>\$5.1</b>

## Changes in Revenues:

Increased revenues from new service	\$0.7
Other Revenues	<u>0.0</u>
<b>Revenues</b>	<b>0.7</b>

<b>Net Change in Tax Revenues</b>	<b>\$4.4</b>
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# The 2012-13 Project Budget

- **12/13 Gross Budget of \$132 Million**
  - State of Good Repair (Recapitalization) up by 23% over what was planned, an increase of \$15m
    - Additional funding for bus replacements, roads, sidewalks and facilities
  - Begun to stabilize the condition of our assets
  - Funds set aside for a condition assessment on facilities (\$500k)
  - Service expansions include a new Bedford-Hammonds Plains Community Centre , Phase 2 of the Skating Oval, MetroX service
- **Five Year Plan and Forward**
  - Strategy to expand and revitalize Multi-District Facilities
  - In addition, increased funding for recapitalization of the Multi-District Facilities
    - From \$3.25m to \$8.5m (year 5)
  - Funding for Long-Term Arena Strategy (\$14.4m)
  - Funding for Downtown Streetscaping (\$13m)
  - Opening of a new library and commissioning of a 4<sup>th</sup> ferry
  - 3 year Project Budget

## **General Tax Rate:**

**To balance: a lower tax rate and \$700,000 less in tax revenues.**

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

## **Transit Budget:**

**To balance: the same tax rate and 4.4 million in tax revenues.**

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


## **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

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Average Tax Bills Decline



# Next Steps

- It is recommended that Council table the Proposed Budget and proceed to debate starting on Monday, April 2<sup>nd</sup> at 10:00am, using the following schedule as its guideline:

Date	Sequence of BU Presentations	Estimated Start Time
April 2	Executive Overview (CAO/DCAO/CFO)	10:00 am
	Transit	10:15 am
	Police Services	11:30 am
	Fire & Emergency Services	1:00 pm
	Transportation & Public Works	1:45 pm
	Library	3:00 pm
April 3	Community & Recreation Services	10:00 am
	Planning & Infrastructure	11:00 am
	Legal	1:00 pm
	Human Resources	1:45 pm
	Finance & IT (including Fiscal Services)	2:30 pm
	CAO	3:15 pm

## Questions

- Questions arising prior to April 2<sup>nd</sup> should be sent to Ed Thornill ([thornhe@halifax.ca](mailto:thornhe@halifax.ca))
- Responses will be coordinated and posted to the Councillor's Toolkit