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Item No. 3
Committee of the Whole
January 15, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

David Hubley, Acting Director Transportation & Public Works

DATE: January 8, 2014

SUBJECT: Proposed 2014/2015 Transportation & Public Works Budget and Business Plan

ORIGIN

At the October 22, 2013 Committee of the Whole, Council directed staff to present the 2014/2015 draft Business Unit Budget and Business Plans to the Committee of the Whole for review and discussion prior to consideration by Regional Council.

LEGISLATIVE AUTHORITY

Pursuant to the 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 Committee of the Whole direct staff to prepare the 2014/2015 Transportation & Public Works Budget and Business Plan as proposed in the accompanying presentation, incorporating additional direction provided by motion of Committee of the Whole for inclusion in the proposed HRM 2014/2015 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2014/2015 Budget and Business Plan development process, the Committee of the Whole is reviewing each Business Unit's high level budget and proposed plans in advance of detailed HRM Budget and Business Plan preparation.

At the November 19, 2013 Committee of the Whole, Regional Council considered and confirmed their Strategic Priority Outcomes and directed staff to: "develop the 2014/2015 Budget and Business Plans in support of these priorities."

DISCUSSION

Staff has prepared the proposed 2014/2015 Budget consistent with the preliminary fiscal direction received from Regional Council on October 22, 2013 and aligned with Council Priorities as directed on November 19, 2013.

Following direction from the Committee of the Whole, staff will prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2014/2015 Budget and Business Plan documents to be presented to Council, as per the process and schedule endorsed by Regional Council on October 22, 2013.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2014/2015. There are no immediate financial implications from these recommendations. The broader financial implications will be discussed and debated as the budget is developed in more detail.

COMMUNITY ENGAGEMENT

None are specifically associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the 2014/2015 Budget and Business Plan as proposed in the accompanying presentation through specific motion, and direct staff to prepare the TPW Budget and Business Plan for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

Transportation & Public Works 2014/2015 Budget and Business Plan Presentation

Transportation & Public Works
Proposed 2014/2015 TPW Budget and Business Plan
Committee of the Whole

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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:

David Hubley, Acting Director of Transportation & Public Works

Original Signed

Report & Financial Approval by:


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




Transportation & Public Works
14/15
Draft Budget and Business Plan

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Transportation & Public Works

Business Unit Overview

To deliver public works services and systems that meet the needs and expectations of our communities and citizens

TPW has 547 Full Time employees working out of 13 different locations. 96 Seasonal and Students are hired each year.

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TPW Service Areas

Director:	David Hubley, P. Eng. (Acting)
Corporate Fleet & Equipment Paul Beauchamp	Responsible for the maintenance and repair of Municipal, Police and Fire Fleets. Replacement of HRM's vehicle and equipment assets in support of Municipal Fleet, Police, Fire and Metro Transit.
Design & Construction Bruce Colborne (Acting)	Delivers a range of road asset-related professional and technical services including surveying, engineering design, construction inspection, infrastructure management and records management
Municipal Operations Chris Mitchell	Proactively maintains and improves a safe, efficient, aesthetic and clean street, sidewalk, walkway, trail, park, playground, athletic field, cemetery and open space system for use by HRM residents and visitors.
Facility Management Diane Moulton	Responsible for the operation and property maintenance of HRM owned and leased corporate properties and buildings.
Solid Waste Resources Gord Helm	Manages the execution of the municipal solid waste source separated collection and diversion program for HRM residential properties and the facilities for processing, recycling, composting, marketing and disposal of solid waste resource materials for both residential and non-residential customers; delivers the communication, education and compliance programs, and administers the Construction & Demolition Waste Management Strategy.
Traffic & Right of Way Services Taso Koutroulakis	Provides for the safe and efficient management of HRM's transportation system network including traffic flow, traffic signal/street light maintenance, signage, and traffic markings. Coordinates and manages HRM rights of way balancing competing demands for space.

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13/14 Progress Update

13/14 Plan	Progress Update
Service Improvements, Efficiency & Productivity	<ul style="list-style-type: none"> Implemented new rating process for sidewalks. Alderney Gate being transitioned to TPW operations. Collection of street light inventory data in preparation for LED conversion. Business case for replacement of the SCOOT traffic control system. Produced service dashboard for municipal fleet identifying breakdown of preventative maintenance and corrective work, backlog and work in progress.
Asset Management	<ul style="list-style-type: none"> 97% of Design and Construction Services capital projects (i.e., paving, sidewalks, bridges, etc.) tendered as of Oct 2013. Assessment of all HRM owned bridge structures 100 % completed. Condition rating objective completed (i.e., 50% sidewalk, 50% curb and 33% street inventories). 160 Facility condition assessments completed by Planning & Infrastructure and incorporated into TPW's work plans for the capital program. Work packages for contracted road work and downtown Business Improvement District approved sidewalk work to be completed by end of fiscal.
Solid Waste Strategy	<ul style="list-style-type: none"> Update report being prepared for January 14, 2014.
HRM Road Networks	<ul style="list-style-type: none"> Final design to be completed for the North Park Corridor roundabouts by March 2014. Public engagement sessions to be held in January 2014.
Urban Forest Master Plan	<ul style="list-style-type: none"> Approximately 2400 trees planted in 13/14 year pursuant to the Urban Forest Master Plan. \$270k of \$350K has been spent on cyclic pruning. Remainder to be spent before end of fiscal.

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14/15 Operating Budget Highlights

In this budget recommendation there is a reduction of \$ 5.3M in operating cost. This includes absorption of all inflationary costs, compensation increases and additional assets.

- The Solid Waste budget has been funded for the same level of service for 14/15. An increase of \$2.4M to deal with pressures (Identified later in presentation). Highway 101 Leachate Processing Plant and CFC (chlorofluorocarbons) removal service savings have been identified in advance of the Solid Waste Strategy report appearing before Council January 14th, 2014.

Absorption of :

- Increases in compensation, inflation and growth.
- Assets through development (#'s from 2012)- 26.0 lane km of Asphalt Streets, 8.7 km of Concrete Sidewalks, 12.7 km Concrete Curb and Gutter, 11.6 km Gravel Shoulders, 20,176 square meters grass, 0.5 km Walkways, 0.77 km Guiderails, 0.74 km Fencing

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14/15 Solid Waste Pressures

Solid Waste's budget costs are largely tied to both collection and facility operations contracts. In keeping existing services status quo, total net budget increases by ~\$2.4M from Fiscal Year 2013.

- Collection contract fees have increased by \$660k*
- Otter Lake Operating costs have increased by \$146k
- Compost Facility operations costs have increased by \$1M**
- MRF (Materials Recycling Facility) operations costs have increased by \$200k***
- RRFB (Resource Recovery Fund Board) revenue decreased by \$1M

*pending Council approval of Year 2 of collection contract extension.

**this includes \$388k in potential savings by receiving and treating leachate at the Hwy 101 Leachate Treatment plant (high risk).

***contract expires in March 2014, will be renegotiated.

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Operating Budget Overview

Cost Element Groups	2011-12		2012-13		2013-14		2014-15
Expenditures	Budget	Actual	Budget	Actual	Budget	Period 7 Projection	Proposed
* Compensation and Benefits	39,932,915	38,836,764	38,729,000	34,243,898	37,848,800	35,564,861	37,282,813
* Office	727,658	554,574	671,500	502,567	655,600	594,078	511,750
* External Services	54,174,009	56,522,271	59,160,500	60,274,818	60,938,600	61,905,480	61,960,245
* Supplies	790,605	672,821	755,500	903,092	754,400	667,462	644,500
* Materials	3,368,357	3,135,229	4,336,600	3,997,736	4,091,700	3,371,504	3,214,200
* Building Costs	15,740,353	16,707,416	18,194,260	16,926,433	19,141,800	19,352,099	18,498,438
* Equipment & Communications	3,793,428	4,465,210	3,826,900	6,225,695	3,713,100	3,703,080	3,578,150
* Vehicle Expense	4,626,020	6,221,331	5,924,800	5,913,169	5,868,400	5,804,255	5,648,300
* Other Goods & Services	5,163,927	5,022,740	6,337,700	5,280,912	7,047,800	7,147,352	5,655,600
* Interdepartmental	(7,896,556)	(8,687,960)	(1,969,999)	(2,837,754)	(2,016,300)	(2,040,458)	(2,055,300)
* Debt Service	3,271,600	3,311,099	3,167,400	3,204,883	3,013,400	3,058,496	2,830,542
* Other Fiscal	3,515,169	3,254,667	3,160,540	2,484,450	2,891,800	2,770,353	2,891,800
** Total	127,206,485	130,016,161	142,296,600	137,119,903	143,949,100	141,898,562	138,809,038
Revenues							
* Area Rate Revenue	(2,846,188)	(2,888,143)	(2,677,000)	(2,736,677)	(40,200)	(40,200)	(40,200)
* Transfers from other gov't	(2,936,764)	(3,341,408)	(3,281,900)	(3,134,504)	(2,969,800)	(1,917,276)	(2,123,117)
* Fee Revenues	(17,450,786)	(17,027,203)	(16,768,400)	(15,823,529)	(16,338,700)	(15,714,475)	(16,172,700)
* Other Revenue	(1,684,100)	(2,833,181)	(1,788,900)	(2,437,793)	(1,638,400)	(2,213,406)	(1,977,390)
** Total	(24,917,838)	(26,089,936)	(24,516,200)	(24,132,493)	(20,987,100)	(19,885,357)	(20,313,407)
Net Surplus/Deficit	102,228,647	103,992,625	117,780,400	112,987,410	122,962,000	122,013,205	120,347,631

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Service Area Budget Overview

Net TPW Expenses by Service Area	11/12		12/13		13/14		14/15
	Budget	Actual	Budget	Actual	Budget	Period 7 Projection	Proposed Budget
Administration	949,847	960,837	632,300	684,709	599,500	605,600	560,500
Corporate Fleet Services	579,346	818,400	11,371,300	10,888,929	11,247,600	11,179,636	10,925,259
Design & Construction	4,139,592	3,986,668	3,903,500	3,332,975	3,998,400	3,688,486	3,818,174
Facility Management	17,555,190	18,166,152	21,904,500	19,178,302	23,900,000	23,293,759	22,145,433
Municipal Operations	35,392,202	41,729,665	38,100,600	39,293,796	40,806,600	39,650,200	37,868,435
Solid Waste Resources	32,916,609	28,043,966	31,422,000	29,597,745	31,538,000	33,048,584	33,943,480
Traffic and Right of Way Services	10,555,814	10,220,536	10,526,200	10,075,242	10,871,900	10,546,941	11,095,350
TPW Net Expenses	102,228,647	103,992,625	117,780,400	112,987,410	122,962,000	122,013,205	120,347,631

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Year to Year Base Comparison

Service Area	13/14 Budget	14/15 Base Cost	Known Risks absorbed (not fully funded through fiscal) *	14/15 Proposed
Administration	599,500	611,600		560,500
Corporate Fleet Services	11,247,600	11,441,700	Increased cost of Parts – 400K	10,925,259
Design & Construction	3,998,400	4,121,000		3,818,174
Facility Maintenance	23,900,000	24,377,500	310K residential properties/leases 70K water (12.9% increase, funded by fiscal at 1.2%) 26K electricity (3% increase, funded by fiscal at 2.4%)	22,145,433
Municipal Operations	40,806,600	41,707,600	250K assets through development 350K UFMP	37,868,435
Solid Waste Resources	31,538,000	32,229,600	846K RRFB Funding 1M contract/operating increases	33,934,480
Traffic & Right of Way Services	10,871,900	11,136,700	200K traffic signal maintenance 37K electricity (3% increase)	11,095,350
Business Unit Total	122,962,000	125,625,700	2,889,000	120,347,631

* Identifies the gap between known increase and funding increase from fiscal

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14/15 Cost Reduction Initiatives

Cost Reduction Initiatives	Proposed 14/15 Saving	Projected 15/16 Saving	Projected 16/17 Saving
Service efficiencies	\$2,366,069	TBD	TBD
Received lift of \$2.3 for sidewalk contracts, contracts came in at \$850 K	\$1,400,000	N/A	N/A
Solid Waste savings (Leachate Processing HWY 101, CFC removal *)	\$452,000	N/A	N/A
Fleet Rationalization	\$120,000	N/A	N/A
Disposal of surplus properties	\$870,000	N/A	N/A
ROW Revenue Increases *	\$70,000	N/A	N/A
Total to offset Base Cost Increase	\$5,278,069		

* Requires Regional Council Approval

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14/15 Priority Alignment

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)	Proposed 14/15 Cost	Projected 15/16 Cost	Projected 16/17 Cost
Financial Stewardship – Continued partnership with Halifax Water	<ul style="list-style-type: none"> Participate on the Integrated Stormwater Management Policy Working Group Ongoing involvement with Capital Projects Integration Committee with respect to coordination of capital programs. 	Effort	TBD	TBD
Financial Stewardship – Solid Waste Review	<ul style="list-style-type: none"> Return to Regional Council with recommendations regarding the assessment of the ISWMS (Integrated Solid Waste Management System) and enhancements to environmental stewardship and fiscal performance. 	TBD	TBD	TBD
Financial Stewardship – Urban Forest Master Plan	<ul style="list-style-type: none"> Plant new trees in accordance with the Urban Forest Master Plan through the capital and operations funds. Continue with cyclical pruning cycle with NSPI. 	Funded through operating and capital program	TBD	TBD
Healthy Communities – Pedestrian Safety	<ul style="list-style-type: none"> Crosswalk Safety Advisory Committee to provide recommendation report to Council by March 2014. Continue to promote the Distractions Kill campaign and support other initiatives through Corporate Communications 	Education campaign funded through operating budget	TBD	TBD

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14/15 Priority Alignment

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)	Proposed 14/15 Cost	Projected 15/16 Cost	Projected 16/17 Cost
Financial Stewardship – Implementation of Enterprise Asset Management	Support implementation of the Enterprise Asset Management: <ul style="list-style-type: none"> Support for Implementation of Operational Enterprise Asset Management system (CMMS) Support Implementation of AssetWorks Fleet Solution Replacement for Road Analytics (Pavement Management System) 	Effort	TBD	TBD
Organizational Capacity – Workplace safety	Depot Upgrades: <ul style="list-style-type: none"> Complete a requirements definition for improvements to the MacKintosh Depot 	Effort	TBD	TBD
Financial Stewardship– Transitional Buildings	Bring forward recommendations to Regional Council for the disposal of surplus properties Identification of underutilized facilities for consolidation (15/16)	\$870,000 operational savings if buildings are demolished	TBD	TBD
Economic Development – Regional Centre	Continued maintenance activities in support of improvements to the downtown core areas	Funded through operating and capital program	TBD	TBD

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14/15 Priority Alignment

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)	Proposed 14/15 Cost	Projected 15/16 Cost	Projected 16/17 Cost
Transportation – HRM Road Networks	<ul style="list-style-type: none"> Request for Proposal for SCOOT Replacement for Traffic Integration closes Jan 2014. System replacement and equipment installation to begin in 2014 	Funded through capital program	TBD	TBD
Transportation – HRM Road Networks	Northpark Corridor <ul style="list-style-type: none"> Initiate North Park corridor improvements (2 year initiative) - pending council approval.(Community engagement end of January 2014) 	Funded through capital program	TBD	TBD
Transportation– HRM Road Networks	Hammonds Plains Road <ul style="list-style-type: none"> Continue with phased improvements to the Hammonds Plains Rd (2014/15 Phase anticipated to be from Pockwock Road to Lucasville Road) 	Funded through capital program	TBD	TBD
Transportation – HRM Road Network	<ul style="list-style-type: none"> 90% of D&C projects to be tendered by Fall 2014 90 % of Work packages for contracted road work and downtown Business Improvement District approved sidewalk work to be completed by Fall 2014 Stabilization of Surface Distress Index (SDI) at 7.4 based on the funding levels in 2013. The proposed funding level for 14/15 should continue to stabilize the streets and roads. (Refer to slides 14&15) 	Funded through capital program	TBD	TBD

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Surface Distress Index (SDI)



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Surface Distress Index (SDI)



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Questions and Discussion

Transportation & Public Works

January 15, 2014



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