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Item No. 3 (i)
Committee of the Whole
March 26, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

DATE: March 14, 2014

SUBJECT: Proposed 2014/2015 Project and Operating Budget

ORIGIN

At the October 22, 2013 Committee of the Whole, Council directed staff to present the 2014/15 draft Business Unit Budget and Business Plans to the Committee of the Whole for review and discussion prior to consideration by Regional Council.

Council directed that the average tax bill not rise more than inflation; that, as in past years, the municipality would take tax revenues from new properties and growth to offset the increased cost of services to those properties.

Draft budgets presented to Committee of the Whole, between January 08, 2014 and February 26, 2014.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION ON NEXT PAGE

RECOMMENDATION

It is recommended that the Committee of the Whole:

1. Approve the proposed 2014/2015 Budget as presented, which include the addition of the following funded services and initiatives to the draft budget presented at COW:
 - a. CAO - \$170K for Pedestrian Safety Action Plan
 - b. Fire - \$100K for Search & Rescue and JEM (Joint Emergency Management Team)
 - c. HR - \$180K for two FTE's for Improvements to Diversity and Inclusion initiatives
 - d. Corporate Accounts - \$300K for Interim Professional Arts Organization Grant Program
 - e. Capital - \$140K additional funds for Assessment of Accessibility Needs
 - f. Capital - \$1M additional funds for Micros and Thin Overlay projects
 - g. Capital - \$500K for the redevelopment of the 1st Floor of Alderney Gate.
2. Direct staff to transfer individual budget amounts from Corporate Services to Business Unit budgets as and when appropriate.
3. Recommend Halifax Regional Council approve the 2014/2015 Project and Operating Budget, including adjustments approved by Committee of the Whole on March 26, 2014 as per Attachment A – “Resolution for Approval of Operating and Project Budget, and Tax Rates for Fiscal 2014/15,” including the Advance Project funding detailed in Schedule 1.

BACKGROUND

As part of the design of the 2014-2015 Budget and Business Plan development process, the Committee of the Whole reviewed 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 2014/15 Budget and Business Plans in support of these priorities.”

DISCUSSION

Staff has prepared the proposed 2014/15 Budget consistent with the preliminary fiscal direction received from Council on October 22, 2013 and aligned with Council Priorities as directed on November 19, 2013.

As per the process and schedule endorsed by Regional Council on October 22, 2013, over the past 3 months Business Units presented high level budgets and proposed plans to Committee of the Whole. Throughout that consultation process Committee of the Whole directed staff, by motion, to return with information reports on funding additional initiatives. All of these initiatives have been funded as listed in Recommendation 1 of this report.

Included in the proposed 2014/2015 Budget are the following reserve account closures with all remaining funds to be re-allocated to Corporate Accounts M471 – Other Transfers.

Reserve #	Description	Amount
Q128	Rural Fire Reserve	\$740,771
Q108	Kingswood Water	\$3,952
Q113	Rockingham Community Centre	\$13,873
Q115	Captain William Spry	\$1,814
Q116	Richmond School	\$1,162
Q133	CCC Bedford South Interchange	\$38,991
Q213	Fuel System Reserve	\$30,542
Q324	Commons Enhancement	\$1,063

In the first quarter of 2014/2015 staff will return to Council with Business Cases for 2 new Reserves:

1. Q328 Operating Surplus Reserve. As prescribed by the Financial Accounting and Reporting Manual (FRAM), in 2014 any operating surplus must be placed into an Operating Reserve. New Business Case to be developed.
2. Q329 Parking Strategy - Downtown Reserve that supports funding Downtown issues such as the Parking Strategy and *Downtown I'm in* initiative to be funded through the annual profits from MetroPark (\$1million current year).

FINANCIAL IMPLICATIONS

This report complies with the proposed Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the Project and Operating reserves, as well as any relevant legislation.

The Multi-year Financial Strategy sets out Council's Debt Policy and Debt Targets. Council amended its "debt servicing plan" in 2009 to also provide direction on Capital from Operating funding. As part of that plan, five year targets were set for 2009-10 through to 2013-14. The 2014-15 Budget continues to reduce debt using the same assumptions as in the debt servicing plan. Capital from Operating funding, however, has exceeded its five year target. Proposed capital from operating funding for 2014-15 is \$2.2 million more than would be required using the same assumptions as in the debt servicing plan.

COMMUNITY ENGAGEMENT

A public consultation process was conducted during the 2014-2015 budget process.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the Proposed 2014/2015 Budget and Business Plan through specific motion, and direct staff to proceed to prepare the 14/15 Budget and Business Plan based on that amended direction. This alternative is not recommended.

ATTACHMENTS

Attachment A - Resolution for Approval of Operating and Project Budget and Tax Rates for Fiscal 2014/15.

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: Bruce Fisher, Manager of Financial Policy and Planning, 490-4493

Original Signed by Director

Report & Financial Approval by: _____
Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308

HALIFAX REGIONAL MUNICIPALITY

Proposed 2014/2015 Operating & Project Budget

RESOLUTION for Approval of Operating & Project Budget and Tax Rates for Fiscal 2014/2015

It is hereby resolved that:

- a) the Operating Budget in the amount of **\$844,870,500** gross expenditures (which includes **\$709,437,500** in municipal expenditures including the reserve withdrawals specified in the Operating and Project Budget); **\$631,219,500** in property tax revenues (including area rate revenues) and **\$213,651,000** in other revenues be approved;
- b) the Project Budget in the amount of **\$143,694,000** be approved;
- c) the general rates of taxation on residential and resource property be set at
 - (i) **\$0.658** for the urban area
 - (ii) **\$0.625** for the suburban area; and
 - (iii) **\$0.619** for the rural areaper \$100 of taxable assessment;
- d) the general rates of taxation on commercial property be set at
 - (i) **\$2.939** for the urban area;
 - (ii) **\$2.939** for the suburban area; and
 - (iii) **\$2.590** for the rural areaper \$100 of taxable assessment;
- e) the Metro Transit Annual Service Plan and the tax rates associated with Transit Taxation be set at
 - (i) **\$0.051** for the Regional Transportation tax rate;
 - (ii) **\$0.105** for the Local Transit tax rateper \$100 of taxable assessment;
- f)
 - (i) the boundaries of the urban, suburban and rural areas are delineated in the attached "Tax Structure Map";
 - (ii) the boundary of the Regional Transportation area includes all properties within communities included within the attached "Regional Transportation map";
 - (iii) the boundary for the Local Transit area includes all properties within 1km walking distance of any HRM transit stop.

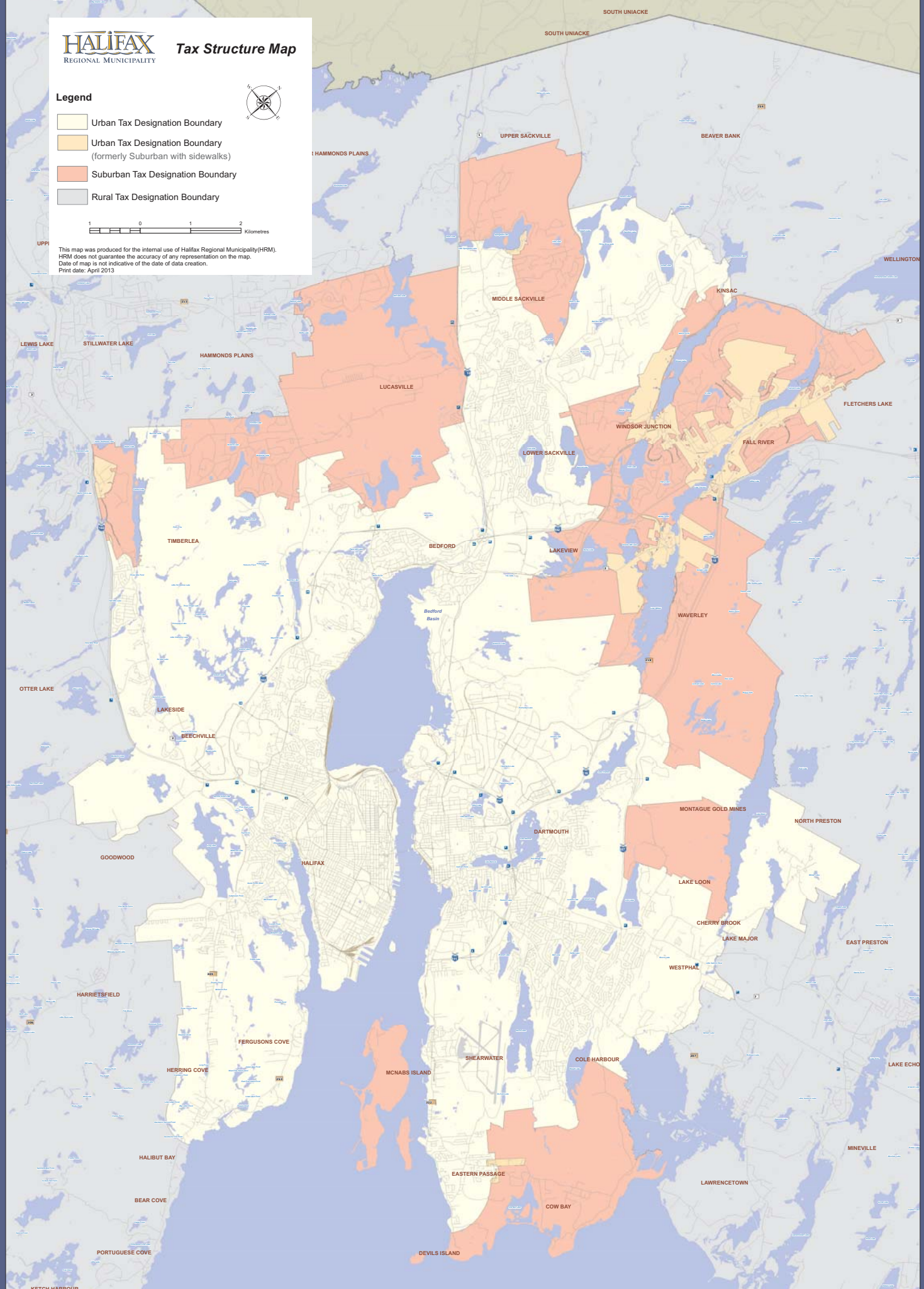
- g) **Supplementary Education**, under Section 80 of the Halifax Charter, shall be set at the rate of **\$0.033** per \$100 of the residential and resource assessment and at **\$0.093** per \$100 of the commercial assessment;
- h) **Fire Protection** rates shall be set at the rate of **\$0.020** per \$100 for all residential and resource assessment and at **\$0.056** per \$100 of the commercial assessment for properties which are within 1,200 feet of a hydrant that is designed and operated for public fire protection purposes.
- i) the final tax bills will become due on **Friday, October 31, 2014**;
- j) the interest rate on the Special Reserve Funds, designated as requiring interest under Section 121(2) of the Halifax Charter, be set at the rate of return on funds invested by HRM for the period April 1, 2014 to March 31, 2015;
- k) the interest rate on the Pollution Control Reserves be set at the rate of return on funds invested by HRM for the period April 1, 2014 to March 31, 2015;
- l) the interest rate on all reserves except for those identified in (m) and (n) above will be set at the rate of return on funds invested by HRM for the period April 1, 2014 to March 31, 2015;
- m) approve in advance, a funding commitment in the amount of \$51,432,500 for the 2015/16 fiscal year, for the projects listed in Schedule 1.

Legend

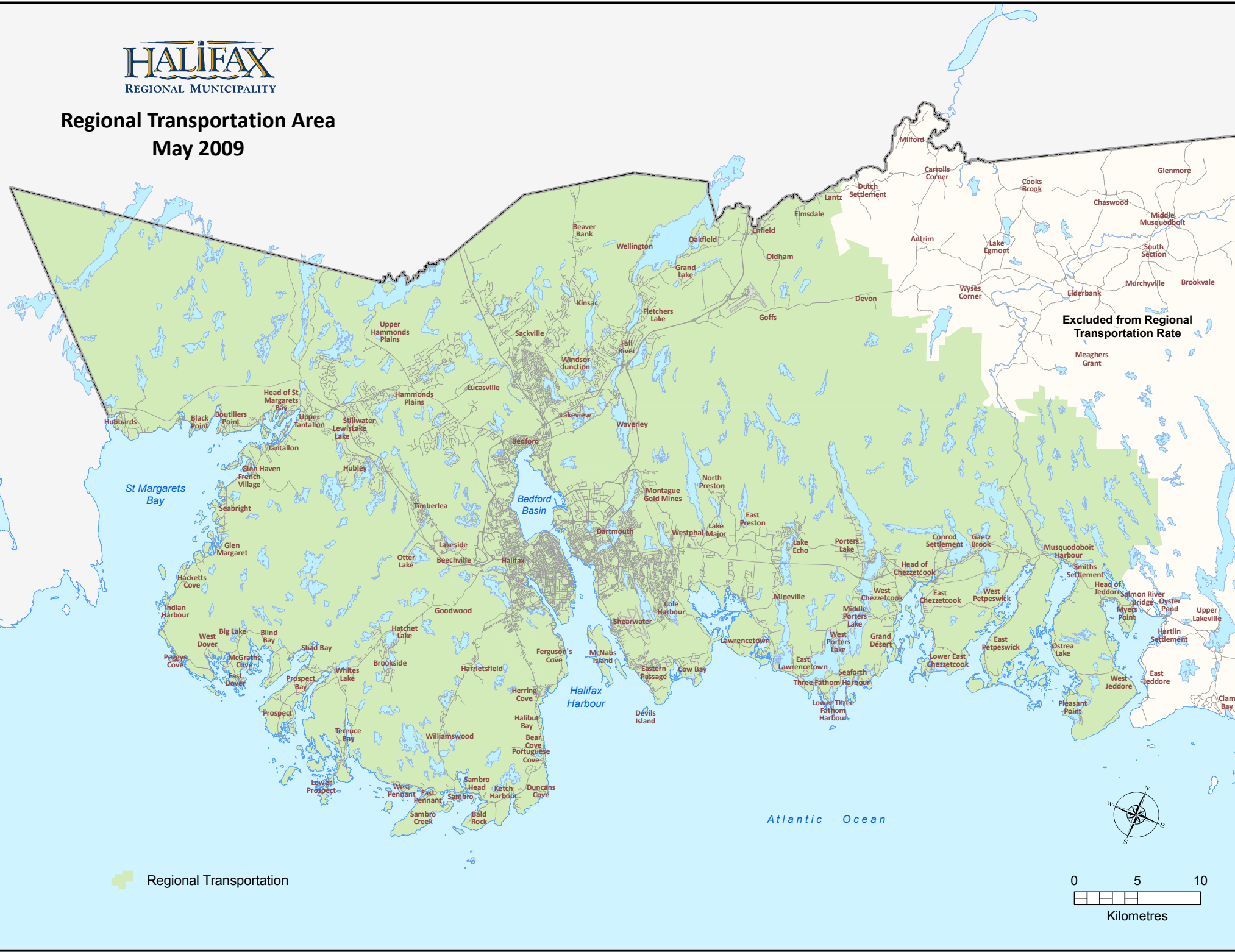
- Urban Tax Designation Boundary
- Urban Tax Designation Boundary
(formerly Suburban with sidewalks)
- Suburban Tax Designation Boundary
- Rural Tax Designation Boundary



This map was produced for the internal use of Halifax Regional Municipality (HRM). HRM does not guarantee the accuracy of any representation on the map. Date of map is not indicative of the date of data creation. Print date: April 2013



Regional Transportation Area
May 2009



Excluded from Regional Transportation Rate

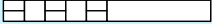
St Margarets Bay

Bedford Basin

Halifax Harbour

Atlantic Ocean

 Regional Transportation

0 5 10

 Kilometres

Advance Funding Projects

Schedule 1

Discrete		Advance funding at 100% of gross expenses		
Budget Category	Project Name	Number	2014	2015
Buildings	Halifax City Hall and Grand Parade Restoration	CBX01046	1,380,000	1,210,000
Buildings	Skating Oval	CBX01344	600,000	600,000
Business Tools	Automated Vehicle Location (AVL)	CID01292	1,300,000	3,200,000
Business Tools	Enterprise Asset Management	CID00631	2,940,000	1,985,000
Business Tools	Internet Program	CI000001	250,000	500,000
Business Tools	Trunk Mobile Radios - TMR	CID01362	6,600,000	740,000
Community Development	Shubenacadie Canal Greenway Trail	CDG00493	610,000	2,400,000
Metro Transit	New Transit Technology	CM020005	11,905,000	15,225,000
Traffic Improvements	North Park Corridor Improvements	CT000001	5,450,000	3,750,000
			100%	<u>29,610,000</u>

Bundled		Advance funding at 50% of gross expenses		
Budget Category	Project Name	Number	2014	2015
Roads and Streets	Bridges	CRU01077	2,800,000	3,000,000
Roads and Streets	Curb Renewals	CYU01076	1,100,000	1,100,000
Roads and Streets	Municipal Operations - State of Good Repair	CR990002	2,115,000	2,115,000
Roads and Streets	New Paving Streets - HRM Owned Roads	CR000002	500,000	250,000
Roads and Streets	New Paving Subdivision St's Provincial	CR990001	500,000	750,000
Roads and Streets	Other Road Related Works	CRU01079	1,800,000	1,800,000
Roads and Streets	Storm Sewer Upgrades	CR000001	2,495,000	200,000
Roads and Streets	Street Recapitalization	CR000005	19,500,000	20,000,000
Sidewalks	New Sidewalks	CR000003	2,500,000	2,500,000
Sidewalks	Sidewalk Renewals	CKU01084	2,500,000	2,600,000
Fleet	Fire Apparatus Replacement	CVJ01088	-	3,500,000
Metro Transit	Access-A-Bus Expansion	CVD00429	280,000	280,000
Metro Transit	Access-A-Bus Replacement	CVD00430	450,000	1,150,000
Metro Transit	Biennial Ferry Refit	CVD00436	890,000	200,000
Metro Transit	Conventional Bus Expansion	CV020003	2,350,000	2,400,000
Metro Transit	Conventional Bus Replacement	CV020004	4,470,000	1,800,000
			Subtotal	<u>43,645,000</u>
			50%	<u>21,822,500</u>
		Advance Funding	Total	<u><u>\$ 51,432,500</u></u>