



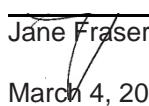
P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No. 3**  
**Committee of the Whole**  
**March 4, 2015**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed

**SUBMITTED BY:**

  
\_\_\_\_\_  
Jane Fraser, Director, Operations Support

**DATE:**

March 4, 2015

**SUBJECT:**

Proposed 2015/16 Operations Support Business Unit Budget and Business Plan

---

#### **ORIGIN**

At the October 21, 2014 Committee of the Whole, Council directed staff to present the 2015/16 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**

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 proceed to prepare the 2015/2016 Operations Support Business Unit 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 15/16 Budget and Business Plan documents.

## **BACKGROUND**

As part of the design of the 2015/2016 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 18, 2014 Committee of the Whole Regional Council considered and confirmed their Council Priority Outcomes and directed staff to: "develop the 2015/16 Budget and Business Plans in support of these priorities."

## **DISCUSSION**

Staff has prepared the proposed 15/16 Budget consistent with the preliminary fiscal direction received from Council on October 21, 2014 and aligned with Council Priorities as directed on November 18, 2014.

Following direction from the Committee of the Whole, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2015/16 Budget and Business Plan documents to be presented to Council, as per the process and schedule endorsed by Regional Council on October 21, 2014.

## **FINANCIAL IMPLICATIONS**

The recommendations in this report will lead to the development of a proposed budget for 2015-16. 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 Budget and Business Plan as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget and Business Plan for inclusion in the proposed HRM Budget and Business Plan documents.

## **ATTACHMENTS**

Operations Support Business Unit 2015 – 2016 Budget and Business Plan Presentation

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Marion Currie – Coordinator, Operations Support, 902.490.6422

**Original Signed**

Report and  
Financial Approval by:

---

Greg Keefe, Director of Finance & ICT/CFO, 902.490.6308

---

**HALIFAX**

**2015/16  
Operations Support  
Draft Budget &  
Business Plan**

Committee of the Whole

March 4, 2015

# Business Unit Overview

---

## Operations Support

A Newly created Business Unit, Operations Support facilitates the efficient operations of other Business Units, by offering high-quality and cost-effective services that focus on reliability, flexibility, and service excellence.

226 FTE's in 18 Locations

---

# Operation Support Services

---

- Land transactions, leasing, industrial parks, corporate accommodations;
  - Building design and construction;
  - Building security, operations and maintenance;
  - Corporate Fleet;
  - Citizen Contact Centres; and
  - Capital budgeting & Enterprise Asset Management
-

# Service Areas

---

- ❖ **Citizen Contact Centres** - Customer Service Centres and 311 provide citizens with easy access to information on municipal services by phone, in-person, or on-line.
  - ❖ **Corporate Real Estate** - Responsible for real estate acquisitions and disposals; industrial park development and sales; lease and accommodation management; and real estate advisory services.
  - ❖ **Corporate Fleet** - Responsible for the purchase, maintenance and repair of Municipal, Police and Fire Fleet and equipment, as well as the replacement of HRM's vehicle and equipment assets.
-

# Service Areas

---

- ❖ **Facility Design & Construction** – Provides professional and technical services, including the design, construction, inspection, condition assessments, and records management for Municipal buildings.
  - ❖ **Facilities Maintenance & Operation** - Maintains 224 HRM buildings, provides preventative and life cycle maintenance planning, and corporate security.
  - ❖ **Capital Budget Planning and Enterprise Asset Management (EAM)** – Oversight of the Capital Budget and projections, as well as lead for EAM project.
-



# 14/15 Progress Update

14/15 Plan	Progress Update
<b>Parking Strategy</b>	<ul style="list-style-type: none"> <li>• Roadmap complete</li> <li>• Presented to Regional Council February 3</li> <li>• Responsibility transferred to Planning and Development</li> </ul>
<b>Cogswell Interchange</b>	<ul style="list-style-type: none"> <li>• Executive Search firm engaged to hire a Project Director</li> <li>• Meetings with stakeholders held</li> </ul>
<b>Enterprise Asset Management Program (EAM)</b>	<ul style="list-style-type: none"> <li>• Contract signed with ESRI for EAM Management</li> <li>• Fleet Focus live in March</li> <li>• Pavement Management System request for proposal issued</li> </ul>

# 14/15 Progress Update

14/15 Plan	Progress Update
<p><b>Support Business Transformation with Enabling Technology</b></p>	<ul style="list-style-type: none"> <li>OS is the lead for Enterprise Asset Management and supports Customer Relationship Management and Telephony Opportunity Assessments, Permitting and Licensing Project, &amp; the Web Transformation Strategy</li> </ul>
<p><b>Undertake a Comprehensive Customer Service Centre Analysis</b></p>	<ul style="list-style-type: none"> <li>Phase 1 and Phase 2 reports complete</li> <li>Reviewing service delivery options</li> <li>New Quality Improvement Analyst position filled</li> </ul>
<p><b>Assessment of Industrial Land Opportunities</b></p>	<ul style="list-style-type: none"> <li>Land opportunity assessment report completed</li> <li>Concept plan for Ragged Lake underway</li> </ul>

# 14/15 Progress Update

14/15 Plan	Progress Update
<b>Fleet Usage Review</b>	<ul style="list-style-type: none"><li>• Fleet vehicle low usage report identifying low vehicle usage circulated and action plan being developed</li></ul>
<b>Facility Security Plan</b>	<ul style="list-style-type: none"><li>• Security Plans completed for High Risk facilities, based on level of risk and asset value</li></ul>
<b>Assessment of Accessibility Needs</b>	<ul style="list-style-type: none"><li>• Accessibility audits on priority recreation facilities complete</li><li>• Project Budget has been assembled for 2015</li></ul>

# Operating Budget Overview

Cost Element Groups	2013-14		2014-15		2015-16
	Budget	Actual	Budget	3 <sup>rd</sup> Quarter Projection	Proposed
Expenditures					
* Compensation and Benefits	16,703,600	14,886,957	15,725,400	14,962,645	16,638,700
* Office	321,600	360,331	334,800	221,993	320,000
* External Services	5,862,300	6,116,246	4,270,200	4,774,415	5,027,900
* Supplies	380,400	285,033	252,200	263,693	264,700
* Materials	483,600	552,857	480,900	429,399	461,300
* Building Costs	10,119,500	11,557,464	7,934,500	8,222,971	8,027,000
* Equipment & Communications	1,224,800	1,679,725	1,289,000	1,322,017	1,325,400
* Vehicle Expense	5,715,200	6,068,918	5,672,200	5,305,444	4,694,100
* Other Goods & Services	4,251,100	3,606,742	3,862,600	3,787,738	3,796,200
* Interdepartmental	(1,996,300)	(2,221,999)	20,000	32,400	(9,000)
* Debt Service	35,400	23,207	35,400	18,850	0
* Other Fiscal	1,081,300	811,037	1,070,700	1,073,100	1,060,700
** Total	44,182,500	43,726,518	40,947,900	40,414,665	41,787,000
Revenues					
* Fee Revenues	(4,196,800)	(3,132,873)	(1,960,000)	(1,860,000)	(1,835,000)
* Other Revenue	(50,500)	(169,163)	(279,000)	(288,335)	(279,000)
** Total	<b>(4,247,300)</b>	<b>(3,302,036)</b>	<b>(2,239,000)</b>	<b>(2,148,335)</b>	<b>(2,114,000)</b>
Net Surplus/Deficit	<b>39,935,200</b>	<b>40,424,482</b>	<b>38,708,900</b>	<b>38,266,330</b>	<b>39,673,000</b>

# Staff Counts (FTEs)

Service Area	2014/2015 FTEs	2015/2016 FTEs
<b>Operations Support Total</b>	<i>New Business Unit</i>	226
Director's Office	7	6
Citizen Contact Centres	45	45
Corporate Real Estate	14	19
Corporate Facility Design & Construction	20	10
Municipal Facilities Maintenance & Operations	94	86
Corporate Fleet	60	60

# Service Area Budget Overview

Net Operations Support Expenses by Service Area	13/14		14/15		15/16
	Budget	Actual	Budget	3 <sup>rd</sup> Quarter Projection	Proposed Budget
<b>Citizen Contact Centre</b>	2,836,900	2,584,668	2,748,200	2,631,898	2,778,000
<b>Corporate Real Estate</b>	(652,200)*	38,548	1,376,300	1,302,450	4,348,000
<b>Corporate Fleet</b>	11,247,600	11,017,254	11,001,800	10,598,612	10,273,600
<b>Facility Design &amp; Construction</b>	1,619,700	1,436,472	883,500	983,359	1,039,200
<b>Facilities Maintenance &amp; Operation</b>	23,900,000	24,417,795	22,016,600	22,067,511	20,470,400
<b>Capital Budgeting/EAM</b>	983,200	929,747	682,500	682,500	763,800
<b>Business Unit Total</b> <i>* Revenue transferred in 2014/15</i>	<b>39,935,200</b>	<b>40,424,484</b>	<b>38,708,900</b>	<b>38,266,330</b>	<b>39,673,000</b>



# 15/16 Operating Budget Highlights

---

- ❖ Property managers moved to Corporate Real Estate
  - ❖ Investing \$2m in Building Maintenance and Operations, previously funded under capital
  - ❖ Savings in contracts for various services
  - ❖ Reductions in fuel and efficiencies from Fleet Focus
  - ❖ Reviewing corporate operations: accommodations, fleet and maintenance operations
  - ❖ Investing in program management training
-

# Year to Year Base Comparison

14/15 Services at 15/16 Costs including Inflation, Contracts, etc.

Service Area	14/15 Budget	15/16 Cost	15/16 Proposed
Citizen Contact Centres	2,748,200	2,825,100	2,778,000
Corporate Real Estate	1,376,300	1,392,600	4,348,000
Corporate Fleet	11,001,800	11,141,200	10,273,600
Facility Design & Construction	883,500	915,200	1,039,200
Facilities Maintenance & Operation	22,016,600	24,680,200	20,470,400
Capital Budgeting/EAM	682,500	835,600	763,800
<b>Business Unit Total</b>	<b>38,708,900</b>	<b>41,789,900</b>	<b>39,673,000</b>



# 15/16 Cost Reduction Initiatives

<b>Cost Reduction Initiative</b>	<b>Proposed 15/16 Saving</b>	<b>Projected 16/17 Saving</b>	<b>Projected 17/18 Saving</b>
<b>Goods and Services – special projects, management fees, misc.</b>	66,400	70,000	70,000
<b>Reduction in office costs</b>	14,800	15,000	20,000
<b>Renegotiated Contracts – snow, garbage</b>	229,700	229,700	229,700
<b>Reduction in paint and other materials</b>	67,800	70,000	70,000
<b>Elevator and escalator repair</b>	108,800	108,800	108,800
<b>Heating Fuel</b>	115,000	115,000	115,000

# 15/16 Cost Reduction Initiatives

Cost Reduction Initiative	Proposed 15/16 Saving	Projected 16/17 Saving	Projected 17/18 Saving
Vehicle Repair and maintenance	106,900	106,900	106,900
Vehicle Fuel – gas and diesel	792,800	792,800	792,800
<b>Total Reductions:</b>	<b>\$1,502,200</b>	<b>\$1,505,800</b>	<b>\$1,505,800</b>
<p><i>* Reductions are offset by increases in other areas such as salaries, building maintenance and consulting services</i></p>			

# 15/16 Priority Initiatives

<b>Priority Outcome</b> <i>(Why we are doing it)</i>	<b>Strategic Initiative</b> <i>(What we propose to do)</i>	<b>Proposed 15/16 Cost</b>	<b>Projected 16/17 Cost</b>	<b>Projected 17/18 Cost</b>
<b>Economic Development – Supply of Industrial Lands</b>	20-Year Supply of Industrial Land**	Funded in capital budget		
<b>Economic Development – Regional Centre</b>	Cogswell Interchange**	Funded in capital budget		
<i>** Indicate capital funding for initiatives</i>				

# 15/16 Priority Initiatives

<b>Priority Outcome</b> <i>(Why we are doing it)</i>	<b>Strategic Initiative</b> <i>(What we propose to do)</i>	<b>Proposed 15/16 Cost</b>	<b>Projected 16/17 Cost</b>	<b>Projected 17/18 Cost</b>
<b>Financial Responsibility – Expenditure Management</b>	Support HRM's Fleet Focus Efforts	Staff resources	Anticipate savings from service improvements	
	Corporate Real Estate Review	50,000	-	-
	Enterprise Asset Management**	Funded in capital budget		
<b>Service Excellence – Service Strategy</b>	Customer Service – Customer Service Centre Service Review	10,000	-	-
	Development of a Corporate Service Strategy (web strategy)**	Funded in capital budget		

# 15/16 New or Expanded Services

Priority Outcome Supported	New or Expanded Service	Proposed 15/16 Cost	Projected 16/17 Cost	Projected 17/18 Cost
<b>Financial Responsibility – Expenditure Management</b>	Service standard model developed for facilities	50,000	-	-
	Review of Fleet complement and requirements	50,000	-	-
	Program Management and process improvements	20,000	-	-

# Questions and Discussion