

Item No. 3

Committee of the Whole
April 28, 2015

TO: Mayor Savage and Members of Halifax Regional Council

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

Original Signed

Greg Keefe, Director of Finance & ICT/CFO

DATE: April 14, 2015

SUBJECT: Proposed 2015/2016 Capital and Operating Budget

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 of Regional Council.

At the March 25, 2015 Committee of the Whole, Council directed staff to add 1 cent to the Residential and Commercial Tax Rates to fund a reserve for Strategic Capital Projects; and to fund seven Fire Services Positions, with the with the Residential and Commercial tax rates. (Black Point and Sheet Harbour)

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 Halifax Regional Council

1. Approve the proposed 2015/2016 Budget as presented, which include the addition of the following funded services and initiatives to the draft budget presented at COW:
 - a. Fire - \$309.5K for seven Firefighters and uniforms
 - b. Capital - \$30K for additional equipment required for additional Firefighters.
 - c. Planning & Development - \$210K for Lake Banook Weed Harvesting
 - d. Corporate Accounts - \$4.2M for Strategic Capital Projects Reserve
2. Recommend Halifax Regional Council approve the 2015/2016 Capital and Operating Budget, including adjustments approved by Committee of the Whole on March 25, 2015 as per Attachment A – “Resolution for Approval of Operating and Capital Budget, and Tax Rates for Fiscal 2015/16,” including
 - a. the Advance Capital Funding detailed in Schedule 1;
 - b. the Withdrawal from Reserves detailed in Schedule 2; and,
 - c. the Reduction and Transfer of Capital Funding detailed in Schedule 3.

BACKGROUND

As part of the design of the 2015-2016 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 October 21, 2014 Committee of the Whole Regional Council considered and confirmed their Strategic 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 2015/16 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.

As per the process and schedule endorsed by Committee of the Whole on October 21, 2014, over the past 4 months Business Units presented high level budgets and proposed plans to Committee of the Whole. Committee of the Whole provided direction including a number of adjustments to the draft budgets. In addition, there is one error in the printed copy of the Proposed Budget that will be corrected when the Approved Budget is printed. Compensation for the Police Budget is \$28,200 lower than directed by Council. This will be offset by a reduction in the fuel contingency (M310-6803) of \$28,200.

Included in the approved tax rates are the general and transit tax rates, the fire protection rates and the Right of Way Stormwater Charge. The operating and capital costs for "Municipal Recreation Facilities" are now included in the general tax rates, hence there is no difference between the residential rural and suburban tax rates. To fund Fire's increased costs of 7 Firefighters, their uniforms and Capital equipment, the Residential and Commercial tax rates increased by 0.01 cent. The Right of Way Stormwater Charge is increasing from \$39 per property to \$41 per property. The increase is due to a number of properties that have been removed from the Halifax Water Stormwater Charge since the Right of Way charge was established. The Right of Way charge will continue to be collected by Halifax Water.

Included in Attachment A is the authorization to proceed with the Multi-year projects approved by Committee of the Whole (See Schedule 1 of Attachment A). These are projects that are initiated in 2015-16 but span three funding years; hence all three years must be approved now for the procurement process to proceed.

Also included in the proposed 2015/2016 Budget are the following reserve closures, including the Operating Cost of Capital (OCC) Reserve, which has a withdrawal of \$3.4M in 2015-16 (See Schedule 2 of Attachment A), all which are re-allocated as detailed below:

Q145	Regional Facility Expansion Reserve	Moving balance of reserve to Q126, Potential Strategic Project Reserve
		Moving commitment to Q146, Planned Strategic Project Reserve
Q139	Central Library Repayment Reserve	Reserve will be completed in 15/16 and will close, any funds to be moved to Q101 Sale of Land Reserve
Q321	Information & Communication Technology Reserve	Once commitments are complete in 2015/16, reserve to close
		Uncommitted funds of approximately \$65,000 will be moved to Q135 Alderney Gate Recapitalization Reserve
Q320	Operating Costs of Capital Reserve	Reserve closing, funds transferred to Operating Surplus Reserve to be utilized in 2015/16

In the first quarter of 2015/2016 staff will return to Council with Business Cases for 2 new Reserves:

1. Q146 Planned Strategic Project Reserve.
2. Q330 Strategic Studies Reserve.

Included in the proposed 2015/16 Budget, are projects totaling \$4,035,000 that were transferred from the Capital Budget to the Operating Budget. As part of the 2015-16 Capital (Program) Budget process, there were a number of changes made to the types of projects and expenditures that would be funded from the program budget. The intent is to move the Project Budget to more of a true Capital Budget, by having those items that are operating in nature funded in the Operating Budget. (see Schedule 3 of Attachment A)

Program expenditures that were recommended for funding in the Operating Budget include such things as studies that do not contribute to a capital asset (traffic studies, master plans, strategic community facility planning, etc.). Also transferred to the Operating Budget were small tools and equipment, repairs and maintenance and small projects that do not meet the TCA threshold.

Finance has developed a reserve to fund the studies, which includes both this year's budget of \$450K, and a carry-forward amount of \$1,871,400. The criteria will be established as part of the reserve business case, which will be provided to Council in the near future. The purpose of the reserve is to allow funding of studies that must span multiple fiscal years.

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. This strategy is continued in the 2015-16 Budget, although the target was reduced by \$4,035,000 for the projects that were transferred into the 2015-16 Operating Budget. The Capital from Operating also received a one-time funding of \$1,962,300 due to amounts carried forward from two Equipment projects (see Schedule 3 of Attachment A)

COMMUNITY ENGAGEMENT

A public consultation process was conducted during the 2015-2016 budget process. The information report on the Consultation's finding was presented to Council on March 11, 2015.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the Proposed 2015/2016 Budget and Business Plan through specific motion, and direct staff to proceed to prepare the 15/16 Budget and Business Plan based on that amended direction. This alternative is not recommended.

ATTACHMENTS

Attachment A - Resolution for Approval of Operating and Capital Budget and Tax Rates for Fiscal 2015/16

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.

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Report Approved by: _____
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Report Approved by: _____
Greg Keefe, Director of Finance & ICT/CFO, 902.490.6308

HALIFAX REGIONAL MUNICIPALITY

Proposed 2015/16 Operating & Capital Budget

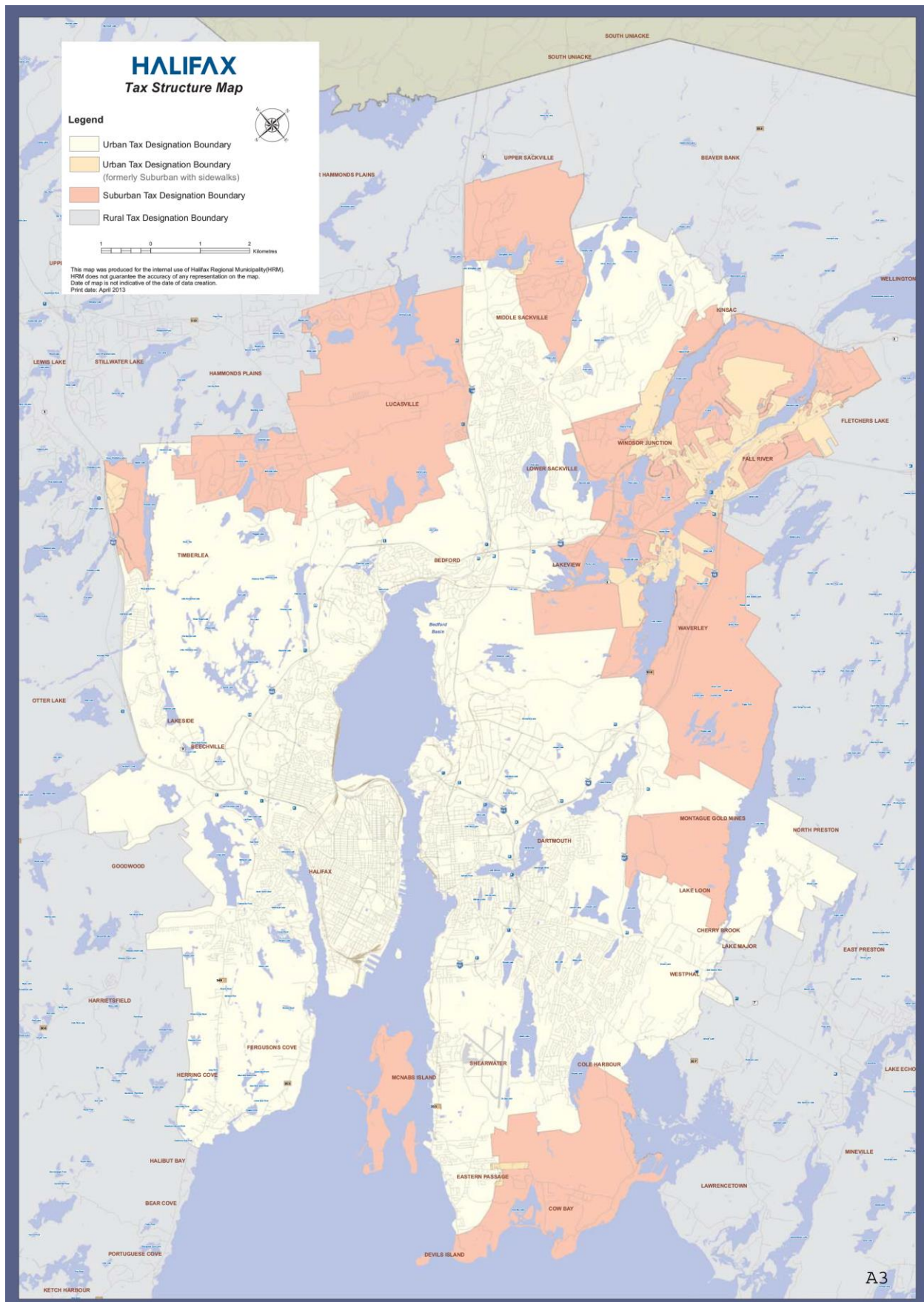
RESOLUTION for Approval of Operating & Capital Budget and Tax Rates for Fiscal 2015/16

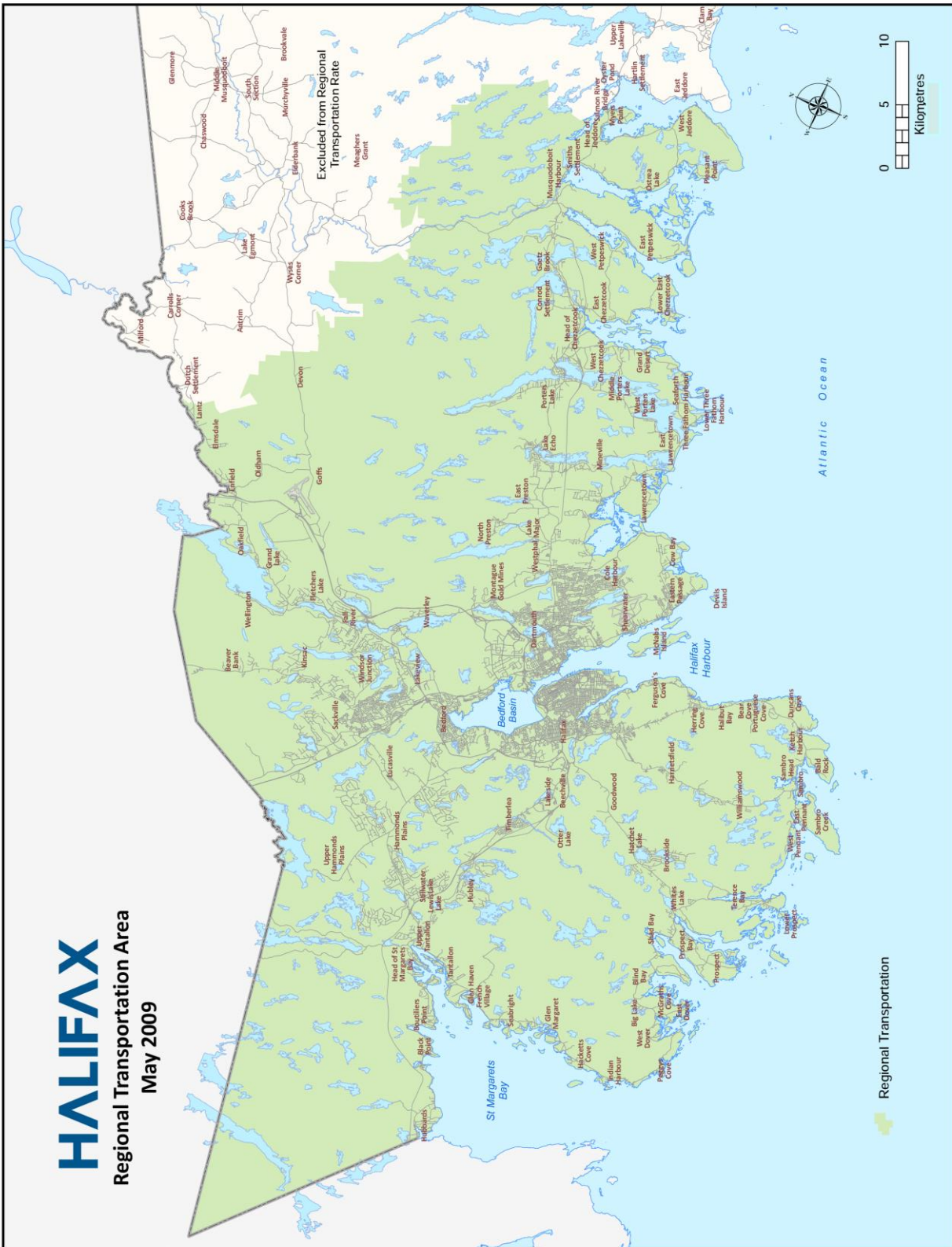
It is hereby resolved that:

- a) the Operating Budget in the amount of **\$869,244,500** gross expenditures (which includes **\$727,217,500** in municipal expenditures including the reserve withdrawals specified in the Operating and Project Budget); **\$653,885,800** in property tax revenues (including area rate revenues) and **\$215,358,700** in other revenues be approved;
- b) the Capital Budget in the amount of **\$135,804,000** be approved;
- c) the general rates of taxation on residential and resource property be set at
 - (i) **\$0.669** for the urban area
 - (ii) **\$0.636** for the suburban area; and
 - (iii) **\$0.636** for the rural areaper \$100 of taxable assessment;
- d) the general rates of taxation on commercial property be set at
 - (i) **\$2.895** for the urban area;
 - (ii) **\$2.895** for the suburban area; and
 - (iii) **\$2.566** for the rural areaper \$100 of taxable assessment;
- e) the Halifax Transit Annual Service Plan and the tax rates associated with Transit Taxation be set at
 - (i) **\$0.049** for the Regional Transportation tax rate;
 - (ii) **\$0.102** 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) **Fire Protection** rates shall be set at the rate of **\$0.019** per \$100 for all residential and resource assessment and at **\$0.053** 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.

- h) the final tax bills will become due on **Friday, October 30, 2015**;
- i) the Stormwater Right-of-Way charge shall be set at \$41 per property for those properties that are charged the Halifax Water Stormwater Charge;
- 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, 2015 to March 31, 2016;
- k) the interest rate on all reserves except for those identified in (j) above will be set at the rate of return on funds invested by HRM for the period April 1, 2015 to March 31, 2016;
- l) approve in advance, the 2016-2017 and 2017-2018 Budget and Capital Funding amounts of \$107,730,000 for the 2015/16 fiscal year, for the multi-year projects listed in Schedule 1.
- m) approve the 2015/16 Withdrawals from Reserves as detailed in Schedule 2.
- n) approve the reduction of funding, and a corresponding transfer of that capital funding to the Studies Reserve and the Operating Budget, for the Capital Projects detailed in Schedule 3 and the closure of these capital projects, when appropriate.





Schedule 1

Multi-Year Discrete Project List

Building Category	Project Name	Project #	2015	2016	2017	Total
Buildings	Cole Harbour Place	CB000045	970,000	2,750,000		3,720,000
Buildings	Dartmouth Multi-Pad	CB000049	2,000,000	20,500,000	20,500,000	43,000,000
Buildings	Dartmouth Sportsplex Revitalization	CB000006		10,400,000	10,400,000	20,800,000
Equipment & Fleet	Fire Apparatus Replacement	CVJ01088	2,335,000	3,665,000		6,000,000
Halifax Transit	New Transit Technology	CM020005	1,000,000	18,675,000	3,140,000	22,815,000
Parks & Recreation	Cole Harbour Turf	CP110002	100,000	2,200,000		2,300,000
Traffic Improvements	Herring Cove Road Widening	CTX01116	200,000	1,250,000		1,450,000
Traffic Improvements	LED Conversion of HRM Streetlights	CT000005	6,290,000	7,125,000	7,125,000	20,540,000
Total Project Cost			12,895,000	66,565,000	41,165,000	120,625,000

Schedule 2

2015/16 Withdrawals from Reserves			
	Reserve	Withdrawals	Amount
Q101	Sale of Capital Assets (Sale of Land)	CBX01102 Fire Station Land Acquisition	-1,000,000
		CTU00897 Road Corridor Land Acquisition	-200,000
		A110 legal services costs of sales	-30,000
		W400 real estate sale of property costs	-95,000
Q121	Business/Industrial Parks Expansion	CQ000007 Aerotech Repositioning & Development	-95,000
		CQ000008 Burnside and City of the Lakes Development	-5,500,000
		W500 Sale of property costs	-20,000
Q107	Parkland Development	Transfer to Q312	-75,000
Q119	Sackville Landfill Closure	CWU01065 Burner Stallion Hwy 101 Landfill	-30,000
		Fund R314	-15,300
		Fund R315	-318,300
Q120	Otter Lake Landfill Closure	CWU01358 Half Closure Cell 6 Otter Lake	-4,500,000
Q123	Waste Resources	CW000001 Additional Green Carts for New Residents	-500,000
		CW000002 Otter Lake Equipment	-1,120,000
		CW000006 Vertical Expansion of Landfill Cells	-750,000
		CW000003 Refuse Trailer Rural Depot	-250,000
Q125	Metro Park Parkade	CBX01140 Metro Park Upgrades	-85,000
Q127	Sustainable Community Reserve	Fund D948	-165,500
Q129	Ferry Replacement Reserve	CM000001 Ferry Replacement	-1,580,000
Q131	Energy & Underground Services Reserve	CBX01161 Energy Efficiency Projects	-1,000,000
Q134	Gas Tax Reserve	CVD00430 Access-A-Bus Replacement	-700,000
		CV020004 Conventional Bus Replacement	-3,500,000
		CB000039 Halifax Ferry Terminal	-500,000
		CB000042 Woodside Ferry Terminal Upgrades	-300,000
		CR000005 Street Recapitalization	-15,214,000
Q135	Alderney Gate Recapitalization	CBX01157 Alderney Gate Recapitalization	-500,000
Q137	Capital Cost Contribution	Transfer to Q120 Otter Lake Reserve	-2,400,000
Q141	BMO Centre Life Cycle Reserve	CB000064 Zamboni and other equipment	-100,000
Q146	Planned Strategic Project Reserve	CB0000049 Dartmouth Multi Pad	-2,000,000
		CD000002 50M5yr Downtown Streetscapes	-3,400,000
Q112	5594-96 Morris St	Fund W204	-30,000
Q205	Police Vehicles and equipment	P325 bomb/chemical disposal suits	-60,000
Q206	Fire Vehicles and equipment	CEJ01220 Opticom Signalization System	-80,000
Q308	Operations Stabilization Reserve	Move reserve overage balance to Q135	-30,000
Q311	Cemetery Maintenance	R855 fence repair at Mt. Hermon	-25,000
Q312	Culture Development Reserve	C764 8004 Cultural Events & Showcases Program	-200,000
		C764 6919 Public Art operating costs	-100,000
		to Titanic Reserve Q317	-25,000
		Barrington St Heritage Initiative	-50,000
Q315	Marketing Levy Special Events	MLSER Admin Order, C772 Events	-1,285,800
Q316	DNA Costs (HRP & RCMP)	Fund P325	-397,400
Q318	Central Library Capital Campaign	Fundraising amounts deposited to reserve now to fund proj	-3,100,000
Q319	Major Events Facilities	CB000028 Scotiabank Centre	-3,620,000
Q321	Information & Communications Technology	Close reserve, move unused balance to Q135	-64,080
Q325	Provincially Funded Police Officers & Facilities	Fund P316	-236,500
Q328	Operating Surplus Reserve	Return Transit, M701 14/15 surplus back to Business Unit	-600,000
		OCC Reserve closed 3/31/15, transfer to fiscal to be used	-3,400,000
		to fund various reserves in 15/16	
Q330	Strategic Studies Reserve	Fund C002	-589,989
		Fund R951	-827,365
		Fund C320	-469,193
		Fund D935	-171,553
		Fund R170	-72,700
		Fund W953	-49,600
		Fund C705	-143,100
		Totals	(61,570,380)

Schedule 3

Project Name	Project #	2015-16		Net Amount	Business Unit
		Carry Forward	Funding		
Center Plans/Design (Visioning)	CDV00738	457,900	94,700	552,600	Planning & Development
Functional Transportation Plans	CTU00884	167,500	47,400	214,900	Planning & Development
Port Wallace Master Plan	CD990004	316,800	-	316,800	Planning & Development
Regional Plan Studies	CDG01283	6,400	47,300	53,700	Planning & Development
Road Network Model	CTU01285	655,100	-	655,100	Planning & Development
Watershed Studies	CDV00721	241,400	23,700	265,100	Planning & Development
Traffic Studies	CT000003	25,300	47,400	72,700	TPW
Facility Assessment Program	CB990002	-	47,400	47,400	Operations Support
Strategic Community Facility Planning	CBX01056	1,000	142,100	143,100	Parks & Recreation
Total Studies Reserve		1,871,400	450,000	2,321,400	
Project Name	Project #	2015-16		Net Amount	Business Unit
		Carry Forward	Funding		
Civic Events Equipment - funded through Q315	CD990002		50,000	50,000	Parks & Recreation
Municipal Operations Open Space State of Good Repair	CP000008		500,000	500,000	Parks & Recreation
Corporate Safety	CB000041		215,000	215,000	Operations Support
Facility Maintenance	CB990001	1,131,000	2,000,000	2,000,000	Operations Support
Fleet Services - Shop Equipment	CEU01132		50,000	50,000	Operations Support
Street Trees	CP990001		650,000	650,000	TPW
Transportation Demand Management Program	CTR00908	831,300	120,000	120,000	Planning & Development
Total Equipment Budget		1,962,300	3,585,000	3,585,000	
		3,833,700	4,035,000	5,906,400	