Re: Item No. 3

HALIFAX

Fiscal Framework 2017 to 2020

Committee of the Whole

December 14, 2016

Presentation Outline

- How do Council's priorities shape budgets and fiscal strategies?
- What financial tools are available to support Council's decisions?
- What is the base case estimate for the next 4 years?
- What scenarios can be created to balance and sustain fiscal health?
- What is the recommended preliminary fiscal strategy?

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Council's Priorities

Long Term Fiscal Strategy

Regional Council motion of February 3, 2016:

> *… as part of the ongoing budget process undertaken in 2017-2018 and the following years, a much broader view that looks at the underlying fiscal and economic assumptions and critical key decisions such as the level of the overall capital budget, debt, tax levels, reserves and the capacity to undertake service enhancements.*

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Recommendation

It is recommended that staff develop the multi-year operating budgets for 2017-2018 and 2018-2019 according to Council's approved priorities, and preliminary fiscal direction, including:

– maintaining the appropriate level of existing services with the addition of the new services previously approved by Council;
– a stable capital budget that maintains state of good repair while also funding growth related issues and service improvements;
– a responsible and declining debt position;
– appropriate reserve balances that allow for risk mitigation, future obligations and opportunities;
– alignment of the current average tax bill for residential homes and commercial properties with all relative economic indicators.

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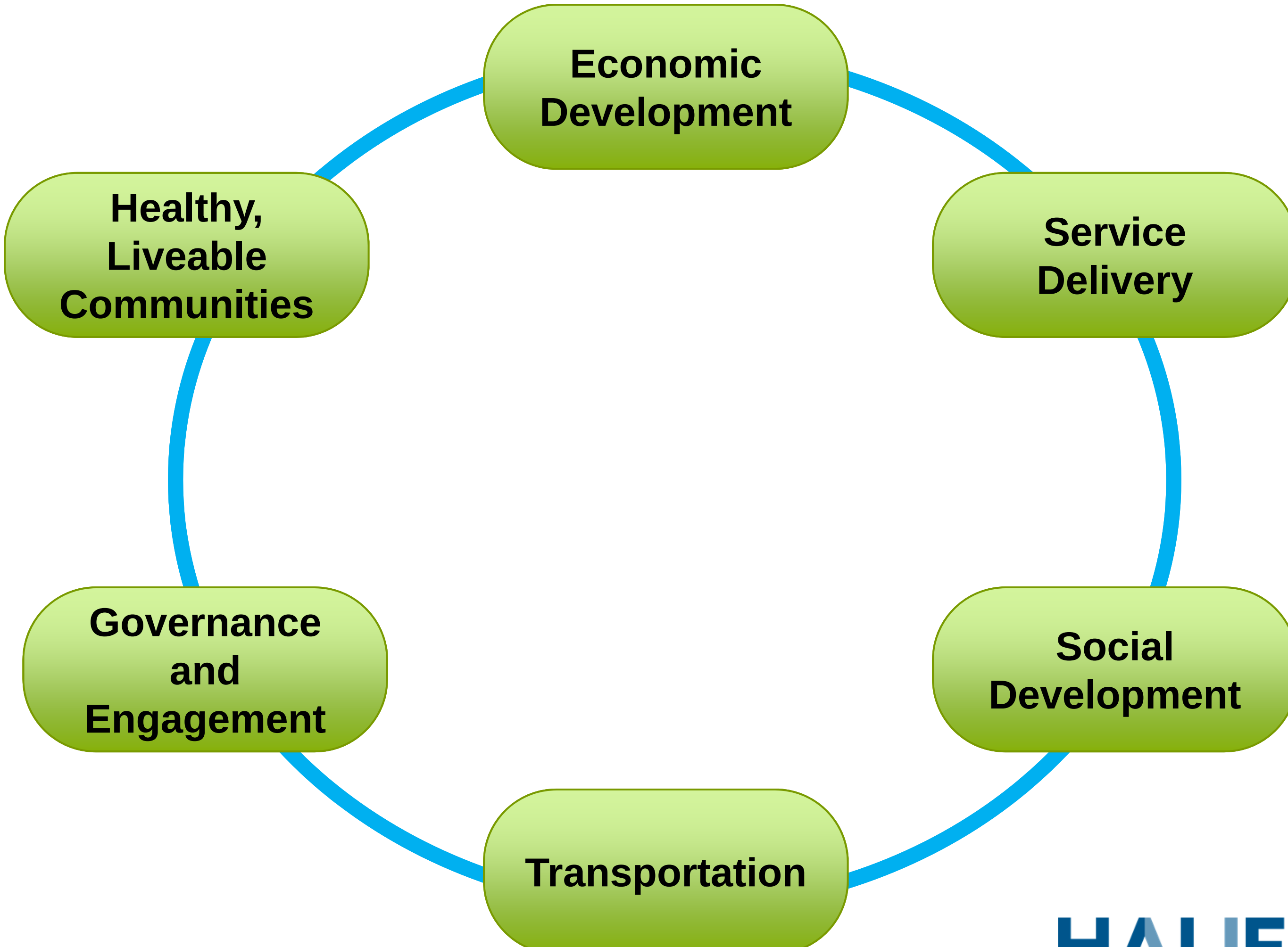
Alignment with Council Priorities



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Approach to Multi-year Budgeting

- Benefits
  - Predictability/sustainability
  - Less annual effort
  - Enables long term view
  - Reflects modern practices in other jurisdictions
- Approach
  - Years 1 and 2 to budget quality
  - Years 3 and 4 estimates
- Direction from Council
  - Approve Annual Budget and multi years in principle at Council's discretion

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4 Critical Influences

Concept to Tools:
Operating, Capital, Debt, Reserves

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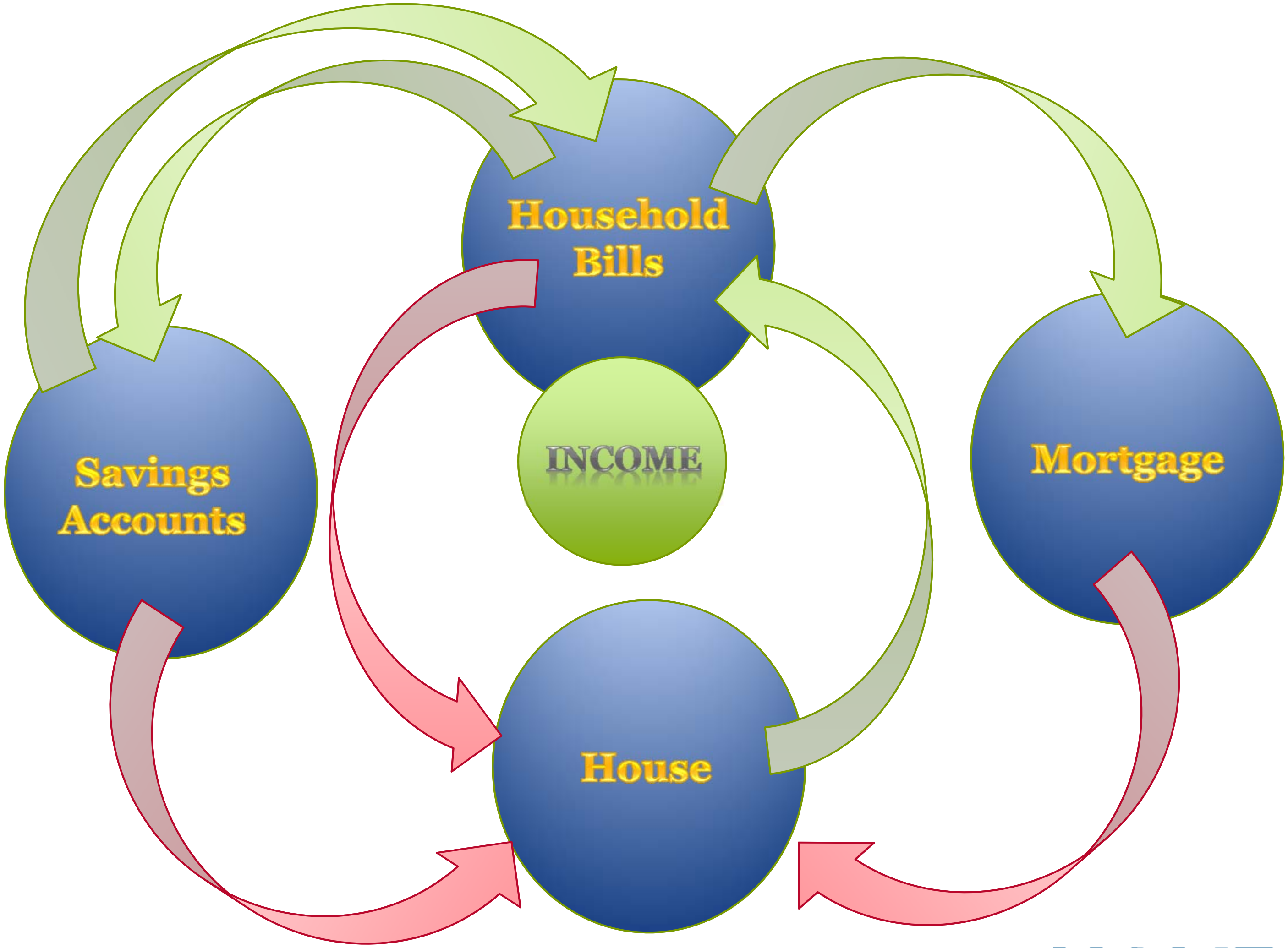
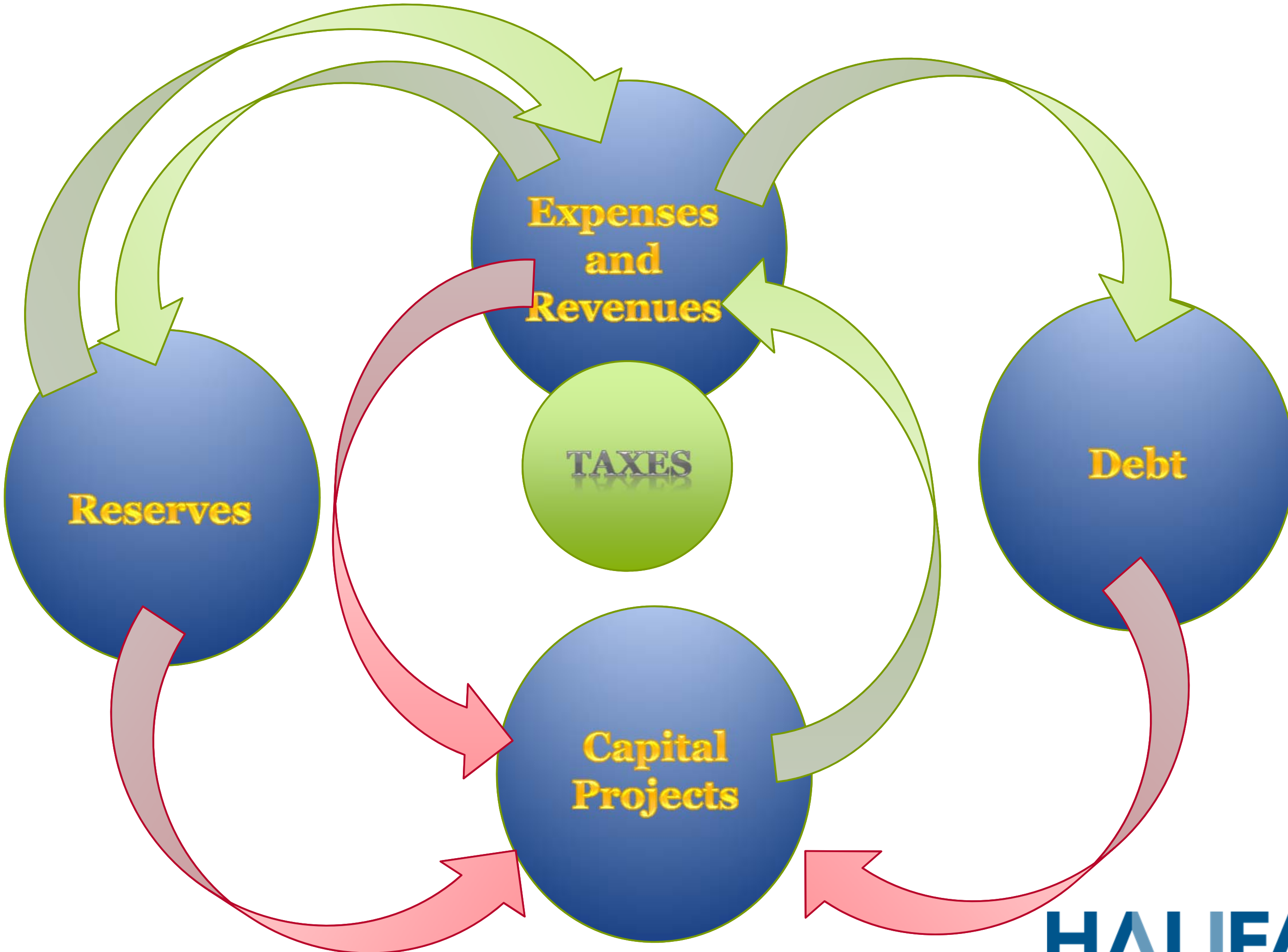
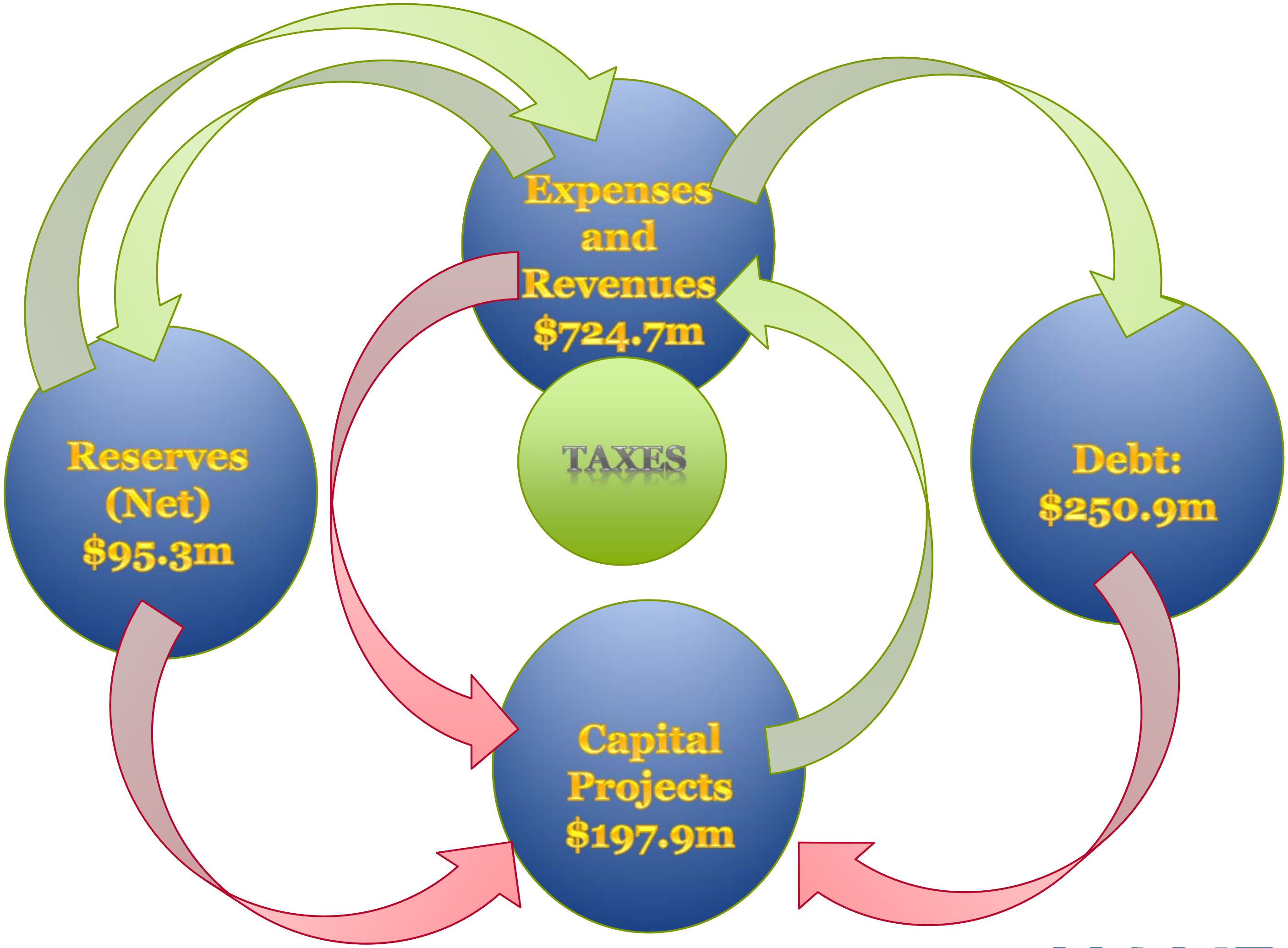
A Household Budget



A Municipal Budget



The HRM Budget – 2016-17



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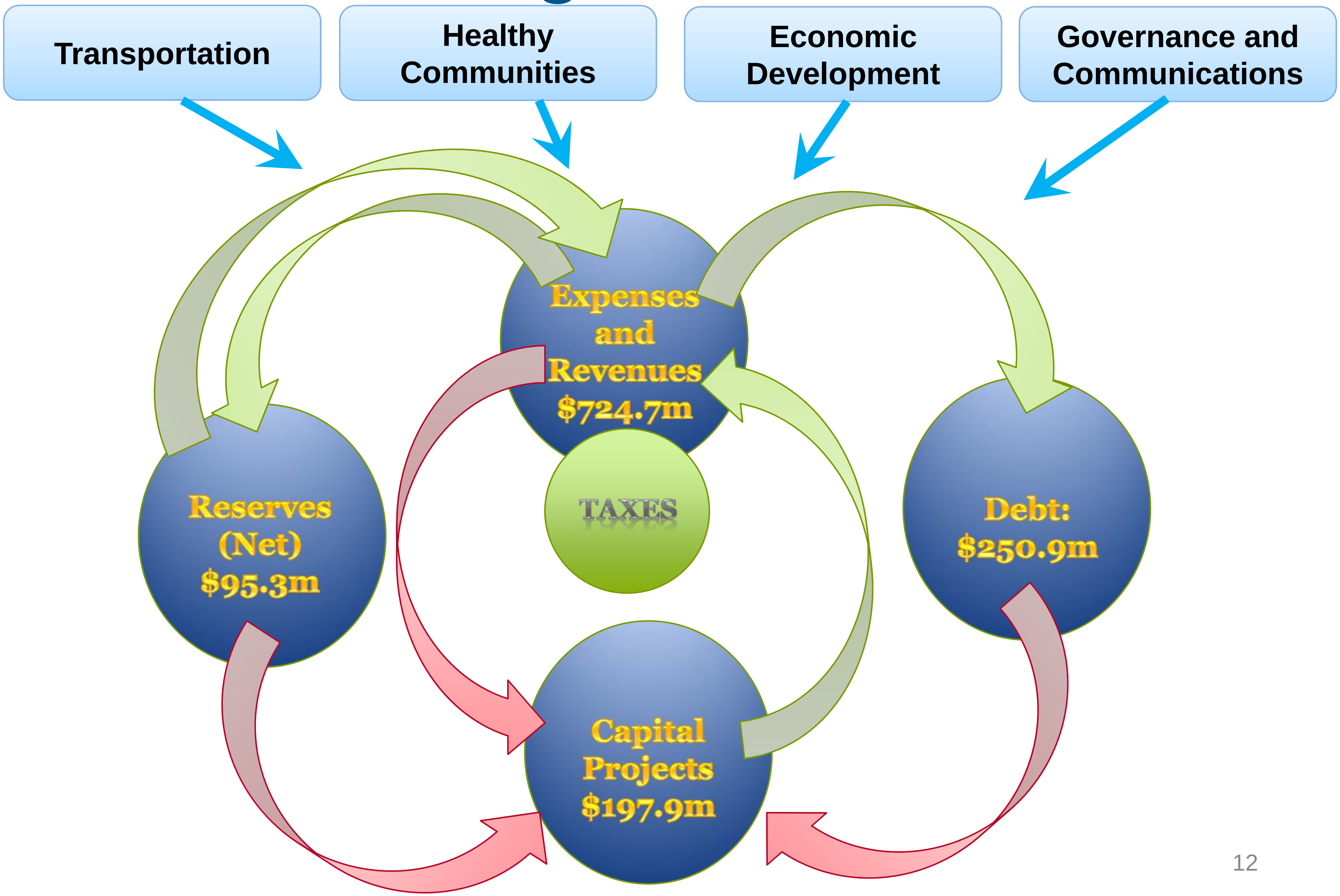
The HRM Budget – 2016-17



4 Critical Influences

1. Operating Budget

Property Tax Levels:

– Average Single Family Home pays $1,835
– New Homes and Business pay tax
– Nearly 80% dependent on property tax

Services (new and existing):

– Pressures – Inflation, New Homes to service, Collective Agreements
– Regulatory Costs
– Expectation of new services, leads to additional operating costs

2. Capital Budget

– Expectation to maintain existing assets, build new assets
– New Assets require additional operating costs
– Funding includes **Debt** and **Capital from Operating**. Both increase operating costs.

3. Debt

– Debt is at acceptable levels.
– Ability to approve more debt, but repayment places upward pressure on taxes.

4. Reserves

– Used to manage risk, provide for future obligations, opportunities
– Considerable balance available but majority is already earmarked for projects

The 7 Key Council Decisions

Operating Budget

1. **Taxes** – Should taxes rise, fall or stay the same?
2. **Services (Existing)** – How can value be optimized?
3. **Services (New)** – Will new services be funded?

Capital Budget

4. **Capital Budget** – How much should be invested in State of Good Repair, Growth and Service Improvements?
5. **Capital from Operating** – How much should HRM pay down on the Capital Budget?

Debt

6. **Debt** – What level of debt does HRM wish to approve?

Reserves

7. **Reserves** – What reserve balances does HRM expect?

Economic and Financial Assumptions

Council's Aspirational Growth Plan

	2016	by Year 5 (2021)	by Year 15 (2031)
Population (000)	423,000	470,000	550,000
Annual Growth Rate	1.2%	1.7%	1.7%
Real Gross Domestic Product (GDP)	$18.7 Billion	$22 Billion	$30 Billion
Annual Growth Rate	2.6%	2.9%	2.9%

Source: Halifax Partnership

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Base Budget Assumptions for Next Four Years

	Year 1 2017-18	Year 2 2018-19	Year 3 2019-20	Year 4 2020-21
Real Gross Domestic Product (GDP)	2.5%	1.7%	1.7%	1.2%
Personal Income per Capita	45,207	46,121	47,286	48,449
- Percent Change	2.2%	2.0%	2.5%	2.5%
Consumer Price Index	1.7%	1.9%	2.2%	2.0%
Population (000)	428	433	438	442
Dwelling Units	195,100	196,954	198,782	200,627
Dwelling Units %	1.0%	1.0%	0.9%	0.9%
Change in Single Family Home Taxes	0.0%	0.0%	0.0%	0.0%
Residential Taxes/Income	1.53%	1.49%	1.45%	1.41%
Commercial Taxes/GDP	0.91%	0.88%	0.86%	0.85%
Debt Targets ($000)	245,800	240,700	235,600	230,600
Capital from Operating	43,700	46,300	48,900	51,800

Source: GHP; CBOC; HRM Finance

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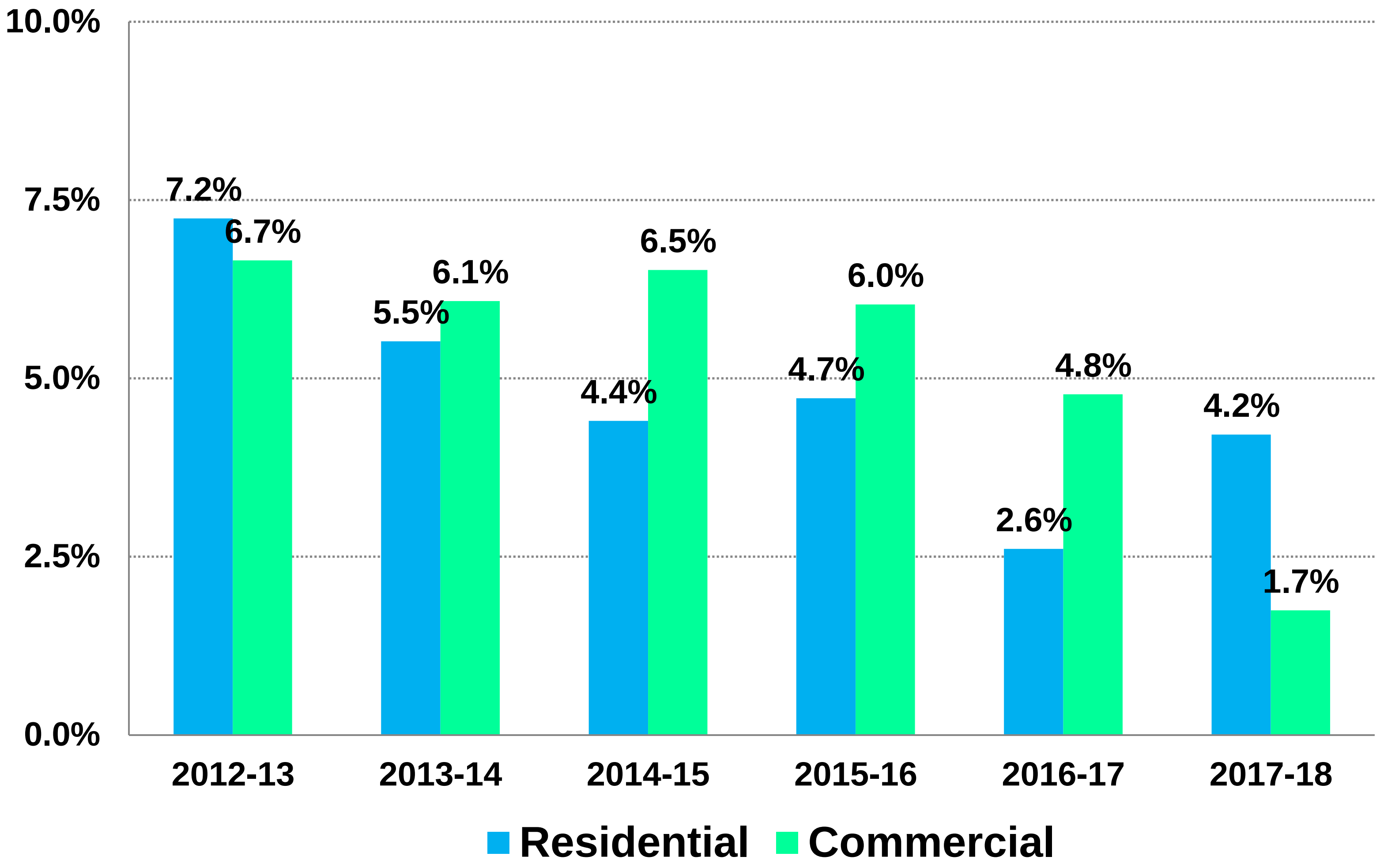
Preliminary Assessment Roll



Note: 2017-18 is preliminary.

Base Budget Assumptions
How Do They Shape our Costs?

Base Case Scenario - Taxes Flat, Expenses Rise with Inflation and Demographics

	Base Year 2016-17	Year 1 2017-18	Year 2 2018-19	Year 3 2019-20	Year 4 2020-21
Operating Budget Gap (Millions)	**$0**	**$12**	**$28**	**$47**	**$63**
Average Property Tax Bill	$1,835	$1,835	$1,835	$1,835	$1,835
Net Capital Budget (Millions)	**$100**	**$97**	**$101**	**$105**	**$108**
Debt (Millions)	**$250.9**	**$245.8**	**$240.7**	**$235.6**	**$230.6**
Per Dwelling	$1,299	$1,260	$1,222	$1,185	$1,149
Debt Ratio (Tax Supported)	5.9%	5.7%	5.9%	6.2%	6.1%
Reserves (Millions)	**$95.3**	**$118.3**	**$117.1**	**$114.4**	**$109.8**

Note: 1996-97 Net Capital Budget ($100m) includes additional Debt, Capital from Operating and Gas Tax funds. Gross Capital Budget ($198m) also includes $98m in cost sharing, infrastructure funds and reserves.

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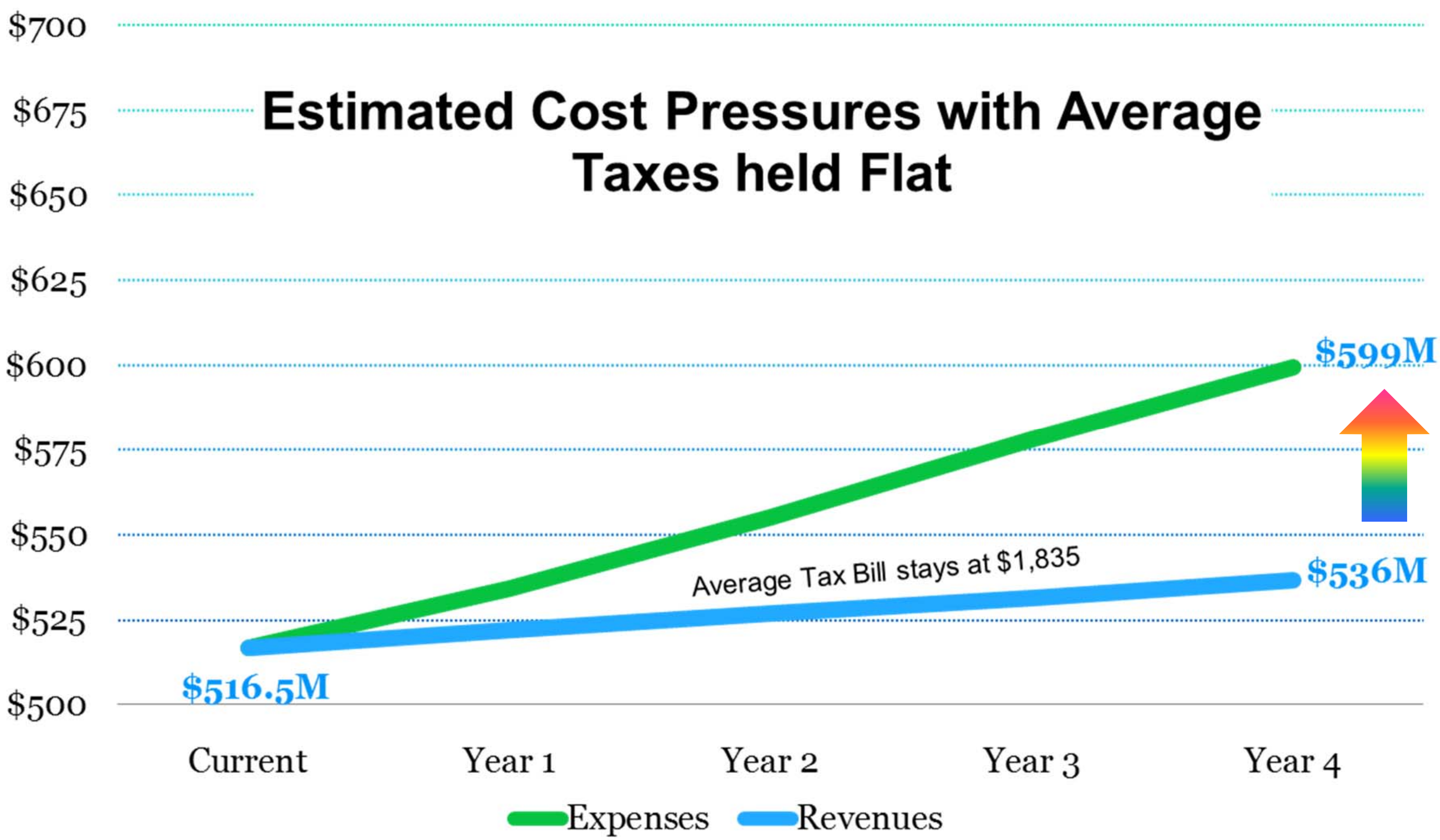
The Medium Term Trend



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Compensation is a significant Cost Driver

- Compensation is 50% of the Municipal Budget
- HRM has seven collective agreements, all with significant wage pressure
  - Six to negotiate for 2017-18
- Pension costs remain substantial.

Compensation as a Percent of Budget

Transportation & Public Works*	21%
Operations Support	40%
CAO	52%
Parks & Recreation	61%
Halifax Transit	64%
Finance & ICT	69%
Library	75%
Planning & Development	81%
Legal	86%
Human Resources	88%
Police	92%
Fire	94%
Auditor General	94%

* **Note:** TPW includes Contracts for Solid Waste, Winter Works and other services.

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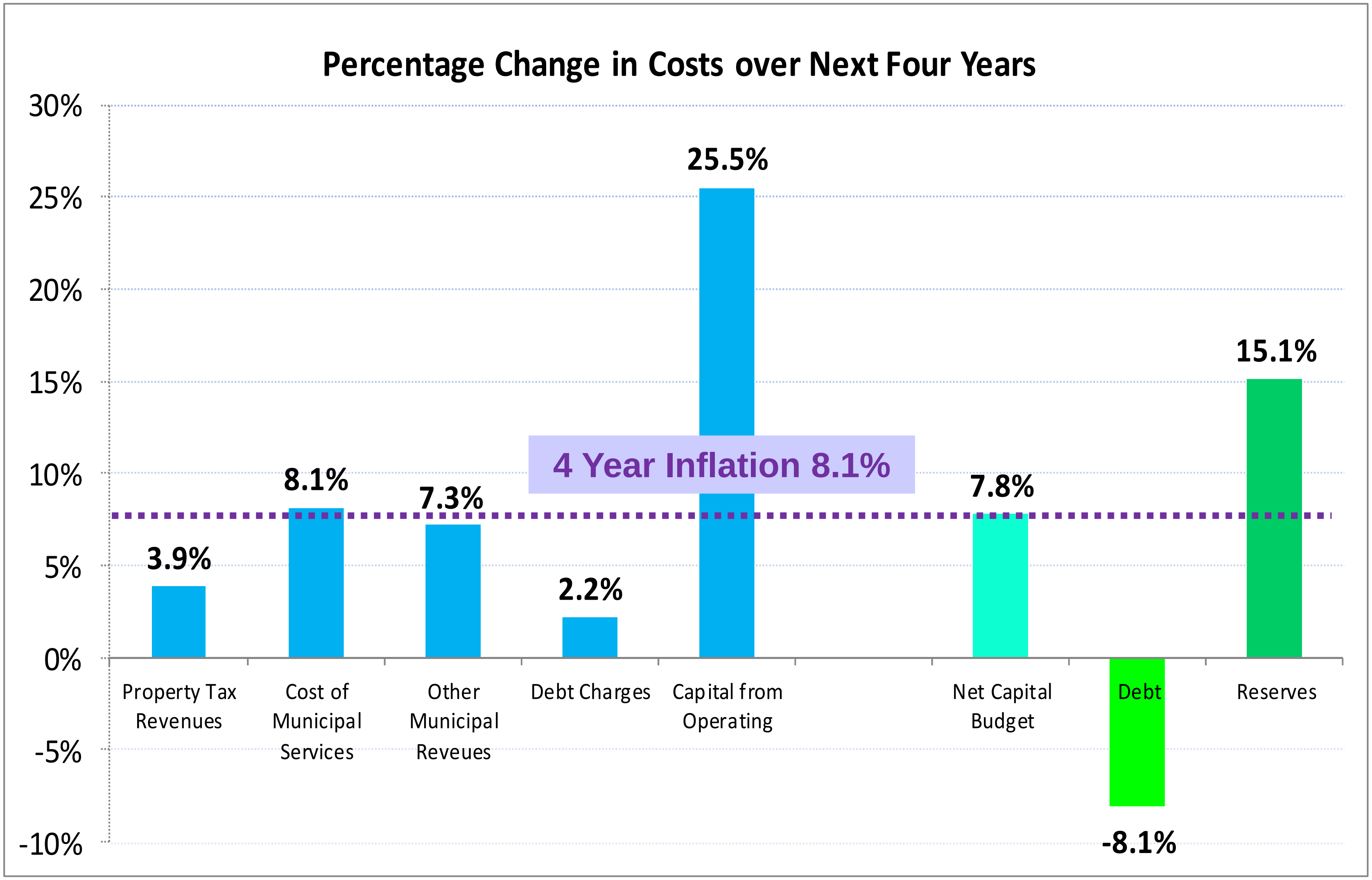
The Cost Drivers – Estimated Changes



The 7 Key Decisions – Base Case

	Base Year 2016-17	Year 4 2020-21	Change $
Operating Budget Gap (Millions)	**$0**	**$63**	**$63**
Average Property Tax Bill	**$1,835**	**$1,835**	**$0**
Property Tax Revenues	**$517m**	**$536m**	**$20m**
Existing and New Homes and Businesses	516.5	536.5	19.9
Tax Increase/Decrease	0.0	0.0	0.0
Services provided	**$452m**	**$489m**	**$37m**
Exisiting Services (net cost)	452.2	472.1	19.8
New or Expanded Services	0.0	17.0	17.0
Fiscal Items	**$64m**	**$110m**	**$46m**
Debt Charges - to repay debt (Capital Budget)	54.2	55.4	1.2
Capital from Operating - for the Capital Budget	41.3	51.8	10.5
Reserves - for risk, opportunities, obligations	22.1	22.9	0.8
Other expenses and revenues (net)	-53.3	-20.1	33.2
Net Capital Budget (Millions)	**$100**	**$108**	**$8**
Debt (Millions)	**$250.9**	**$230.6**	**-$20.3**
Reserves (Millions)	**$95.3**	**$109.8**	**$14.5**

1 Tax Decisions

2 Existing Services

3 New Services

Capital Budget

4 5 Cap from Op

6 Debt

7 Reserves

1. Taxes

- Assessment based tax system
  - A wealth tax. (Not a service tax)
  - Assumes higher assessment = a greater ability to pay
- The main source of revenues for HRM
  - 80% of all revenues
  - Limited alternatives for additional revenues
  - Limited cost-sharing from other governments
- HRM compares well to other cities
- Tax Revenues are growing slower than
  - Inflation
  - Personal Income
  - Expenditure Pressures

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Average Assessment and Tax Rates - Residential

Average Assessments and Tax Rates

	Base Year 2015-16	Year 1 2016-17
Average Assessment (Single Family Home)	$223,700	$225,700
* Urban Tax Rate	0.820	0.813
Average Tax Bill	$1,835	$1,835

The property tax rates will be reduced to offset any assessment increase.

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Average Assessment and Tax Rates - Commercial

Average Assessments and Tax Rates

	Base Year 2015-16	Year 1 2016-17
Average Comm'l Property (excl. 2015 bldg permits)	$1,409,300	$1,440,600
Urban Tax Rate	2.895	2.832
Average Tax Bill	$40,800	$40,800

The property tax rates will be reduced to offset any assessment increase.

Taxes Changes - Sensitivity Example using Average Income Increase of 2.3%

	Year 4 2020-21	Year 4 2020-21	Change $
Operating Budget Gap (Millions)	**$63**	**$51**	**$12**
Average Property Tax Bill	**$1,835**	**$1,879**	**$44**
Property Tax Revenues	**$536m**	**$548m**	
Existing and New Homes and Businesses	536.5	536.5	
Tax Increase/Decrease	0.0	**$11.9**	**$11.9**
Services provided	**$489m**	**$489m**	
Exisiting Services (net cost)	472.1	472.1	
New or Expanded Services	17.0	17.0	
Fiscal Items	**$110m**	**$110m**	
Debt Charges - to repay debt (Capital Budget)	55.4	55.4	
Capital from Operating - for the Capital Budget	51.8	51.8	
Reserves - for risk, opportunities, obligations	22.9	22.9	
Other expenses and revenues (net)	-20.1	-20.1	
Net Capital Budget (Millions)	**$108**	**$108**	**$0**
Debt (Millions)	**$230.6**	**$230.6**	**$0.0**
Reserves (Millions)	**$109.8**	**$109.8**	**$0.0**

2.3% change is $44 tax per home ($12m in Revenues).

2. Existing Municipal Services

Economic Development

Governance & Engagement

Service Delivery

Social Development

Healthy, Liveable Communities

Transportation

Service and Capital investments should reflect Council's Priorities
Budgets should be aligned to have maximum impact on priorities

- Public Transit
- Police Service
- Fire and Emergency Services
- Streets and Roads and Sidewalks
- Recreation and Cultural Programs
- Libraries
- Community Planning

- Economic Development
- Regulatory and Compliance Services
- Environmental Stewardship
- Environmental Services (water, waste water and storm water management services are provided by Halifax Water)

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3. Service Changes Pre-Approved in 2016-17

	Year 1 2017-18	Year 2 2018-19	Year 3 2019-20	Year 4 2020-21
Additional Firefighters	1.0	2.4	3.8	4.7
Fire Honorarium	1.1	1.1	1.1	1.1
United Way Housing Grant	0.025	0.025	0.0	0.0
Snow Removal for Seniors Grant	0.2	0.2	0.2	0.2
Operating Cost of Capital (estimated)	2.0	5.0	8.0	11.0
Grants:				
Tennis Canada proposal	0.8	0.8	0.8	0.0
NS Nature Trust - 100 Wild Islands	0.2	0.2	0.0	0.0
Total	**5.3**	**9.7**	**13.9**	**17.0**

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Business Unit Budget Development

- Business Units will be present draft budgets and business plans that meet Council's fiscal direction.

- Council will also be presented with
  - Options connected to priorities
  - The impact of those options on
    - The average tax bill
    - Council's Priorities
    - Service Delivery

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Sample Options Format

Description	Proposed 17/18 $ Impact	Projected 18/19 $ Impact	Impact on avg. Tax Bill (for 17/18)	Impact on Service Delivery/Priorities
Eg, Procure 100 more products/year	$200,000	$210,000	$0.79	Meet community demand for products which encourage youth engagement, a Council Priority
Eg, Change response time from 24hrs to 48 hrs	-$100,000	-$100,000	-$0.39	Service is performing at 98% within standard so longer wait for service may be acceptable. Service is not aligned with Council's Priorities

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4. Capital Budget

- Over $3.4 Billion worth of assets
- Replacement value over $5 Billion
  - 308 Buildings
  - 1,215 Parks and Playgrounds
  - 638 sport field / courts and ball fields
  - 1,800 KM’s of Paved Roads
  - 920 KM’s of Sidewalks
  - 222 KM’s of trails
  - 82 Bridges
  - 1,200 Vehicles and 4 Ferries

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Capital Budget Concepts

1. **Purchase** the Asset
   - Debt
   - Capital from Operating/Reserves
   - Other Funding
2. **Operate** the Asset
   - Pay for Debt Charges
   - Staff, Utilities, Fuel, etc.
3. **Maintain** the Asset
   - “State of Good Repair” Projects
     - Maintenance Reserves
   - Operating Budget
4. **Replace** the Asset
   - Growth and Service Improvement Projects
     - Replacement Reserves

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Home for Sale

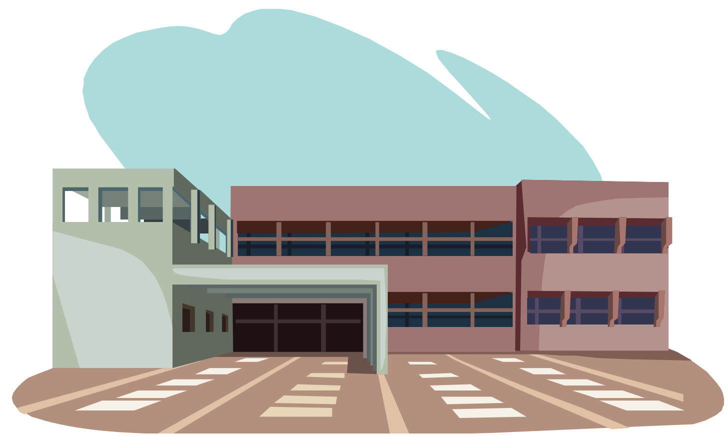
Cost is **$180,000** → **Capital Budget**

We've **saved** $20,000 → **Reserves**

Can **put down** another $10,000 → **Capital from Operating (“Pay As You Go”)**

So, a $150,000 **mortgage** → **Debt**

Halifax Budget



Cost to heat is **$3,000 each year** → **Operating Cost of Capital**

Mortgage payments are $10,500 per year → **Debt Charges**

Roof needs to be fixed → **State of Good Repair**

We want to add a **garage** → **Service Improvements, Growth**

The Capital Budget

	Base Year 2016-17	Year 4 2020-21
Operating Budget Gap (Millions)	**$0**	**$63**
Fiscal Items	**$64m**	**$110m**
Debt Charges - to repay debt (Capital Budget)	54.2	55.4
Capital from Operating - for the Capital Budget	41.3	51.8
Reserves - for risk, opportunities, obligations	22.1	22.9
Other expenses and revenues (net)	-53.3	-20.1
Net Capital Budget (Millions)	**$100**	**$108**
Funding Decisions		
Additional Debt Approved	29.0	31.0
Capital from Operating	41.3	51.8
Gas Tax Funding	29.0	25.0
Other	0.7	0.0
Net Capital Budget	**$100.0**	**$107.8**
Cost Sharing, Infrastructure, Reserves	97.9	
Gross Capital Budget	**197.9**	
Debt (Millions)	**$250.9**	**$230.6**
Reserves (Millions)	**$95.3**	**$109.8**

New Services /Savings due to Capital Projects

Debt (per home) decreases annually by 3%

Capital from Operating (per home) increases annually by 3% + CPI

Gas Tax Funding comes from the Federal Government

Reserves

5. Capital from Operating

- Strategy is to shift funding from debt to capital from operating.
- Targets:
  - Outstanding Debt per dwelling unit declines 3% per year.
  - Capital from Operating per dwelling unit increases 3% + CPI per year
- State of Good Repair is 66% of the total Capital Budget. The goal is to use Capital from Operating for all State of Good Repair:
  - 2016 State of Good Repair (net) $78.9m
  - 2016 Capital from Operating $41.3m

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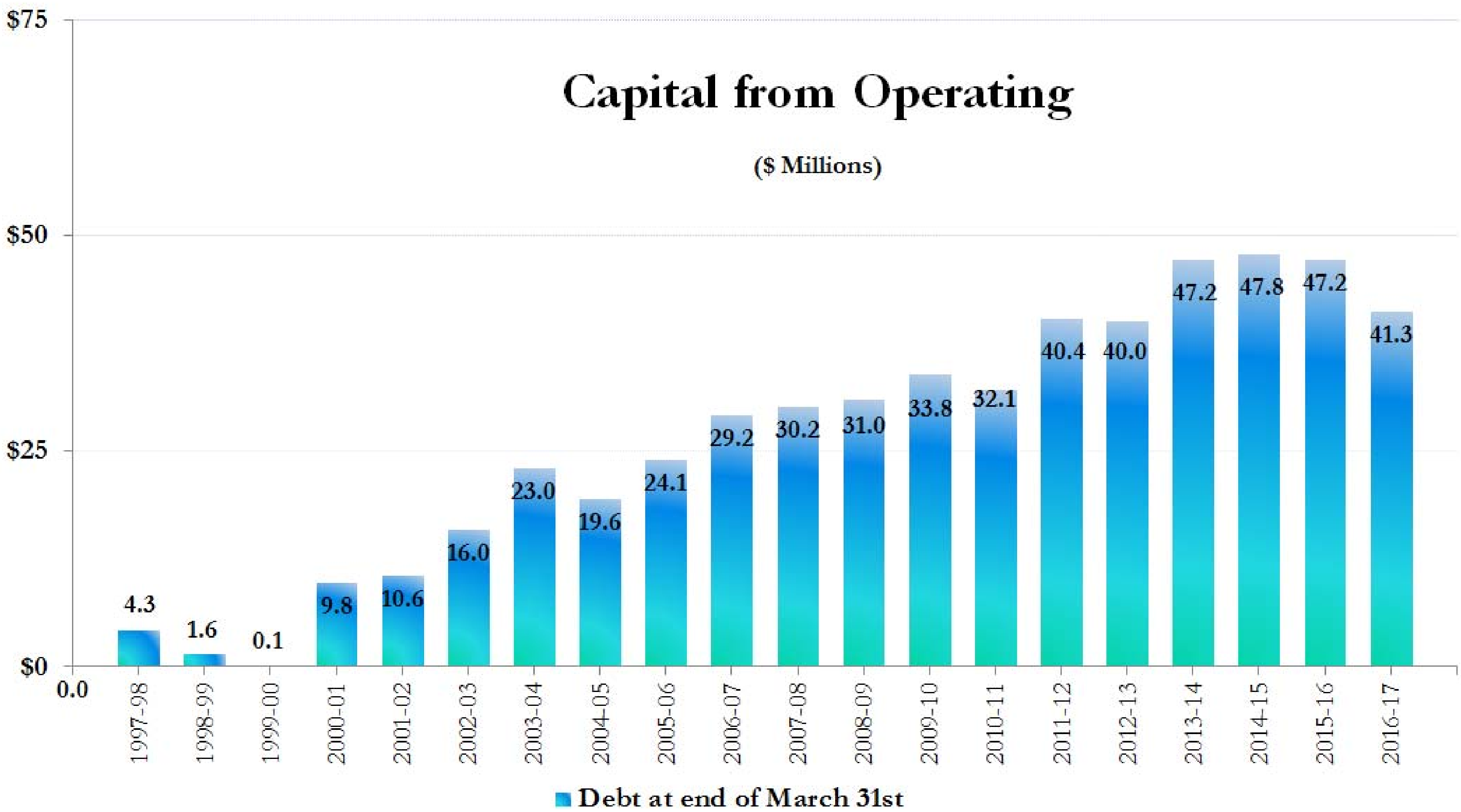

Debt includes funding that is approved, issued and work-in-progress (WIP) as of March 31st year-end.

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6. Debt

- HRM budgets for both Principle and Interest costs
- Debt is simply a financial tool.
  - Low Debt may mean
    - Assets are deteriorating
    - Cost of maintaining assets are increasing
    - We may lose out on opportunities.
  - High Debt may place financial pressure on future tax rates.
    - Creates risk and uncertainty
    - Rating Agency concerns
- HRM has capacity to borrow, however
  - Future debt payments will put pressure on taxes

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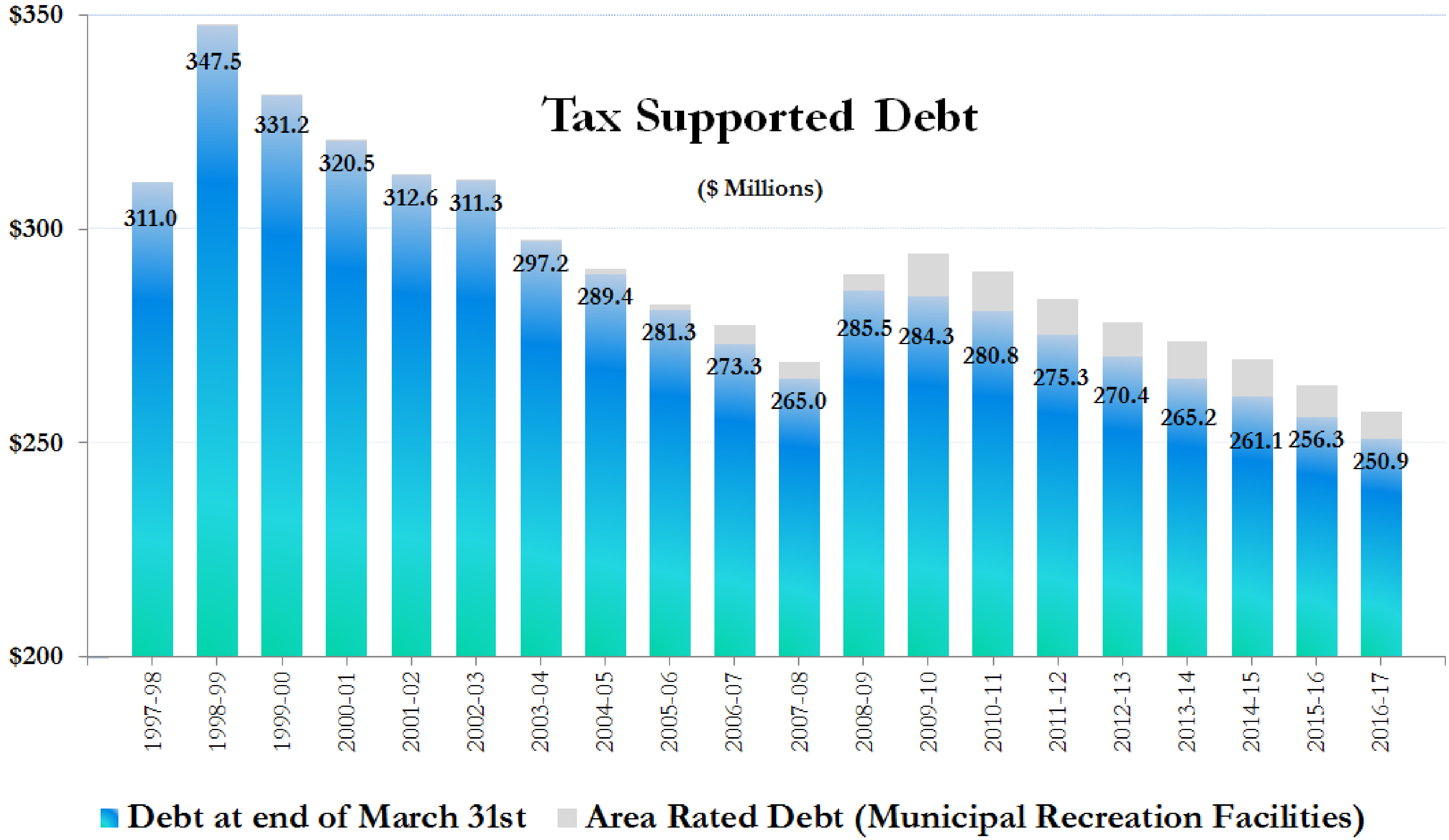
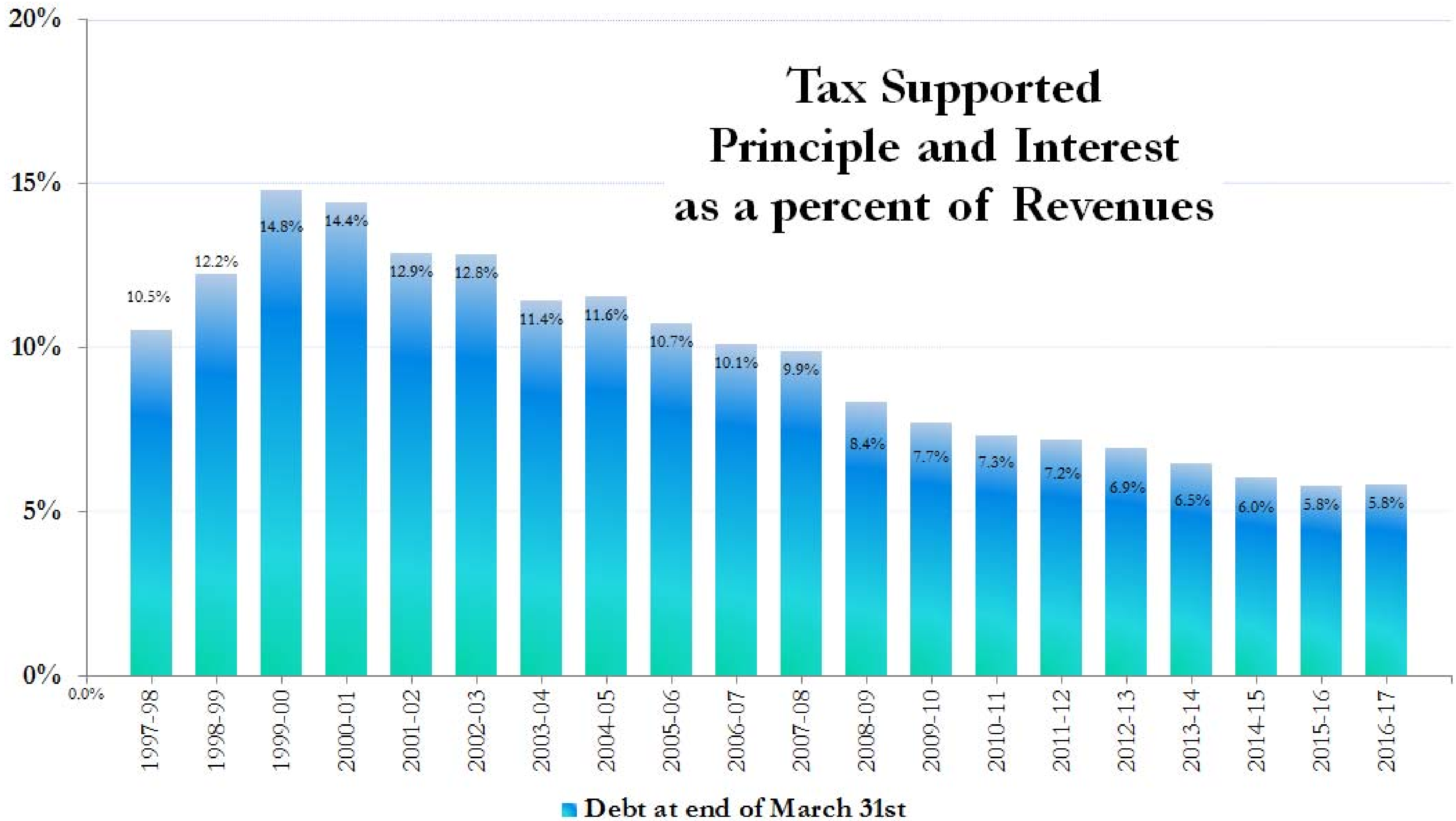


Debt includes funding that is approved, issued and work-in-progress (WIP) as of March 31st year-end.



Debt includes funding that is approved, issued and work-in-progress (WIP) as of March 31st year-end.

About Debt

- In the long-term, Debt is always more expensive than Capital from Operating.
  - In the short-run, it is difficult to increase Capital from Operating
- Additional debt charges may be less than higher operating costs from older assets
- We need to consider
  - Whether we will lose opportunities
  - Trend in interest rates
  - Trend in construction costs

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Debt - Sensitivity Example using Extra $10m Debt per Year (with operating costs for new asset)

	Year 4 2020-21	Year 4 2020-21	Change $
Operating Budget Gap (Millions)	**$63**	**$63**	**$0**
Average Property Tax Bill	**$1,836**	**$1,857**	**$21**
Property Tax Revenues	**$536m**	**$542m**	**$6m**
Existing and New Homes and Businesses	536.5	536.5	
Tax Increase/Decrease	0.0	6.0	6.0
Services provided	**$489m**	**$492m**	**$3m**
Exisiting Services (net cost)	472.1	472.1	
New or Expanded Services	17.0	20.0	3.0
Fiscal Items	**$110m**	**$110m**	**-$3m**
Debt Charges - to repay debt (Capital Budget)	55.4	58.9	3.5
Capital from Operating - for the Capital Budget	51.8	51.8	
Reserves - for risk, opportunities, obligations	22.9	22.9	
Other expenses and revenues (net)	-20.1	-20.6	-0.5
Net Capital Budget (Millions)	**$108**	**$120**	**$12**
Debt (Millions)	**$231**	**$270**	**$39**
Per Dwelling	**$1,149**	**$1,344**	**$195**
Debt Ratio (Tax Supported)	**6.1%**	**6.5%**	**0.4%**
Reserves (Millions)	**$110**	**$110**	**$0**

Without a repayment strategy, taxes will rise to repay the debt and operating costs.

Repayment of Debt occurs over a longer time period. Continues to increase past Year 4.

The Capital Budget and Outstanding Debt both increase.

7. Reserves

- The Gross balance of Reserves is $180.0m (as of September 30, 2016). The Net Available balance is projected to be $95.3 million (as of March 31, 2017).

- HRM has 20 reserves, with Council approved business cases. There are three categories of reserves:

  - To offset **Risk**:
    - Net Available - $14.9m (projected for March 31st, 2017)
    - Eg, Operating Stabilization
    - Eg, General Contingency

  - To save for Future **Obligations**:
    - Net Available - $31.0m (projected for March 31st, 2017)
    - Eg, Landfill Closure/Post Closure
    - Eg, Building Recapitalization and Replacement

  - To provide for **Opportunity**:
    - Net Available - $49.4m (projected for March 31st, 2017)
    - Eg, Strategic Capital Reserve,
    - Eg, Business/Industrial Parks Expansion

- Withdrawals from reserves must be approved by Council.

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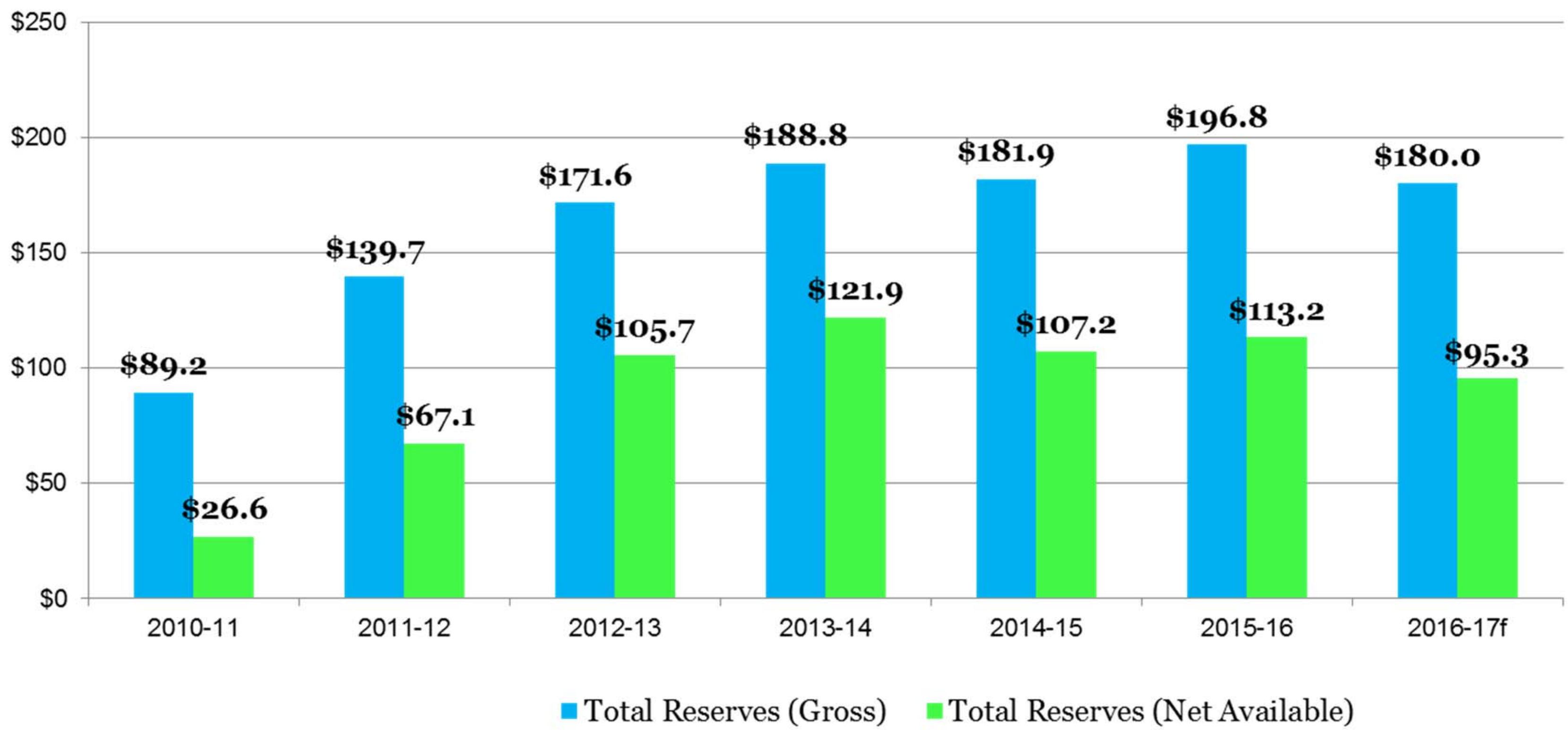
Reserves – Available Balances



Note: 2016-17 Gross is balance for September 30, 2016;
Net Available is projected for March 31, 2017.

How Financial Tools Support Council's Key Decisions
Illustrations

Scenario A – Balancing by Reducing the Capital Budget

	Base Year 2016-17	Year 4 2020-21
Operating Budget Gap (Millions)	**$0.0**	**$0.0**
Average Property Tax Bill	**$1,835**	**$1,835**
Fiscal Items	**$64m**	**$69m**
Debt Charges - to repay debt (Capital Budget)	54.2	49.7
Capital from Operating - for the Capital Budget	41.3	17.1
Reserves - for risk, opportunities, obligations	22.1	22.9
Other expenses and revenues (net)	-53.3	-21.2
Net Capital Budget (Millions)	**$100.0**	**$56.8**
Funding Decisions		
Additional Debt Approved	29.0	14.7
Capital from Operating	41.3	17.1
Gas Tax Funding	29.0	25.0
Other	0.7	0.0
Net Capital Budget	**$100.0**	**$56.8**
Cost Sharing, Infrastructure, Reserves	97.9	
Gross Capital Budget	**197.9**	
Debt (Millions)	**$250.9**	**$171.0**
Reserves (Millions)	**$95.3**	**$109.8**

Instead of increasing the Capital Budget to $108m, decrease it to $57m

Scenario B – Balancing by Reducing Service Costs

	Base Year 2016-17	Year 4 2020-21
Operating Budget Gap (Millions)	**$0.0**	**$0.0**
Property Tax Revenues	**$517m**	**$536m**
Existing and New Homes and Businesses	516.5	536.5
Tax Increase/Decrease	0.0	0.0
Services provided	**$452m**	**$433m**
Exisiting Services (net cost)	452.2	415.7
New or Expanded Services	0.0	17.0
Fiscal Items	**$64m**	**$104m**
Net Capital Budget (Millions)	**$100.0**	**$107.8**
Debt (Millions)	**$250.9**	**$230.6**
Reserves (Millions)	**$95.3**	**$109.8**

Instead of increasing Services to $489m, decrease it to $433m

Scenario C – Balancing by reducing existing costs, enhancing services and increasing the tax rate (matched to inflation and then declining)

	Base Year 2016-17	Year 4 2020-21
Operating Budget Gap (Millions)	**$0.0**	**$0.0**
Average Property Tax Bill	**$1,835**	**$1,938**
Property Tax Revenues	**$517m**	**$566m**
Existing and New Homes and Businesses	516.5	536.4
Tax Increase/Decrease	0.0	30.0
Services provided	**$452m**	**$477m**
Exisiting Services (net cost)	452.2	460.1
New or Expanded Services	0.0	17.0
Fiscal Items	**$64m**	**$89m**
Net Capital Budget (Millions)	**$100.0**	**$97.1**
Debt (Millions)	**$250.9**	**$230.6**
Reserves (Millions)	**$95.3**	**$109.8**

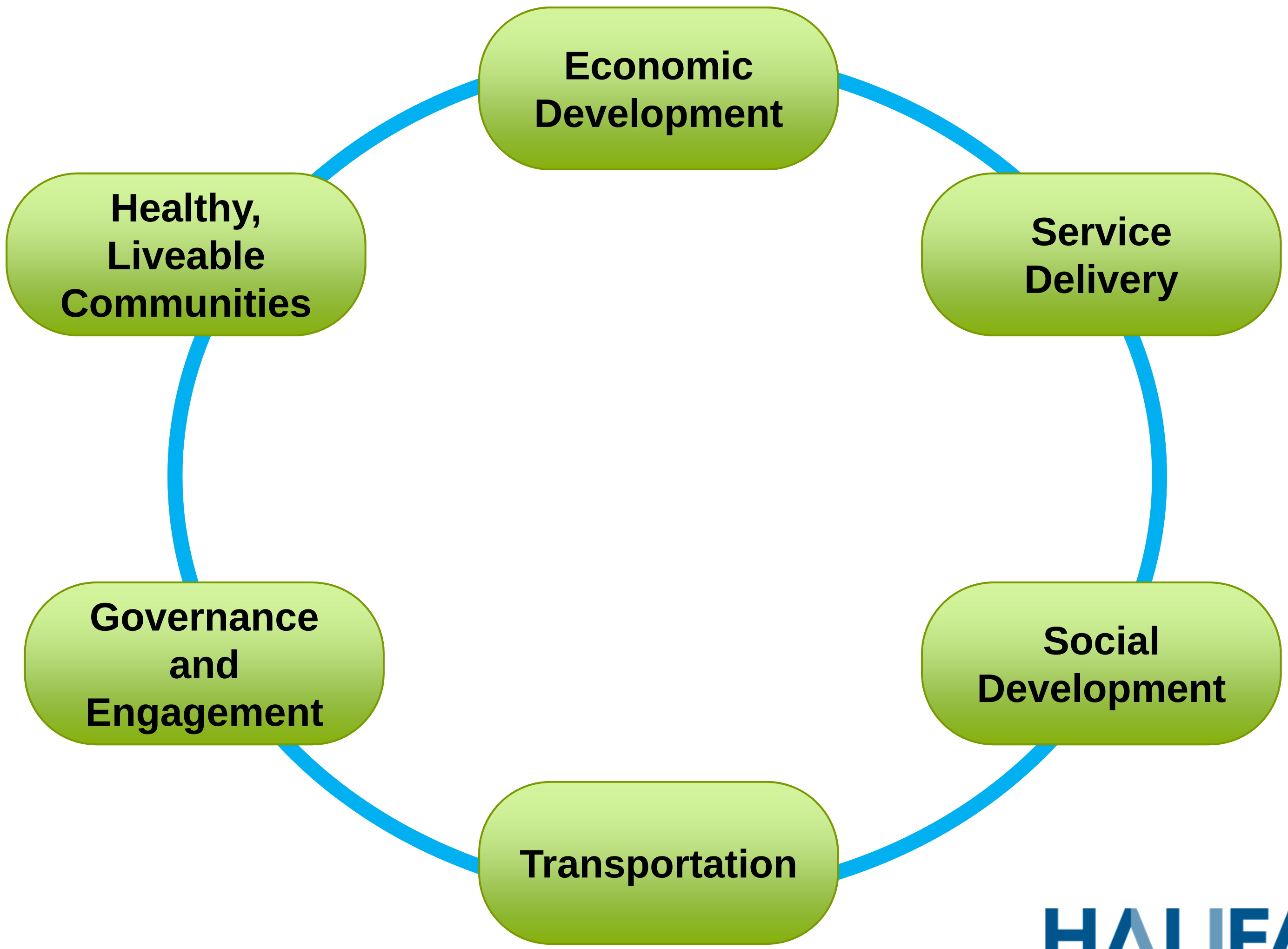
Average Property Tax Bill up by 5.6%

Services up by $25m

Capital down by $3m

Recommendations for Sustainability

Alignment with Council Priorities



Scenarios

	Base Case	A. Reduce Capital	B. Reduce Service Costs	C. Balance Taxes and Services
Operating Budget Gap (Millions)	**$63**	**$0.0**	**$0.0**	**$0.0**
Average Property Tax Bill	**$1,835**	**$1,835**	**$1,835**	**$1,938**
Property Tax Revenues	**$536m**	**$536m**	**$536m**	**$566m**
Existing and New Homes and Businesses	536.5	536.5	536.5	536.4
Tax Increase/Decrease	0.0	0.0	0.0	30.0
Services provided	**$489m**	**$468m**	**$433m**	**$477m**
Exisiting Services (net cost)	472.1	450.9	415.7	460.1
New or Expanded Services	17.0	17.0	17.0	17.0
Fiscal Items	**$110m**	**$69m**	**$104m**	**$89m**
Debt Charges - to repay debt (Capital Budget)	55.4	49.7	55.4	55.4
Capital from Operating - for the Capital Budget	51.8	17.1	51.8	37.9
Reserves - for risk, opportunities, obligations	22.9	22.9	22.9	23.3
Other expenses and revenues (net)	-20.1	-21.2	-26.3	-27.3
Net Capital Budget (Millions)	**$108**	**$56.8**	**$107.8**	**$97.1**
Debt (Millions)	**$230.6**	**$171.0**	**$230.6**	**$230.6**
Per Dwelling	**$1,149**	**$852**	**$1,149**	**$1,149**
Debt Ratio (Tax Supported)	**6.1%**	**5.4%**	**6.1%**	**5.8%**
Reserves (Millions)	**$109.8**	**$109.8**	**$109.8**	**$109.8**

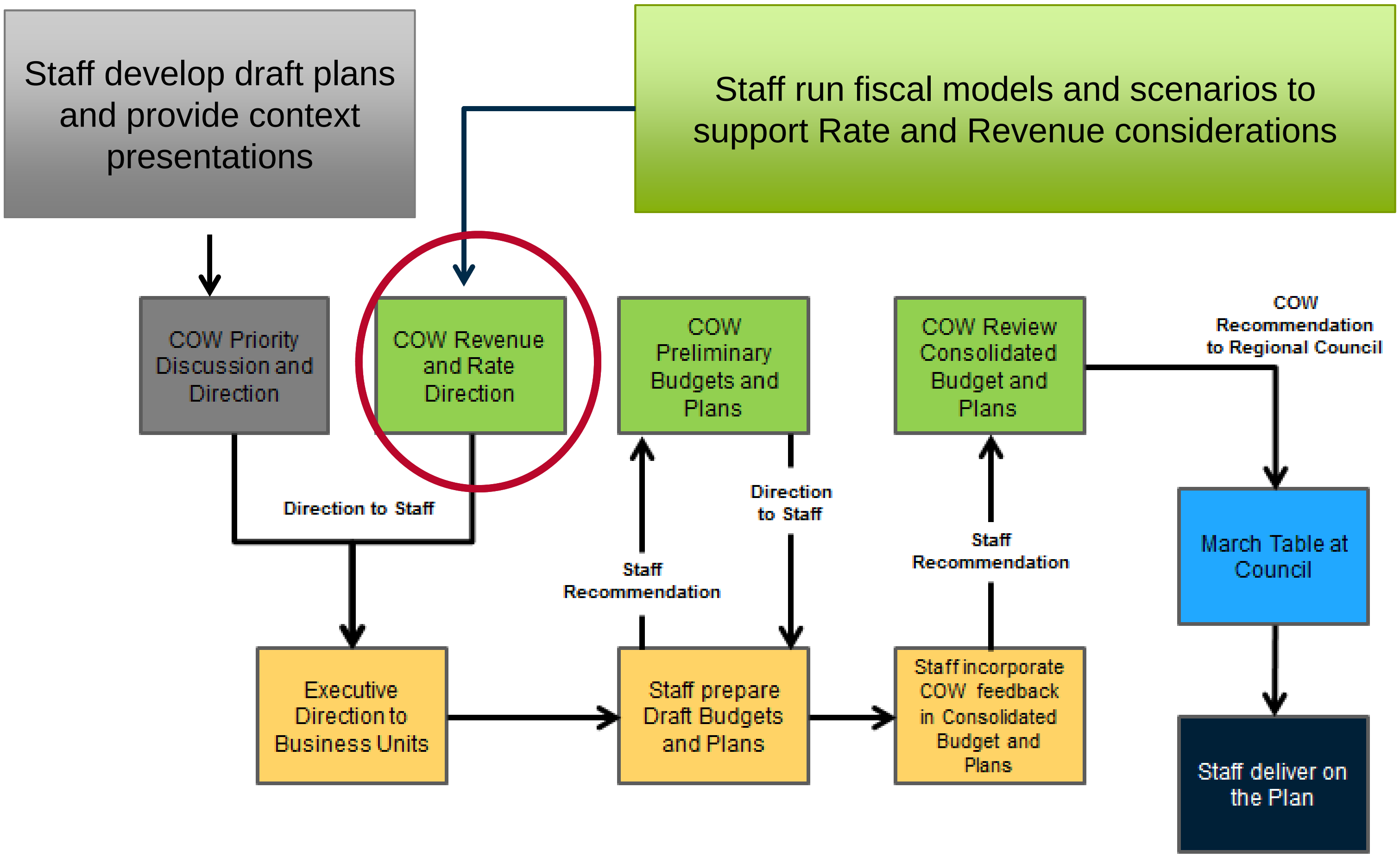
Recommended Preliminary Fiscal Direction – Scenario C

	Year 1 2017-18	Year 2 2018-19	Year 3 2019-20	Year 4 2020-21
Operating Budget Gap (Millions)	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Average Property Tax Bill	**$1,868**	**$1,898**	**$1,923**	**$1,938**
Percent Change	1.8%	1.6%	1.3%	0.8%
Property Tax Revenues	**$531m**	**$545m**	**$557m**	**$566m**
Existing and New Homes and Businesses	521.9	526.7	531.3	536.4
Tax Increase/Decrease	9.0	17.9	25.4	30.0
Services provided	**$462m**	**$468m**	**$473m**	**$477m**
Exisiting Services (net cost)	456.5	458.0	459.2	460.1
New or Expanded Services	5.3	9.7	13.9	17.0
Fiscal Items	**$69m**	**$77m**	**$84m**	**$89m**
Net Capital Budget (Millions)	**$97.2**	**$97.2**	**$97.0**	**$97.1**
Debt (Millions)	**$245.8**	**$240.7**	**$235.6**	**$230.6**
Reserves (Millions)	**$118.3**	**$117.1**	**$114.4**	**$109.8**

Average Assessment and Tax Rates Preliminary Estimates

	2015-16	2016-17	Year 1 2017-18	
Average Assessment (Single Family Home)	223,700	225,700	231,800	
* Urban Tax Rate	0.820%	0.813%	0.807%	
Average Tax Bill	**$1,835**	**$1,835**	**$1,868**	$33 or 1.8%

Budget Development Process



HALIFAX

Recommendation

- It is recommended that staff develop the multi-year operating budgets for 2017-2018 and 2018-2019 according to Council's approved priorities, and preliminary fiscal direction, including:
  - maintaining the appropriate level of existing services with the addition of the new services previously approved by Council;
  - a stable capital budget that maintains state of good repair while also funding growth related issues and service improvements;
  - a responsible and declining debt position;
  - appropriate reserve balances that allow for risk mitigation, future obligations and opportunities;
  - alignment of the current average tax bill for residential homes and commercial properties with all relative economic indicators.

HALIFAX

Presentation Summary

- How do Council's priorities shape budgets and fiscal strategies?
- What financial tools are available to support Council's decisions?
- What is the base case estimate for the next 4 years?
- What scenarios can be created to balance and sustain fiscal health?
- What is the recommended preliminary fiscal strategy?

HALIFAX