

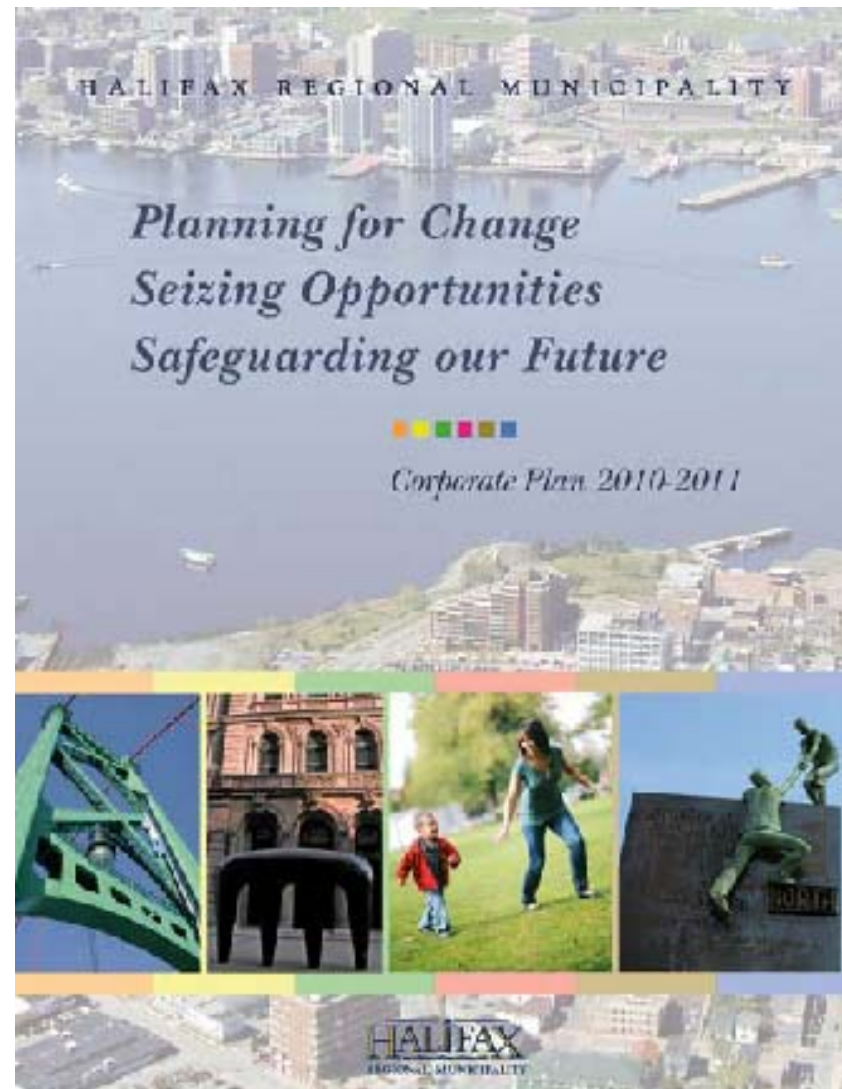


2010/11 Corporate Plan and Proposed Budget

May 18, 2010



Corporate Plan





Proposed 2010/11 Budget

- \$30 million gap – Council Direction:
 - \$10 million from transit rate
 - \$6 million from general tax rate
 - \$14 million in directed budget reductions
- Proposed Budget – Addresses a larger gap of \$35.5 million
 - Additional \$5.5 million in directed budget reductions, for a total of \$19.5 million



Budget Impacts

- 1.7% General Tax Rate Increase
- Service Reductions – some examples:
 - Community Facility Partnership Grant Program
 - Public Art
 - Weekly Green Cart collection
- Corporate Reductions
 - Roughly \$2 million through corporate reductions plus \$4 million reduction in compensation (\$3.5 in vacancy management)



Budget Pressures

- Cost Drivers
 - Transit enhancements
 - Service growth
 - Operating costs of new capital
 - Compensation increases
 - Solid Waste reserve contributions
- Growth in revenues not keeping pace with expenditure requirements



Economic Indicators

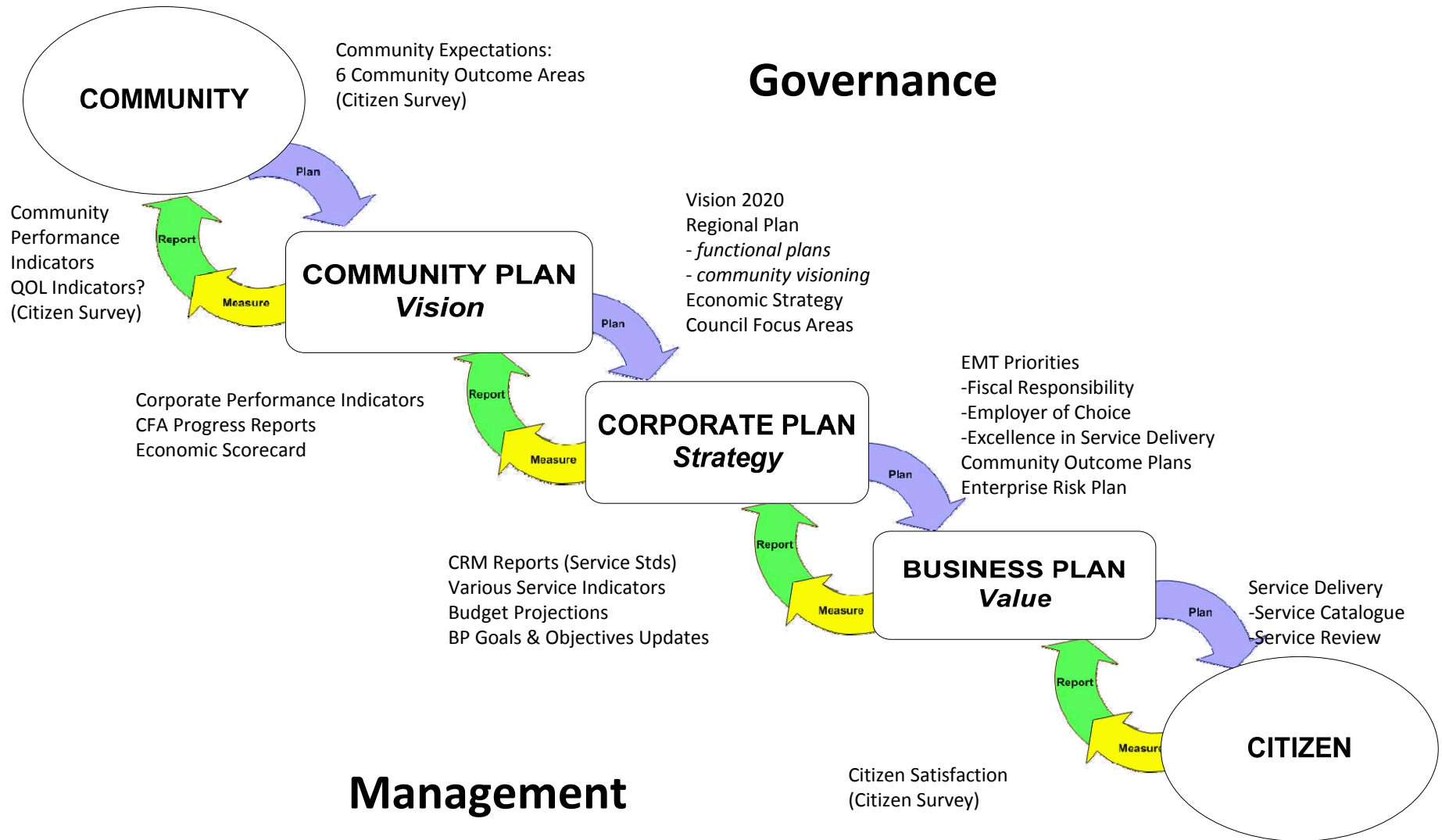
- Strong overall economic performance
- Favourable relative to other cities
- Employment growth
- Growing confidence driving development



Budget Highlights

- Infrastructure
 - Central Library
- 2011 Canada Winter Games
- Transportation
 - Transit expansion / service improvements
- Smart investment in priority areas

Corporate Planning Framework



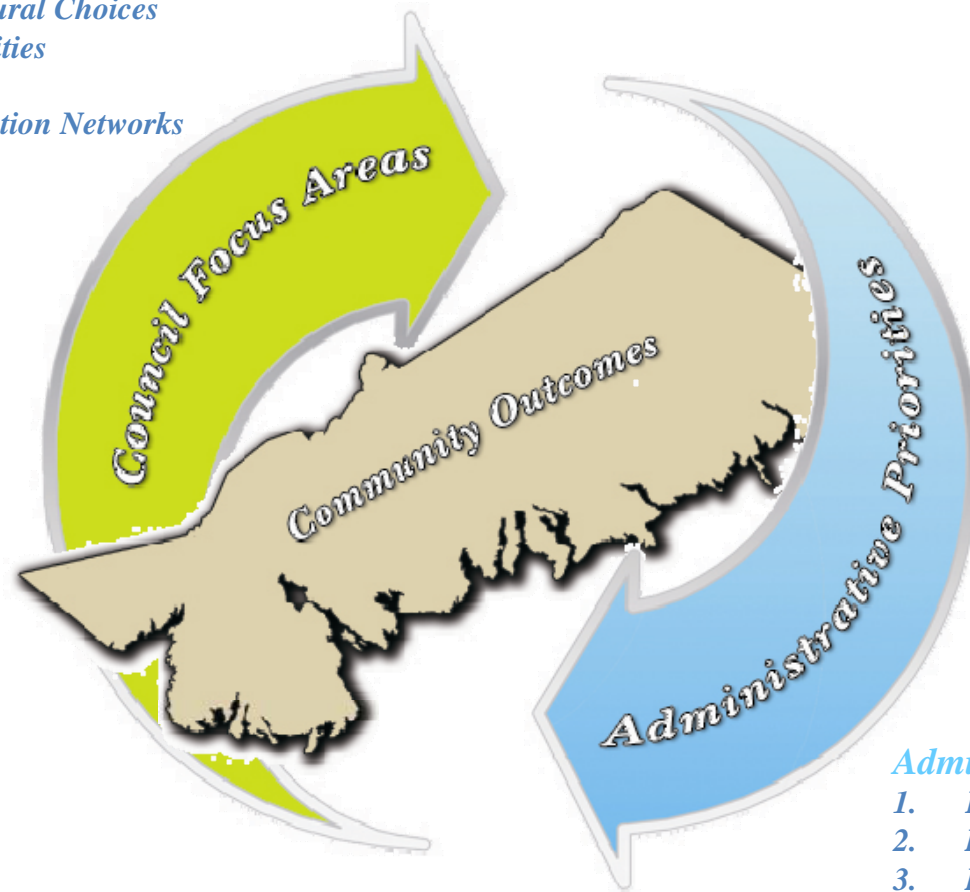
Corporate Planning Framework



Summary of HRM Priorities

Community Outcome Areas

- 1. Safe & Welcoming Communities*
- 2. Diverse Recreation, Leisure & Cultural Choices*
- 3. Well Planned & Engaged Communities*
- 4. Clean & Healthy Environment*
- 5. Integrated & Affordable Transportation Networks*
- 6. Economic Prosperity*



Council Focus Areas

- 1. Community Planning*
- 2. Governance & Communications*
- 3. Infrastructure*
- 4. Public Safety*
- 5. Transportation*

Administrative Priorities

- 1. Fiscal Responsibility*
- 2. Employer of Choice*
- 3. Excellence in Service Delivery*



Next Steps

- Continued commitment of staff
- Mid-mandate check-in
- Additional \$10 million in reductions, efficiencies, and revenue increases
- 2011/12 service review priorities



Service Review Engagements

Service Area	Scope
Winter Works	<ul style="list-style-type: none">• Resource Model, summer work implications• Service Standards• General Rate vs. Area Rate funding models
Fleet	<ul style="list-style-type: none">• Right Sizing Fleet• Include supporting infrastructure• Corporate standards
Library	<ul style="list-style-type: none">• Governance Structure• Duplicate support services (IT, HR, Finance)• Service implication vs. costs savings

- Savings from corporate publications rationalization already included in 2010/11 budget
- Previously approved recreation service review to be completed in 2010/11
- Economic Development Governance review will also be conducted in 2010/11
- Rationale for service reviews is to explore service efficiencies and find potential costs savings



2010 Budget

- ▶ Overview
- ▶ Financial Summary
 - Revenues
 - Operating Expenditures
 - Capital Expenditures
- ▶ Proposed Changes for 2010/11
 - ▶ Programs & Services
 - ▶ Efficiencies
 - ▶ Revenues & Fees
 - ▶ People
- ▶ Risk
- ▶ Next Steps



Overview

- ▶ Strategic Direction from Council through Focus Areas

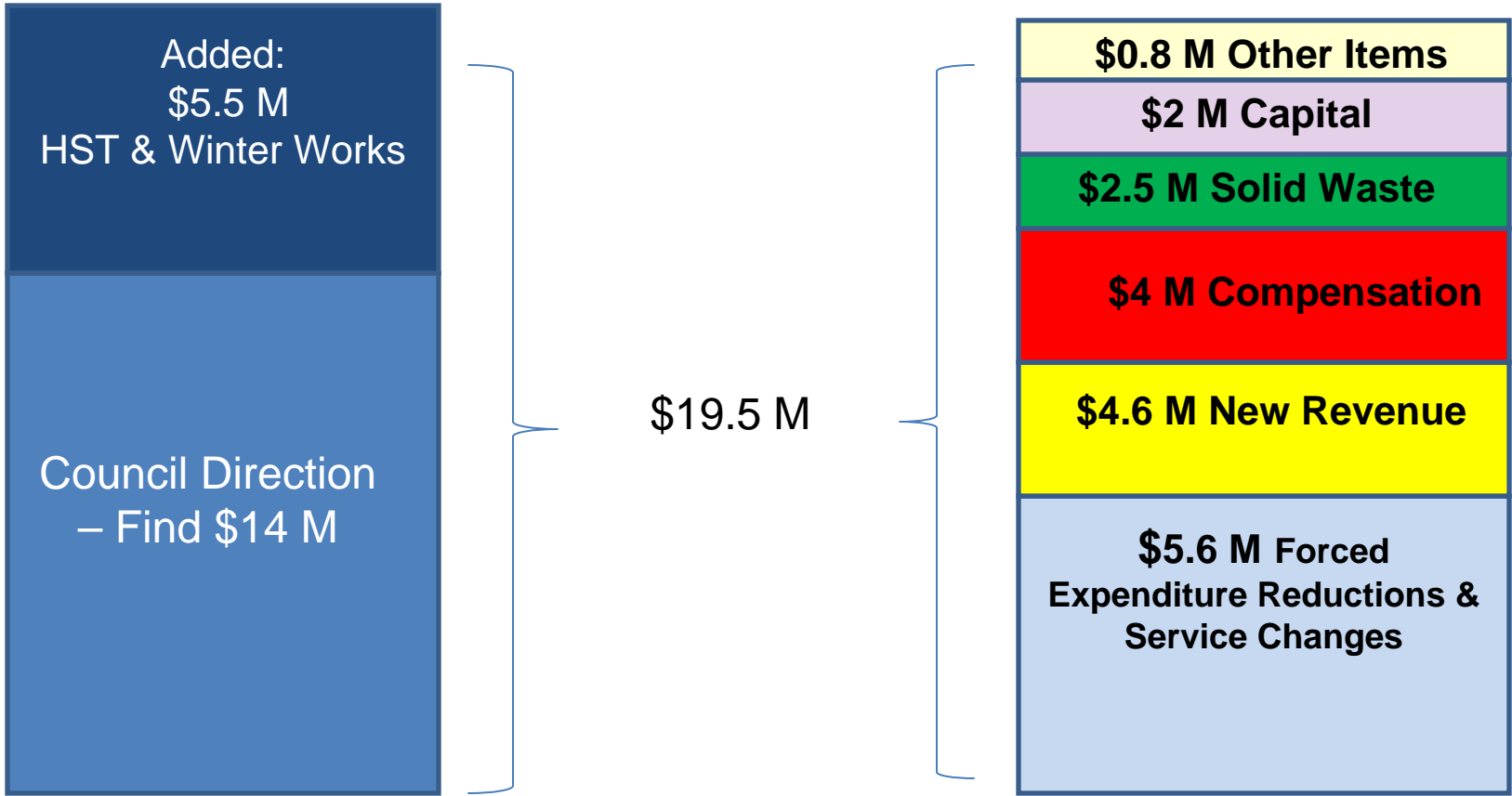
- ▶ Fiscal Framework Direction
 - \$10 M new transit costs -area rates
 - \$6 M to be generated through a tax rate increase
 - \$14 M efficiencies/service reductions/new revenues

- ▶ Plus \$10 M in additional reductions to take effect for 2011/12 Fiscal Framework

- ▶ New this year – Corporate Plan, PSAB 3150, more information on proposed changes



Overview



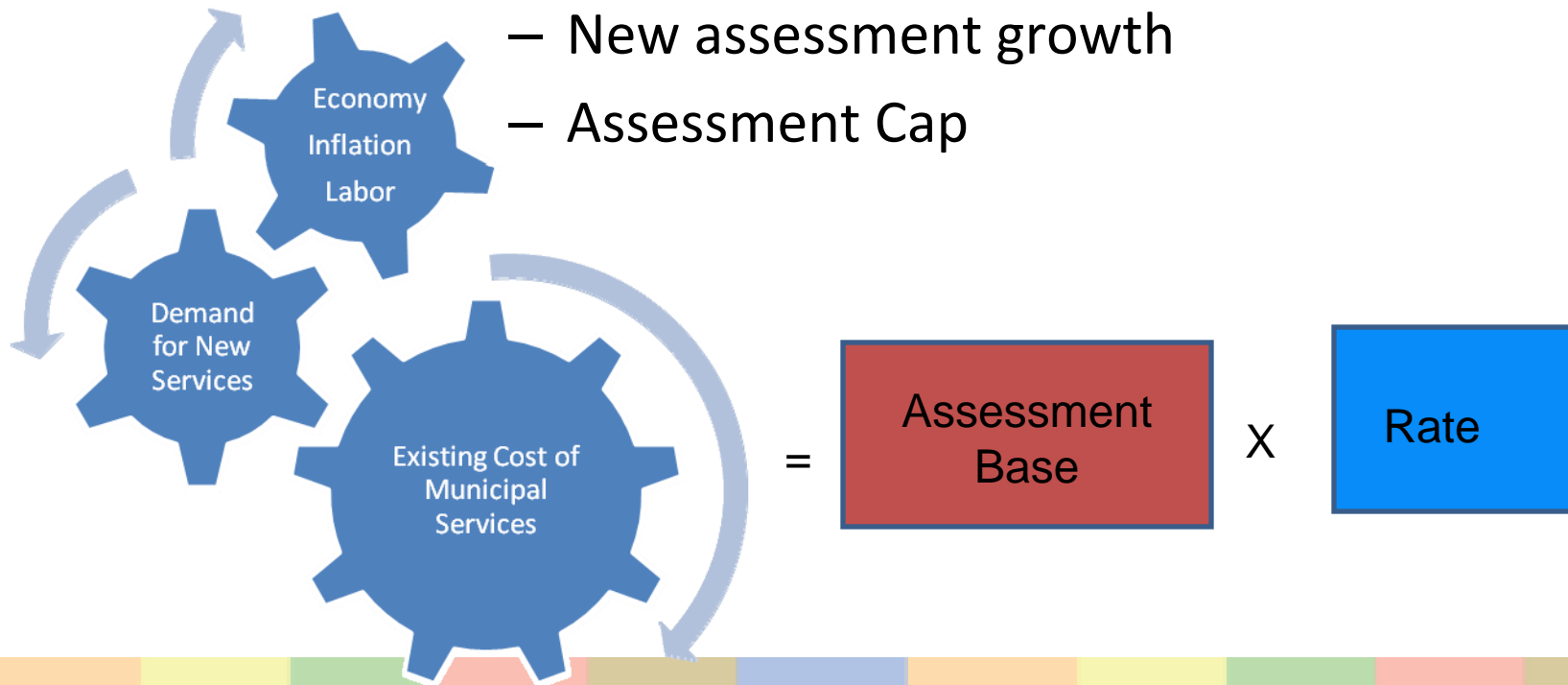


Financial Summary

- ▶ There is a multi-year financial planning issue
- ▶ The budget proposed this year is a first step in addressing the issue
- ▶ Revenue and expenditure changes are pro-rated for 2011/12, many based on an effective date of July 1.

Financial Summary

- Holding the tax rate and services may not be sustainable in future due to 4 things
 - Maintaining inflationary costs in current services
 - Service expansion costs from new capital
 - New assessment growth
 - Assessment Cap



Budget Summary

(000's)	2009/10	2010/11 Proposed Budget	% Change
Operating			
Total	\$703,620	\$731,463	4.0%
Municipal	\$570,339	\$598,707	4.9%
Capital /Project Budget			
Gross	\$141,816	\$157,301	10.9%
Net	\$100,012	\$89,296	(10.7%)

Projected Revenues

Revenue	9/10 Budget	10/11 Budget	% Change	\$ Change
Property Tax*	\$357.2 M (\$352M)	\$367.5 M	5.9%	\$10.3 M
Transit Rates	\$27.9M	\$34.1M	21.8%	\$6.1M
Deed Transfer Tax	\$29.4 M	\$30 M	2%	\$600 k
Non Departmental*	\$52.9 M (\$47.2M)	\$59.1	2%	\$6.4 M
Own Source	\$5.9 M	\$5.6 M	(5%)	(\$300 k)
BU Revenues	\$124.8 M	\$136.4	4.4%	\$11.5M
Total Gross	\$570 M	\$598 M	+5 \$%	+ 28.4 M

Transit



- ▶ Expanded services (each year for the next 4 years)
 - 10 new buses coming on line
 - Access a Bus expansion
 - Ragged Lake Operations Centre
 - 570,000 new route km
 - 30,000 new service hours
 - Dartmouth Terminal
- ▶ For 10/11 this translates to \$0.02 added to the local area rate, and \$0.008 added to the regional area rate
- ▶ Long term.... the majority of transit costs will always be supported through the fare and the area rates

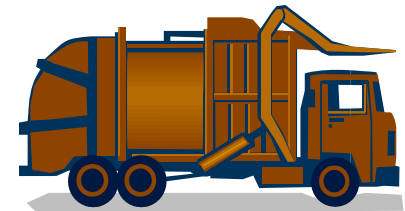


Transit

- ▶ Annual Service Plan - service for 10/11 may be able to be delivered at a cost lower than \$10.2 M.
- ▶ Transit is area rated. Any savings achieved in 10/11 would result in a surplus to reduce next year's transit rate; or could be reinvested in Transit.
- ▶ Conservatism.... Transit is a top priority so we need to ensure it is adequately funded.
- ▶ Following Council approval of the Annual Service Plan, Transit will begin to implement changes to achieve the savings.

Solid Waste

- ▶ New Era contract renewal \$1.16M increase
- ▶ Miller Contract \$358K increase
- ▶ Otter Lake to be negotiated
- ▶ Reserve contributions for Cell 6 - \$10 M (down from Fiscal Framework projection of \$12.5 M). Reduced by \$2.5 M through budgeting over 3 years instead of 2.
 - Cell 6 is required by 2011/12, final holdback not required to be paid until 12/13.
 - A cell and related equipment is estimated at \$24 M

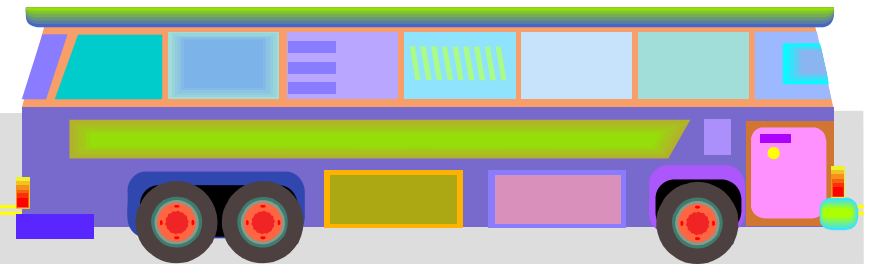


Changes in Taxes on a Home



Impact on the Average Home

	Tax Rate (cents)	Tax Bill
General Tax Rate	1.2	\$22
Local Transit	2.0	36
Regional Transit	0.8	14
Provincial Area Rates	-1.6	-29
Supplementary Education	-0.5	-9
Hydrants	1.2	22
Total	3.1	\$56



Average for an existing home that is fully capped (\$180,200).



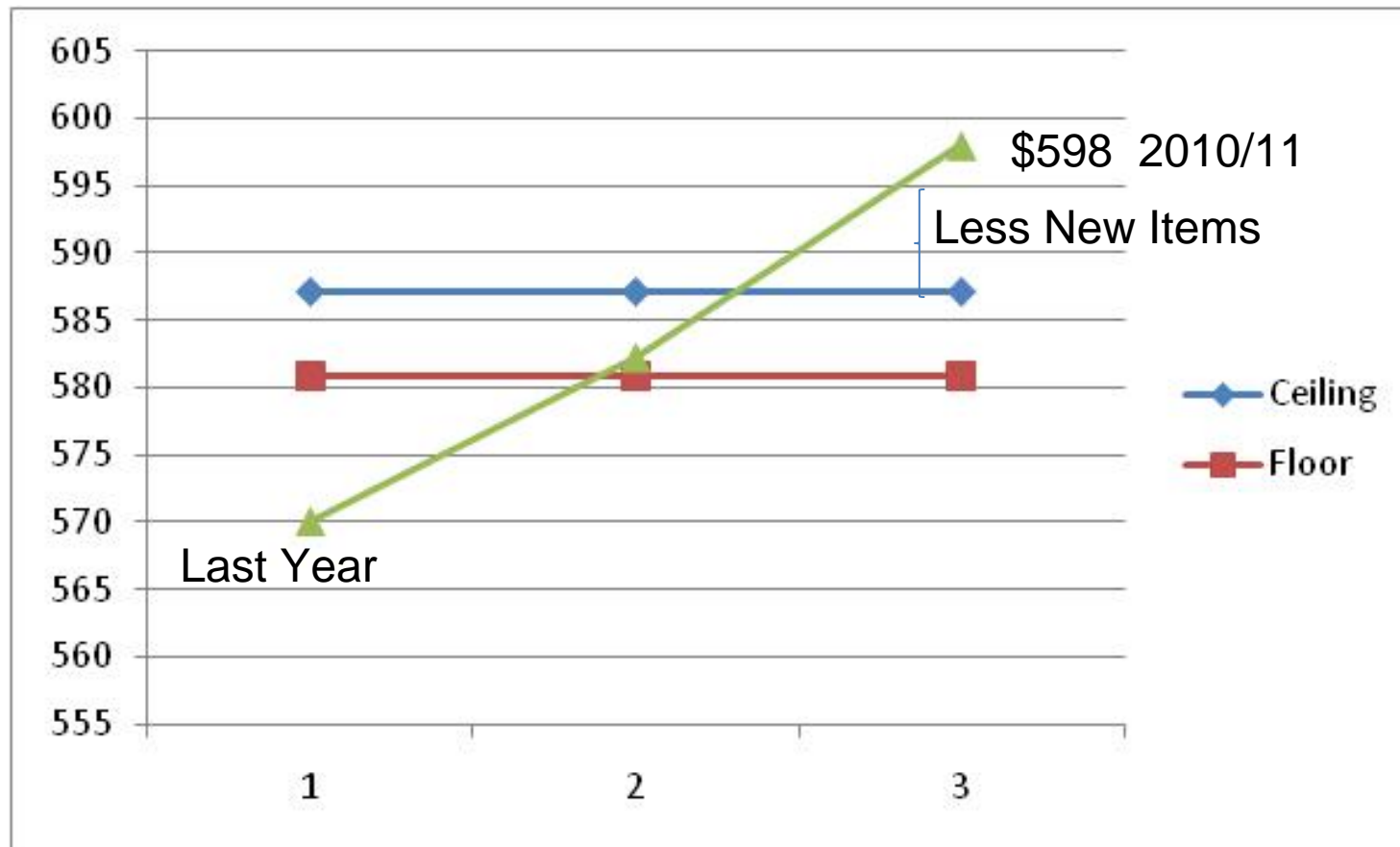
10/11 Expenditure Framework

2009/10 Approved Budget - Municipal	\$570.3 M
Business Unit Costs (\$10 M relates to compensation)	14.5
Fiscal Costs	
Reserve contributions (Solid Waste \$10M, Winter Works \$3M)	14.6
Operating Cost of Capital	5.9
Hydrant Charges	4.2
Other Increases	.85
Debt Charges and Servicing	(2.4)
Interest on Reserves	(2.3)
Capital from Operating	(0.8)
Other Fiscal Decreases (\$3.5 M is Vacancy Management)	(5.9)
2010/11 Projected Expenditures (includes new services)	\$ 598.7 M
Total Projected Increase	\$ 28.4 M

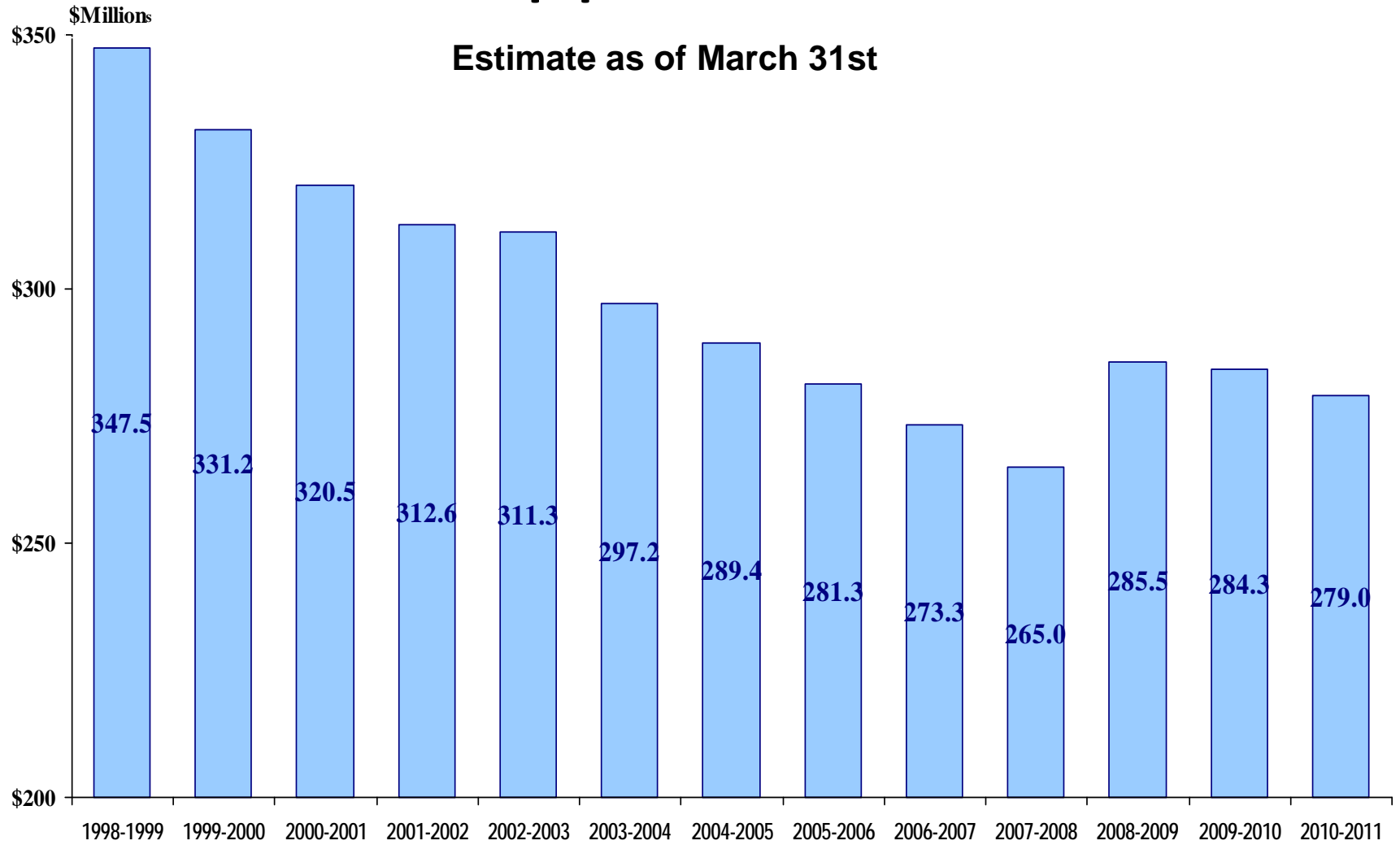
4.9% increase

* Without Transit and Solid Waste, the increase is about 1.4%... Less than CPI

Reasonableness Test



HRM Approved Debt





Proposed Changes- Programs and Services

- ▶ Visitor Information Centre closures
- ▶ Cemetery Services
- ▶ Suspension - Community Facility Partnership Grants
- ▶ Elimination of bi-weekly summer green cart
- ▶ Reductions in some programs such as Public Art
- ▶ Changes in recreation program service delivery
- ▶ Capital from Operating funding reduced by \$2 M
- ▶ No new programs, such as zebra cross walk stripes, and a Trap Neuter Release program

Total: \$4,116,000



Proposed Changes - Programs and Services

- ▶ Vacancy management - some impact on service
- ▶ Cell 6 – Construction financing over 3 years vrs 2
- ▶ Cease holiday service at Call Centre
- ▶ Contracting in some Traffic & ROW work
- ▶ Reduced corporate publications
- ▶ Deferred trails spending
- ▶ Suspended underground wiring/streetscaping until Fed/Prov cost sharing becomes available
- ▶ Suspended funding for HUSAR until agreement with Feds and Prov is reached.

Total: \$7,805,000



Directed Expenditure Reductions

- ▶ Out of Town travel reduced 30%
- ▶ Local travel reduced 10%
- ▶ Office supplies expense reduced 10%
- ▶ Consulting fees reduced 25%
- ▶ Special Projects reduced 10%
- ▶ Conferences reduced 10%
- ▶ Office furniture/equipment reduced 10%
- ▶ Other goods & services reduced 10%
- ▶ Advertising reduced by 10%
- ▶ Printing reduced by 10%

Total \$1,255,000



Directed Expenditure Reductions

- Other Supplies reduced 10%
- Courier/postage reduced 10%
- Other office expenditures reduced 20%
- Photo supplies reduced 10%
- Operating savings -sale of some vacant facilities
- Operating savings due to gas conversions
- Some deferral of equipment purchases... for example some Fire equipment. Corporate decision to life-cycle computers at 4 years instead of 3

Total \$700,000



New or Additional Revenues *

- ▶ Deed Transfer tax projection increased
 - ▶ By-Law F300 revenues (provision of tax information)
 - ▶ Solid Waste Tipping Fees
 - ▶ Various user fees – such as ice rentals
 - ▶ Streets & services permit fees
 - ▶ Parking revenues – Queen Street lot
 - ▶ Cemetery fees (plot fees & columbariums)
 - ▶ Development permits for accessory construction
 - ▶ Fee for criminal records checks
 - ▶ Increased interest charge on past due accounts and NSF fees
 - ▶ Summary Offence Revenue
- Total \$4,600,000**

* Revenues based on July 1st



People Impacts

- ▶ There are staff and service impacts
- ▶ Compensation reduced by \$4 M, or (roughly 60 FTEs). This will be achieved largely through vacancy management or attrition with hiring delays or elimination of positions as they become vacant.
- ▶ As implementation details get developed further, there may be service impacts
- ▶ There are new FTEs in this budget – Operating costs for projects that Council approved in previous years, mostly Transit.



Risks

- Winter Works
- Fuel
- Vacancy Management
- Operating Deficit





Achieving Council Outcomes

This budget sets the stage for:

- Enhanced efficiency
- Strategic infrastructure investment & economic stimulus
- Stability and continuity in provision of municipal services
- Strategies to mitigate some future risk



Proposed Next Steps

May 18	Table Proposed Corporate Plan and Budget
May 19, 20	Questions /Open House Detailed review by Councilors with Staff
May 21	Debate Begins, continuing on the 25 th and 26 th
May 26	Anticipated Approval of Corporate Plan & Budget



Motion

It is hereby resolved that:

Halifax Regional Council table the 2010/2011

- Corporate Plan;
- Capital, Operating, and Reserve Budgets;
- Transit Annual Service Plan;
- Service Review Priorities; and
- Board of Police Commissioners 2010/2011 Police Budget report

as presented without debate and return on May 21, 2010 to commence the budget debate.