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**Halifax Regional Council
Committee of the Whole
November 15, 2005**

November 22, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Betty MacDonald
Betty MacDonald, Director, Governance & Strategic Initiatives

DATE: November 10, 2005

SUBJECT: Council Focus Area: Infrastructure

INFORMATION REPORT

ORIGIN:

On October 11, Council approved a list of Council Focus Areas. Staff committed to return to Council with status report on each item and a suggested approach to further action on the item. Discussion was to include an analysis of current initiatives, issues, options for resolution, capacity and implications.

BACKGROUND

Council has recently indicated focus areas it wishes to address. These include (in no particular order):

- | | |
|--------------------|-----------------------|
| Regional plan | Community relations |
| Transit | Youth |
| Infrastructure | Community recreation |
| Traffic | Community development |
| Public safety | Economic development |
| Tax Reform | |
| By-law enforcement | |

Staff committed to preparing a document on each of these focus areas for Council discussion and direction at a Committee of the Whole meeting. Specifically, staff committed to describing its

understanding of Council's concerns, what is currently being done in each of these areas, the issues impacting these areas, options for addressing these issues, and the implications of pursuing these options.

DISCUSSION

The issue of infrastructure is significant, and there is not enough funding available to address all the concerns raised by Councillors, the public and staff. The Discussion paper attached highlights the issues and options Council may wish to consider in addressing the issues. It is recognized that this issue will not be resolved quickly. Staff will work under Council's direction to address the issues as appropriate.

BUDGET IMPLICATIONS

There are no direct budget implications as a result of the material discussed herein.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

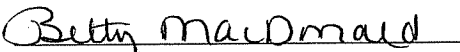
This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

ATTACHMENTS

Appendix A - Council Focus Area: Infrastructure

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report approved by: 
Betty MacDonald, Director, Governance & Strategic Initiatives (902) 490-4769



COUNCIL FOCUS AREA

INFRASTRUCTURE

Background and Discussion Paper

November 10, 2005

1. INTRODUCTION

- Capital expenditures are funded by debt, withdrawals from reserves, operating funds from the general tax rate, other sources such as LICs, CCCs, community fund raising or funding from other levels of government. Other than the Harbour Solutions project, HRM receives little funding from other levels of government, except through Federal and Provincial Infrastructure Programs.
- Nationally, municipalities have been struggling to maintain and invest in new infrastructure, a situation that has led to the Federal government sharing of the gas tax, and the New Deal with municipalities.
- In the first four years after amalgamation, HRM's debt reached a high of \$348 million, an increase of 44%, precipitating a significant concern about the financial stability and sustainability of the municipality. If the trend had continued, HRM would now be facing annual debt charges in the area of \$70 million, almost 12 % of our operating budget.
- Council's debt policy, adopted in 1999 has led to a reduction in debt of \$66 million, and has helped to increase our capital budget. The capital budget has increased every year since 1999, with the exception of 2004, and is now reaching above the previously highest level in 1998.
- There is no doubt infrastructure spending has not been what it should been. HRM has been able to increase its capital budget because of increasing tax revenues and because restraints in operating expenditures. Increases in capital assets bring with it increasing operating costs, which also have to be absorbed in the overall operating envelopes.
- Exacerbating the problem is inflation. While the CPI (consumer price index) is projected to be 1.8% in 2006-7, HRM is projecting the cost of infrastructure to increase 11%.

2. COUNCIL CONCERNS

During Council's workshop, concerns were raised around

- roads, sidewalks, curbs, active transportation
- transit and traffic, ferry, crosswalks, streetlights
- parks, playgrounds, recreation facilities, graveyards
- water & sewer, service boundaries, sewage treatment
- libraries, convention space, business parks, handicap facilities
- 25 year plan, 3 year plan, LIC's, CCCs reserves
- Council Chambers upgrades

Councillors present at the workshop indicated a need for clear criteria for capital planning, which better reflect priorities of the public. Council has subsequently approved overall criteria. Councillors also indicated a desire to impact the 2006/007 capital budget, which is discussed in the issues section of this paper. In the longer term, Councillors identified an interest in discussing standards.

During Council debates, concerns tend to concentrate on:

- roads, sidewalks
- transit
- recreation

3. CURRENT INITIATIVES

HRM Scorecard: an initiative to determine if we are providing the right services, and if we are doing a good job in providing these services. As part of this initiative, an annual citizen survey has been undertaken to obtain citizen views on HRM services

Regional Plan: A 25 year plan to determine where and how HRM should grow. With a sense of where HRM should encourage growth, better investment decisions can be made around infrastructure.

New Program Funding: Gas Tax agreement approved by Council. MRIF agreement yet to be signed. Waiting further information about the Strategic Transit Fund

Reserves Policy: each reserve must have a business case

Asset Management: a systematic process of operating, maintaining and upgrading physical assets cost effectively. Currently in the process of completing collection and/or improving the base inventory data for parks, open spaces, buildings and fleet.

Early Approval Capital Budget: In recognition of the benefits to be gained by preparing and issuing tender documents in advance of the construction season, Council has approved portions of the capital budget in advance of approving the total capital budget. A report requesting advance capital approval for the 06/07 budget year is expected to be brought to Council on November 22.

25 Year Wastewater/Stormwater Plan: A report was presented to Council in

Indoor Facility Master Plan: a plan which identifies priorities for indoor recreation facilities for a fifteen year time frame and a process for implementation. The plan compliments other planning studies, for example community centers can be multi purpose in nature, providing sport, recreation and cultural program opportunities.

Outdoor Facility Master Plan: this is a work in progress slated for completion in 05 / 06. The contents are as above, for outdoor facilities.

Cultural Plan: this is a work in progress slated for completion in January, 2005. The plan identifies HRM's role in culture and specific priorities for cultural facility investment that will serve citizens and position HRM as a competitive business and tourism destination.

Library Master Plan (Terrain Report): sets out the development plans and needs for library facilities for the next 10 years. The first priority is development of the Central Library to replace the Spring Garden Road Library in the immediate time frame, complimenting the Capital District Public Facilities report.

COUNCIL STRATEGIC TOPIC: INFRASTRUCTURE

ISSUE	OPTIONS	IMPLICATIONS
<p>Reallocation of budget to areas of greatest need.</p> <p><u>INITIATIVES</u> A) Scorecard Survey identifying less satisfaction with streets and roads, traffic, transit. B) Council Focus Areas</p>	<p>1. Reallocation of Capital Budget</p>	<p>1. Means other elements of the capital budget decline, but some of these areas can be assisted by directing Gas Tax and Strategic Transit funds to them.</p>
<p>Insufficient funding to meet overall capital needs</p> <p><u>INITIATIVES</u> A) Regional Plan to reduce overall capital requirements over life of the plan B) New funding from federal and provincial governments: Gas Tax, MRIF, Strategic Transit, other programs C) Reserve Business Plans: Strategic Growth Fund building capacity to do major initiatives with leveraged dollars</p>	<p>1. Approve Regional Plan: build into long term capital plan</p> <p>2. Make best use of new funding programs.</p> <p>3. Strategic Growth Reserve required to meet opportunities for significant, major projects</p> <p>4. Legislative changes to protect decisions and reduce claims</p>	<p>1. Provides basis for good decisions on major infrastructure, knowing growth pattern public wants to encourage</p> <p>2. Apply funding to HRM's priorities, based on Council's criteria (application of criteria ensures Council knows why infrastructure projects are needed)</p> <p>3. Strategic Growth Reserve needs to be kept for major, significant project - it cannot be whittled away or there will be no capacity to accomplish something big. Potential to direct it to Commonwealth Games.</p> <p>4. Requires legislative changes. Work needs to be undertaken to identify potential savings and required changes. Resources not currently available.</p>

<p>Existing asset base deteriorating.</p> <p><u>INITIATIVES</u></p> <p>A). Asset management project to capture and analyse state of the infrastructure. Will lead to development of scheduled maintenance</p> <p>B). Building of reserves for replacement of assets, preferably beginning early in life of asset, e.g. ferry replacement reserve</p> <p>C) Early approval of capital budget to allow an earlier start, and to ease load on construction industry, thereby reducing cost pressures</p> <p>D) 25 Year Wastewater/Stormwater Plan</p>	<ol style="list-style-type: none"> 1. Take advantage of new money to free up money for maintenance. 2. Maintain debt policy 3. Use capacity created by reducing debt payments to maintenance. 4. Consider increases in user fees, develop alternative revenues 5. Develop Reserve Framework to build necessary reserves 6. Establish new utilities 7. Develop sustainable maintenance plan 	<ol style="list-style-type: none"> 1. Will allow small increases in maintenance budget, but not everything can be done 2. Will create more capacity in three years. 3. Will allow increases, but may need this capacity to pay for Commonwealth Games 4. Consider as part of Revenue Strategy 5. Underway 6. Would require new resources for proper research 7. Asset Management Project underway, will take a few years to complete assessment of assets. As info is received, enters into decision making.
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<p>New servicing requirements not being met.</p> <p><u>INITIATIVES</u></p> <p>A) Regional Plan identifying existing growth deficiencies and deficiencies emerging as growth is encouraged in certain areas.</p> <p>B) RTC's Indoor Facility Masterplan (completed) and Outdoor Facility Masterplan (underway); Playground and sports fields plan being followed - gaps being identified; Cultural Plan; Library Masterplan</p> <p>C) Water and Sewer extensions to be considered under Community Planning as per Regional Plan.</p>	<ol style="list-style-type: none"> 1. Direct new program funding to new service improvements 2. Seek new program funding opportunities 3. Review CCCs 4. Increase reliance on LICs 5. Community Fund raising 6. Review Area Rate guidelines and use to determine whether it is an appropriate tool for funding neighbourhood projects. 	<ol style="list-style-type: none"> 1. Need to continue to analyze needs versus funding sources 2. Intergovernmental Affairs plan underway - need to focus on potential funding programs. 3. Work underway 4. Should be considered under Revenue Strategy 5. Sometimes requires support from HRM staff to assist the community. 6. Guidelines exist now.
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