

HALIFAX

Year 2 of the Multi- Year Budget

HRM Police Commission

November 21, 2017

Presentation Outline

- Second Year of Multi-Year Budgeting
- Factors and Risks since April
- Approach to 2018-19 Budget

Year Two of Multi-Year Budgeting

Year 2 - 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
 - Approved 2018-19 Annual Budget in principle

Economic Assumptions

| | Year 1 | Year 2 | Year 3 | Year 4 |
|-----------------------------------|---------|---------|---------|---------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Real Gross Domestic Product (GDP) | 1.9% | 1.7% | 1.7% | 1.2% |
| Personal Income per Capita | 45,207 | 46,121 | 47,286 | 48,449 |
| Consumer Price Index | 1.7% | 1.9% | 2.2% | 2.0% |
| Population (000) | 428 | 433 | 438 | 442 |

- The assumptions drive the planning framework.

Recommended Multi-year Plan

Four Critical Influences

| | Year 1 | Year 2 | Year 3 | Year 4 |
|------------------------------|---------|---------|---------|---------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Municipal Expenditures (\$m) | \$742 | \$763 | \$780 | \$794 |
| Net Capital Budget (\$m) | \$95 | \$95 | \$92 | \$92 |
| Debt (\$m) | \$246 | \$241 | \$236 | \$231 |
| Reserves (\$m) | \$127 | \$135 | \$147 | \$157 |

- Regional Council's change in course:
 - Operating Gap has been eliminated.
 - Net Capital Budget has been smoothed to match available funding.
 - Debt continues to decline.

Service and Cost Changes

| | Year 1 | Year 2 |
|--|----------------|----------------|
| | 2017-18 | 2018-19 |
| Municipal Expenditures, start of year | \$724.0 | \$724.0 |
| Service Increases: | | |
| New Firefighters | \$0.5 | \$1.6 |
| Volunteer Honorariums | 1.1 | 1.1 |
| Operating Cost of Capital | 3.4 | 6.6 |
| Transit Service | 1.8 | 4.7 |
| Grants (incl reserves) | 3.6 | 0.2 |
| Other | <u>2.5</u> | <u>2.9</u> |
| Total | \$13.0 | \$17.2 |
| Cost Increases/(Decreases): | | |
| Capital from Operating | -4.3 | -5.1 |
| Debt Service | -2.7 | -0.8 |
| Compensation | 8.1 | 18.6 |
| Other | <u>3.5</u> | <u>9.2</u> |
| Total | \$4.6 | \$21.9 |
| Municipal Expenditures, end of year | \$741.5 | \$763.1 |

Public Safety Services:

| | | | |
|-----------------------------|--------------|--------------|--------------|
| Fire and Emergency Services | 58.6 | 59.5 | 59.2 |
| Halifax Regional Police | 85.7 | 86.6 | 87.6 |
| RCMP | 24.2 | 26.0 | 26.0 |
| Sub-Total | 168.5 | 172.1 | 172.7 |

Public Services:

| | | | |
|---------------------------------|--------------|--------------|--------------|
| Halifax Transit | 111.4 | 115.4 | 115.9 |
| Library Services | 26.9 | 26.9 | 26.9 |
| Operations Support | 42.9 | 42.9 | 43.0 |
| Parks and Recreation | 35.4 | 40.5 | 40.2 |
| Planning and Development | 18.2 | 20.2 | 20.4 |
| Transportation and Public Works | 96.6 | 98.7 | 99.4 |
| Sub-Total | 335.2 | 344.7 | 345.8 |

Governance and Support Services:

| | | | |
|--------------------------------------|-------------|-------------|-------------|
| Auditor General | 0.9 | 1.0 | 1.1 |
| CAO | 17.3 | 17.8 | 17.5 |
| Finance & ICT | 31.9 | 34.4 | 34.4 |
| Human Resource Services | 5.5 | 6.1 | 6.0 |
| Legal, Insurance and Risk Management | 4.5 | 4.5 | 4.6 |
| Sub-Total | 60.1 | 63.8 | 63.6 |

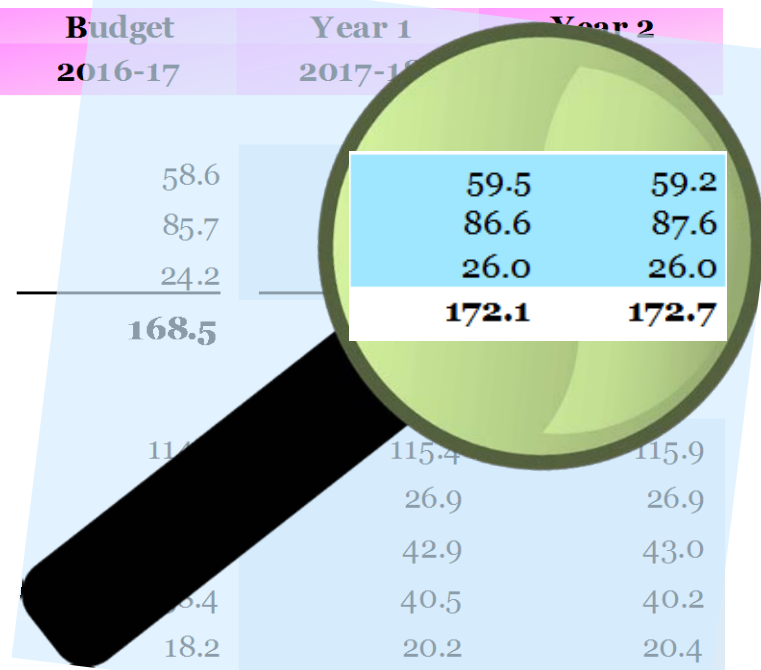
Corporate Services (Fiscal)

| | | |
|-------|-------|-------|
| 160.2 | 161.0 | 181.0 |
|-------|-------|-------|

Total

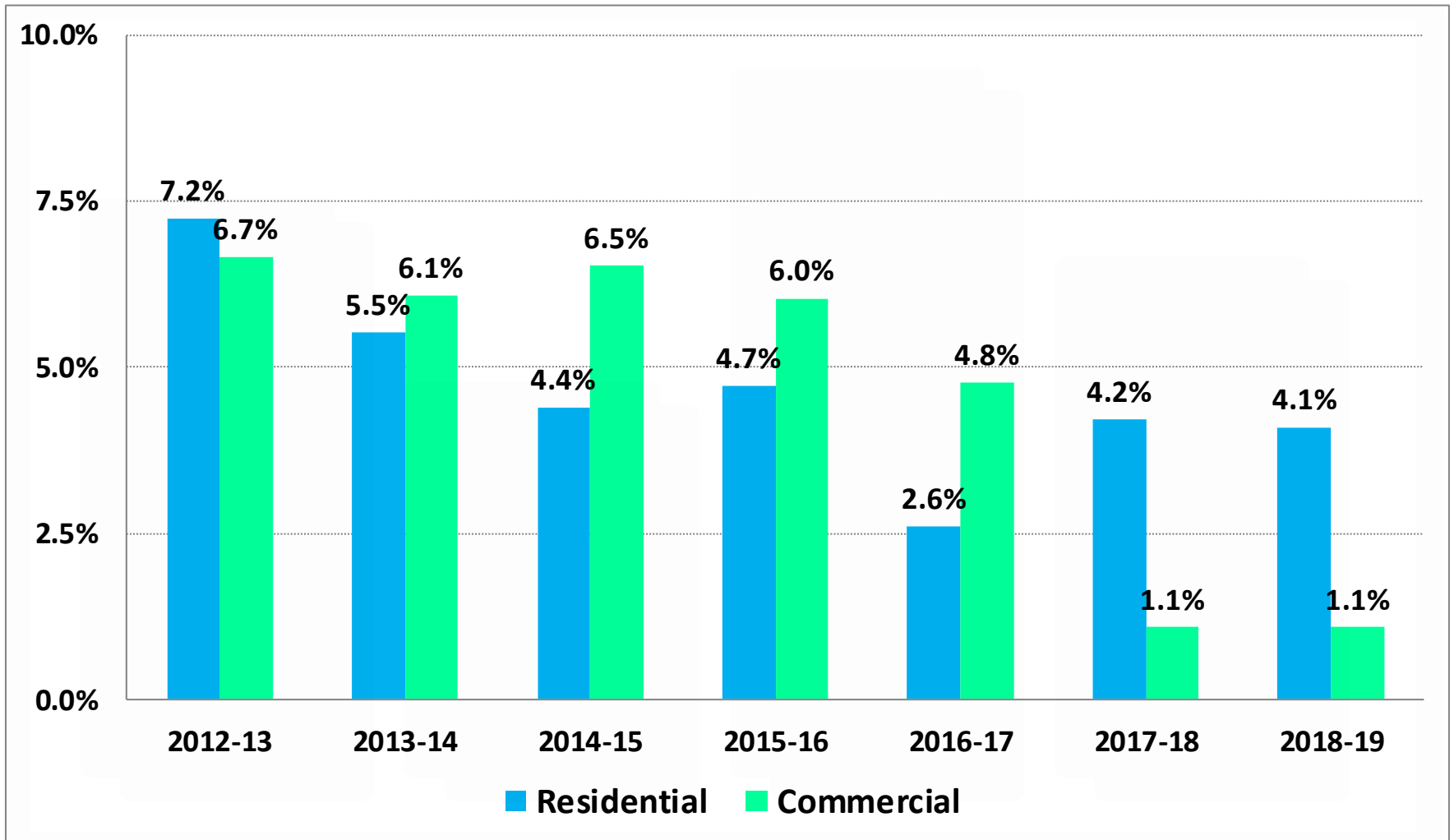
| | | |
|----------------|----------------|----------------|
| \$724.0 | \$741.5 | \$763.1 |
|----------------|----------------|----------------|

| Budget 2016-17 | Year 1 2017-18 | Year 2 2018-19 |
|-------------------|-------------------|-------------------|
|-------------------|-------------------|-------------------|



Factors and Risks since April

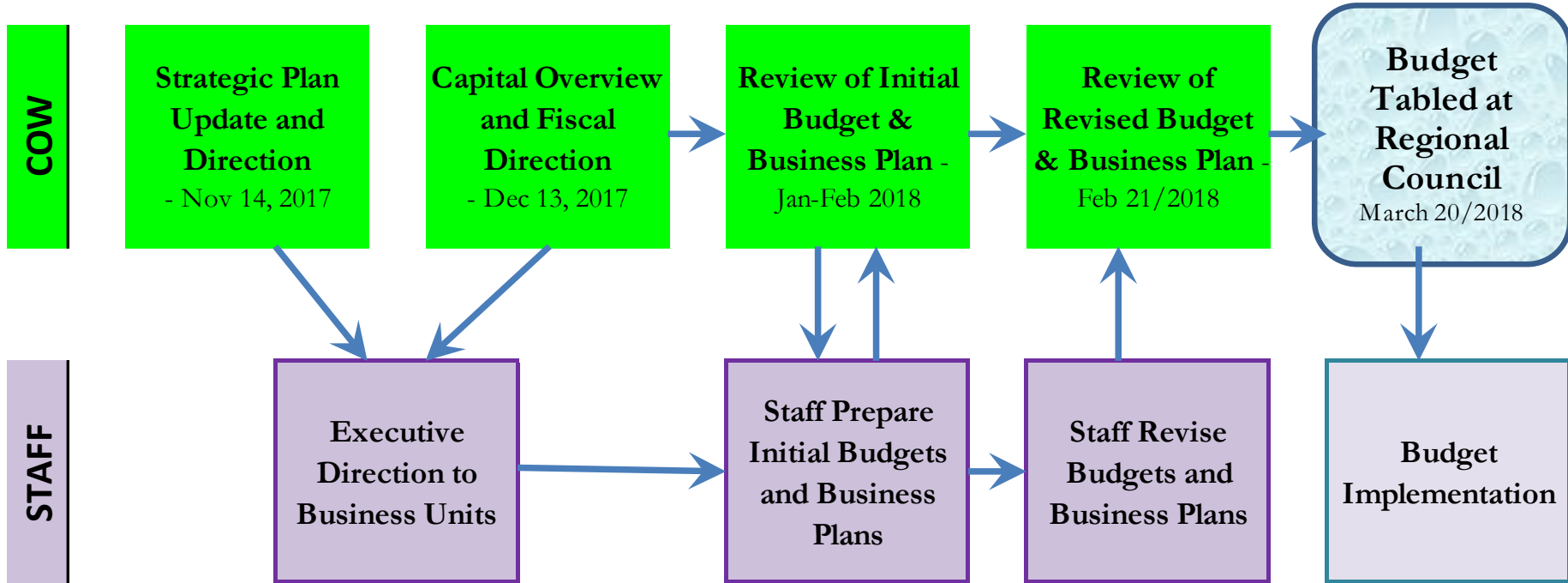
Estimated Assessment Roll



Note: 2018-19 is assumed.

Approach to 2018-19 Budget

Budget Process



Presentation Summary

- Second Year of Multi-Year Budgeting:
 - 2018-19 was approved in principle by Council
 - Included increase in services and taxes (1.6%)
- Factors and Risks since April:
 - Collective Agreements, Arbitration
 - Commercial Assessment remains weak
- Approach to 2018-19 Budget:
 - HRPAs will receive full value of arbitration settlement added to 2018-19 Budget
 - Adjust approved 2018-19 to get back to balance
 - Objective is to
 - Keep budget simple. Limited changes.
 - not increase taxes any further than approved 1.6%