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Item No. 5
Committee of the Whole
January 25, 2017

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed
Jacques Dubé, Chief Administrative Officer

DATE: January 16, 2017

SUBJECT: Proposed 2017/18 Multi-year Operations Support Budget and Business Plan

ORIGIN

As per Administrative Order 1, and the Budget and Business Plan consultation schedule presented in the Information Report of November 22, 2016, staff is required to present the 2017/18 draft Business Unit Budget and Business Plans to the Committee of the Whole for review and discussion prior to consideration by Regional Council.

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 the Committee of the Whole direct staff to proceed to prepare the 2017/2018 Multi-year Operations Support Budget and Business Plan, including 2018/2019 in principle, as proposed in the accompanying presentation and consistent with the preliminary fiscal direction.

BACKGROUND

As part of the design of the 2017/2018 Budget and Business Plan development process, the Committee of the Whole is reviewing each Business Unit's high level budget and proposed plans in advance of detailed HRM Budget and Business Plan preparation.

At the December 6, 2016 Committee of the Whole Regional Council considered and confirmed their Council Priority Outcomes and on December 14, 2016 provided fiscal direction for the 17/18 multi-year budget, directing staff to: "develop the 2017/18 Multi-year Budget and Business Plans in support of the fiscal direction and approved priorities."

DISCUSSION

Staff has prepared the proposed 17/18 Budget consistent with the preliminary fiscal direction received from Council on December 14, 2016 and aligned with Council Priorities as approved on December 6, 2016.

Following direction from the Committee of the Whole, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2017/18 Multi-year Budget and Business Plan documents to be presented to Council, as per the process and schedule in the November 22, 2016 Information Report.

RISK CONSIDERATION

None are specifically associated with this report.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed 2017-18 Multi-year budget. There are no immediate financial implications from these recommendations. The broader financial implications will be discussed and debated as the budget is developed in more detail.

COMMUNITY ENGAGEMENT

None are specifically associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the Budget and Business Plan as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget and Business Plan for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

Operations Support 2017 – 2018 Multi-year Budget and Business Plan Presentation

Report Prepared by: Marion Currie, Business Unit Coordinator, Operations Support, 902.490.6422

Original Signed

Report Approved by:

Peter Stickings, Director, Operations Support 902.476.8237

Original Signed

Report and Financial
Approval by:

Amanda Whitewood, Director of Finance & ICT/CFO, 902.490.6308

The background of the slide features a large, abstract geometric shape composed of several overlapping triangles in various shades of blue, ranging from a deep navy to a light sky blue. The word "HALIFAX" is prominently displayed in white, bold, uppercase letters within the dark blue upper portion of this shape.

HALIFAX

**OPERATIONS
SUPPORT
Multi-Year Budget &
Business Plan**

Committee of the Whole

January 25, 2017

Business Unit Overview

Operations Support assists with the efficient operations of other Business Units, by offering quality and cost-effective services and programs, with a focus on service excellence.



Service Areas

- ❑ **Facility Design & Construction** – Provides professional design, construction, inspection, and condition assessments for municipal buildings.
 - ❑ **Facility Maintenance & Operations** - Maintains over 220 HRM buildings, provides preventative and life cycle maintenance planning, and corporate security.
 - ❑ **Citizen Contact Centres** - Customer Service Centres and 311 call centre provide citizens with easy access to information on municipal services by phone, in-person, or on-line.
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Service Areas

- ❑ **Corporate Real Estate** – Responsible for real estate acquisitions and disposals; industrial park development and sales; lease and accommodation management; and real estate advisory services.
 - ❑ **Corporate Fleet** - Responsible for the maintenance and replacement of vehicles: Municipal, Police, and Fire Fleet.
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Accomplishments

- Delivered \$42M building construction projects
 - Maintained/operated over 3.3M sq.ft. of municipal buildings
 - Completed 14,700 building maintenance work orders
 - Responded to 410K calls and 25K emails at 311
 - Processed 92K transactions at the Customer Service Centers
 - Sold 52 acres or \$12.8M of industrial park lots
 - \$3.8M surplus properties sales
 - Completed approximately 14K Fleet work orders and 23K repairs
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16/17 Updates

16/17 Plan	Status Update
Supply of Industrial Lands <i>Economic Development</i>	<ul style="list-style-type: none"> • Current Supply 124 acres • 60 acres new supply planned for 2017
Service Level Agreements <i>Service Excellence</i> <i>Service Innovation</i>	<ul style="list-style-type: none"> • SLAs prepared for each client BU to define services and service standards, improve efficiency and communications.
Corporate Accommodations <i>Service Excellence</i> <i>Continuous Improvement</i>	<ul style="list-style-type: none"> • Road map and standards developed. Implementation to be phased over the next five years, with the first projects commencing in 2017/18.

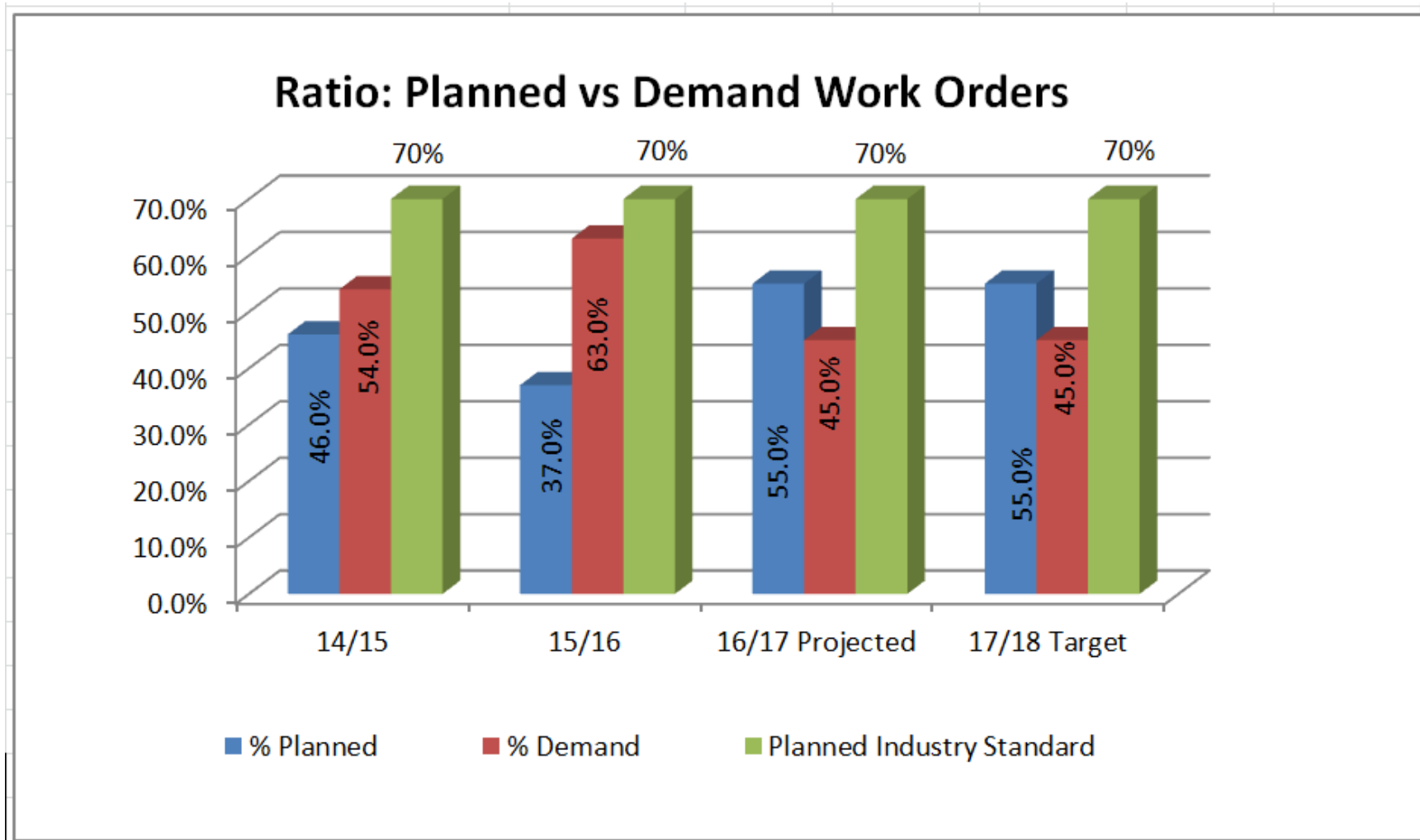
16/17 Updates

16/17 Plan	Status Update
<p>Telephony Implementation <i>Service Excellence</i> <i>Continuous Improvement</i></p>	<ul style="list-style-type: none"> Phase 1 complete, includes skills based routing, professional recordings, customer call back, improved reporting and flexible work options. Phase 2 will include workforce management; quality assessment; PCI compliance, email and web chat integration; and custom reporting options.
<p>Customer Service Rationalization of Services <i>Service Excellence</i> <i>Continuous Improvement</i></p>	<ul style="list-style-type: none"> Opened NEW Customer Service Centre, first floor Alderney Gate. Preliminary assessment of transaction and revenue volumes in each of the centres complete to understand workload and customer volume trends.

16/17 Updates

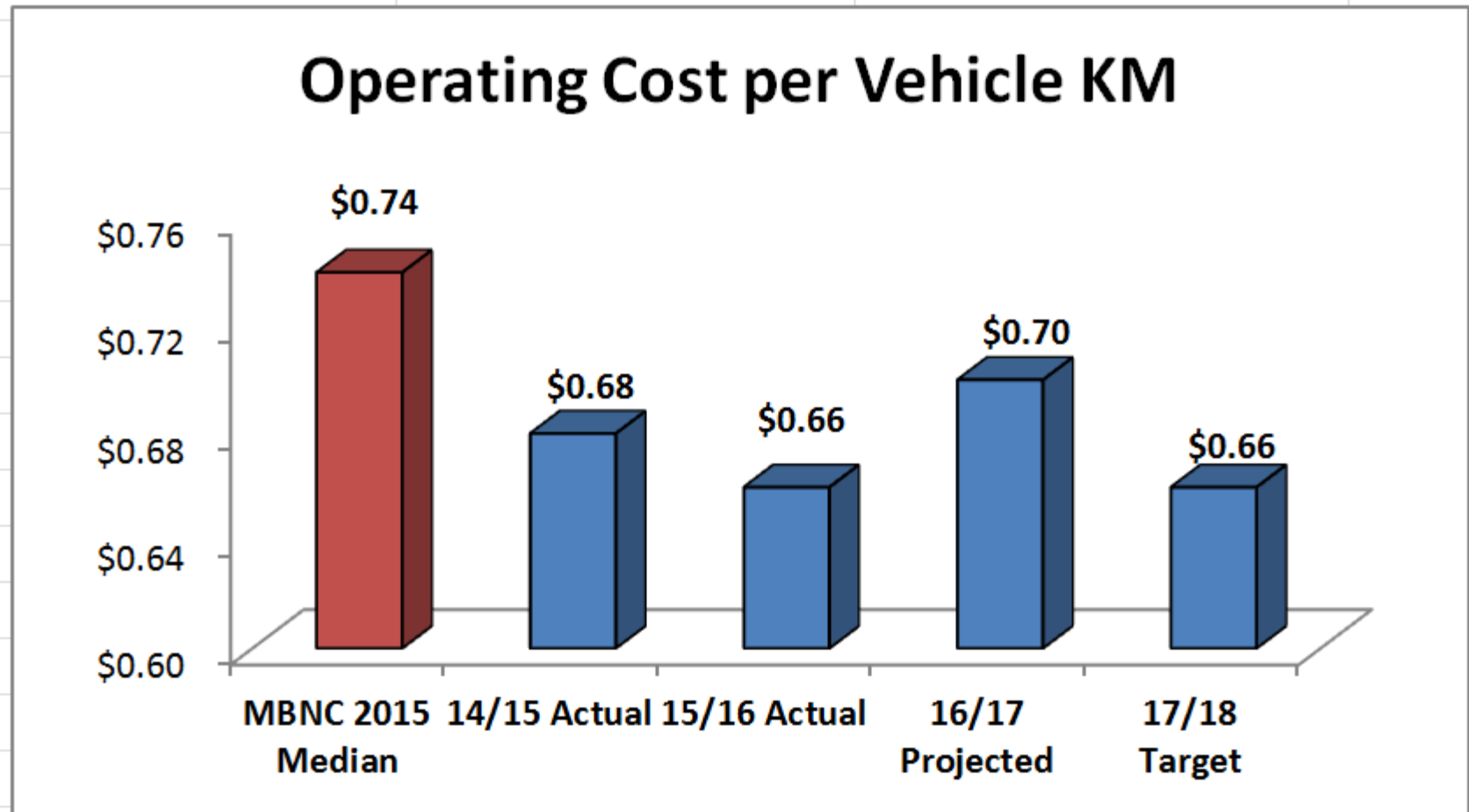
16/17 Plan	Status Update
<p>Process Improvements for Service Delivery <i>Service Excellence</i> <i>Continuous Improvement</i></p> <ul style="list-style-type: none"> • <i>Design and Construction</i> • <i>Real Estate</i> • <i>Fleet</i> 	<ul style="list-style-type: none"> • Process reviews complete for Facility Design and Construction, Real Estate and Fleet • Realignment of staff positions to support capital project delivery and real estate transactions • Corporate Fleet focusing on inventory controls, fleet rationalization, and development of standard operating procedures
<p>Facilities Maintenance & Operations Review and Workforce Planning <i>Service Excellence</i> <i>Continuous Improvement</i></p>	<ul style="list-style-type: none"> • Review complete, implementation started • Redesign service model by client - rather than function • Realignment of staff positions to improve service delivery, life cycle management and OHS requirements

Facility Maintenance & Operations



HALIFAX

Corporate Fleet



Initiatives

Initiative / Priority Outcome	Proposed 17/18 Cost	Projected 18/19 Cost	Efficiency Gain / Value for \$ / Comment
Supply of Industrial Lands <i>Economic Development</i>	Capital	Capital	Maintain/expand industrial land base, to ensure 20 year supply; grow employment, investment and commercial taxes
Corporate Accommodations Plan Implementation <i>Service Excellence</i>	Capital	Capital	Reduce leased footprint/cost; provide healthy, productive, collaborative workplace; develop consistent standard for both space and furniture for operational efficiencies, and cost control

Initiatives

Initiative / Priority Outcome	Proposed 17/18 Cost	Projected 18/19 Cost	Efficiency Gain / Value for \$ / Comment
Service Improvements & Workforce Planning Improvements <i>Service Excellence</i>	N/A	N/A	Create capacity from within; improve processes, streamline service delivery, close service gaps; introduction of comprehensive maintenance planning through EAM Cityworks
Corporate Vehicle Fuel Management <i>Service Excellence</i>	Capital	Capital	Improve environmental stewardship, risk management, financial and inventory controls

Operating Budget Overview

Operations Support Expenses by Service Area	15/16		16/17		17/18	18/19
	Budget	Actual	Budget	Projections	Proposed Budget	Proposed Budget
Compensation and Benefits	16,638,700	14,602,129	16,893,900	15,086,137	17,017,500	17,137,700
Office	318,200	209,606	114,200	147,894	118,200	118,700
External Services	5,221,000	6,062,416	5,422,300	6,004,564	5,387,300	5,393,300
Supplies	264,700	277,647	267,500	237,101	247,100	247,200
Materials	461,300	359,767	319,900	358,795	312,500	312,500
Building Costs	8,507,300	8,092,690	8,691,000	8,741,402	8,494,100	8,430,400
Equipment & Comm.	1,350,400	1,531,524	1,146,000	1,351,350	1,200,700	1,170,600
Vehicle Expense	4,694,100	4,787,655	4,491,800	5,198,034	4,916,500	5,163,600
Other Goods and Services	3,786,900	3,772,446	3,891,200	3,934,184	3,946,500	3,938,300
Interdepartmental	-9,000	-311,590	-9,000	-14,486	-9,000	-8,400
Debt Expense		13,913	10,400	10,400	10,400	10,400
Other Fiscal	807,300	1,031,331	761,900	763,400	769,900	763,300
Total Expenditures	42,040,900	40,429,534	42,001,100	41,818,775	42,411,700	42,697,800
Fee Revenues	-1,835,000	-1,854,155	-2,164,000	-2,249,000	-2,177,200	-2,068,500
Other Revenue	-279,000	-435,340	-385,600	-396,600	-385,600	-385,600
Total Revenues	-2,114,000	-2,289,495	-2,549,600	-2,645,600	-2,562,800	-2,454,100
Business Unit Total	39,926,900	38,140,039	39,451,500	39,173,175	39,848,900	40,243,700

Service Area Budget Overview

Net Operations Support Expenses by Service Area	15/16		16/17		17/18	18/19
	Budget	Actual	Budget	Projections	Proposed Budget	Proposed Budget
Director's Office	752,700	703,146	716,100	683,735	591,600	592,100
Corporate Real Estate	4,435,300	4,412,968	4,437,300	4,219,872	4,383,800	4,501,000
Facility Design & Construction	1,039,200	1,020,018	1,038,800	1,017,370	1,054,600	1,055,400
Facilities Maintenance & Operations	20,623,100	19,835,919	20,372,500	20,382,074	20,496,000	20,525,600
Corporate Fleet	10,298,600	9,535,851	10,143,000	10,124,424	10,382,700	10,637,600
Citizen Contact Centre	2,778,000	2,632,137	2,743,800	2,745,700	2,940,200	2,931,800
Business Unit Total	39,926,900	38,140,039	39,451,500	39,173,175	39,848,900	40,243,700



Staff Counts (FTEs)

Operations Support	2015/16	2016/17	2017/18 (Proposed)	2018/19 (Proposed)
Director's Office	6	10	9	9
Citizen Contact Centres	45	44	45	45
Corporate Real Estate	19	19	18	18
Corporate Facility Design & Construction	10	10	10	10
Municipal Facilities Maintenance & Operations	85	84	84	84
Corporate Fleet	60	60	60	60
Operations Support Total	225	227	226	226

Operating Costs of New Building Assets

Capital Project Name	Project Total Capital Cost	New Assets in 16/17 (Annualized)	New Assets in 17/18 (Prorated)	New Assets in 18/19 (Prorated)	Total 2 Year Operating Impact	Outcome Supported / Description of New Cost
Shubenacadie Green Way Building	\$400,000		\$10,000	\$10,000	\$20,000	Healthy Livable Communities Recreation & Leisure
						Building Maintenance and Utilities
Emera Oval Building	\$0	Funded	Funded	\$45,600	\$45,600	Healthy Livable Communities Recreation & Leisure
						Building Maintenance and Utilities
Dartmouth North Community Centre Renovations	\$1.6M			\$10,000	\$10,000	Healthy Livable Communities Recreation & Leisure
						Building Maintenance and Utilities
Power House Recapitalization	\$330,000			\$25,000	\$25,000	Healthy Livable Communities Recreation & Leisure
						Building Maintenance and Utilities
Total	\$2.33m	N/A	\$10,000	\$90,600	\$100,600	



Summary of 2- Year Budget Changes

	Proposed 2017/18 Budget	Proposed 2018/19 Budget
Starting Budget 2016-17	39,452,000	39,452,000
Total Change Included	396,900	791,700
Proposed Budget	39,848,900	40,243,700

Changes Included in Proposed Budget

Proposed Change	Proposed 17/18 \$ Impact	Projected 18/19 \$ Impact	2 Year Cumulative	Impact on Service Delivery
Compensation Increases	\$123,600	\$243,800	\$367,400	General compensation, increased on-call O/T for Emergency Fleet, and 311 overtime and reduced Vacancy Mgmt.
Facility Closures & Disposals of Surplus Properties	-\$800,000	-\$900,000	-\$1,700,000	Decreased maintenance costs associated with decommissioning and/or disposal of surplus properties via AO50 and anticipated decommissioning of surplus ice sheets
Building Related Increases	\$722,700	\$724,000	\$1,446,700	Inflation, building operating pressures and operating support to community operated facilities
Vehicle Expenses	\$180,000	\$385,000	\$565,000	Inflationary increases – parts, maintenance and fuel



Changes Included in Proposed Budget

Proposed Change	Proposed 17/18 \$ Impact	Projected 18/19 \$ Impact	2 Year Cumulative	Impact on Service Delivery
External Services	\$210,000	\$206,000	\$416,000	Increase in building contract services, and contract staff at 311 during peak times
Real Estate Lease Revenues	-\$13,000	\$109,000	\$96,000	Leases adjustments
Misc. Expenses	-\$26,400	\$23,900	-\$2,500	Changes in administration, materials, equipment and communications
Total Impact of changes	\$396,900	\$791,700	\$1,188,600	

Operating Options Below Budget

Option Description	17/18 Amount	17/18 Rate Implication	18/19 Amount	18/19 Rate Implication	2 Year Cumulative	Strategic Alignment (Priority Outcome)
Adjust Building Maintenance Service Levels	N/A	N/A	-\$50,000	\$0.20	-\$50,000	Service Delivery – Service to Our People
Shift Optimization for the Citizen Contact Centre - 311	-\$70,000	\$0.28	-\$70,000	\$0.28	-\$140,000	Service Delivery – Service to Our People
Total Impact of options	-\$70,000	\$0.28	-\$120,000	\$0.48	-\$190,000	

Operating Options Over Budget

Option Description	17/18 Amount	17/18 Rate Implication	18/19 Amount	18/19 Rate Implication	2 Year Cumulative	Strategic Alignment (Priority Outcome)
Energy Management & Performance Facility Staff – Environmental improvements to buildings	\$200,000	\$0.78	\$200,000	\$0.78	\$400,000	Healthy, Livable Communities – Energy & Environment
AVL Installation	\$60,000	\$0.23	\$42,000	\$0.16	\$102,000	Governance & Engagement – Fiscal Responsibility
Total Impact of options	\$260,000	\$1.01	\$242,000	\$0.94	\$492,000	

Questions and Discussion



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