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**Item No. 6**  
**Committee of the Whole**  
**February 1, 2017**  
**February 8, 2017**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed  
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Jacques Dubé, Chief Administrative Officer

**DATE:** January 23, 2017

**SUBJECT:** Proposed 2017/18 Multi-year Finance and Information, Communications and  
Technology Budget and Business Plan

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**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 Finance and Information, Communications and Technology 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**

Finance and Information, Communications and Technology 2017 – 2018 Multi-year Budget and Business Plan Presentation



The word "HALIFAX" is written in a bold, white, sans-serif font. It is positioned in the upper right quadrant of the slide, set against a dark blue background that is part of a larger geometric design consisting of overlapping triangles in various shades of blue.

# **Finance & Information, Communications Technology Multi-Year Budget & Business Plan**

Committee of the Whole on Budget

February 1, 2017

# Business Unit Overview

## Leading Financial and Technology Stewardship

**We lead financial stewardship through advice, services and policy. We provide timely and supported technology solutions, in partnership with business units, to enable the efficient and effective delivery of municipal services.**

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# Service Areas

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- ❑ **Financial Policy & Planning** – Accountable for financial planning; coordination of the multi-year operating, capital and reserve budgets; financial support and oversight; grants support; and taxation policy.
  - ❑ **Financial Reporting/Accounting** – Provides project and asset accounting, projection and financial reporting, revenue and expenditure analysis and production and oversight of payroll.
  - ❑ **Revenue/Treasury** – Accountable for tax and general revenue billings, corporate collections, cash management, banking and the investment portfolio.
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# Service Areas

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- ❑ **Procurement** – Coordinates the acquisition of goods, services, construction and facilities; coordination and administration of contracts; surplus storage and disposal; and management and warehousing of inventory.
- ❑ **ICT** – Accountable for Planning and Delivery, and Service Management & Operations which emphasize the development, delivery and management of technology-based business solutions.
- ❑ **Corporate Planning** – Assists business units in business planning and reporting; performance reporting and benchmarking; outcome and accountability reporting; and risk management - all in an effort to enable Council's priorities.

# Accomplishments & Sample Stats

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- ❑ Community Grants Program continues to experience strong uptake with a total of 104 applications for over \$1,000,000 in requests for 2016. A total of 55 awards were granted totalling \$432,751.
- ❑ The 2015 Halifax Explosion 100th Anniversary Grants Program received 18 applications for a total of \$145,223 in requests. Ten (10) awards totalling \$90,760 were granted.
- ❑ Resident Inquiries completed within 2 day corporate service standard is 98% compared to HRM Standard of 85%.
- ❑ Total Uncollected Current Year Taxes As a % of Current Year Tax Levy is 3.0%
- ❑ Council's Reserves were consolidated from 52 to 20 with three broad categories (risk, obligation and opportunity), adding clarity and flexibility. All business cases approved.

# ICT Support Stats

Technology	Quantity
Applications	200
Databases	100
Desktops/Laptops/ Tablets	2535
Landlines	2998
Cellular Phones	1492
Managed Printers	332
Datasets-Open Data	40
Reports	600

Technology	Quantity
Servers	378
Storage Space (TB)	242
Network Sites	143
Email Mailboxes	5337
Spam Blocked	3,994,260
Firewall Hack Attempts	5,763,832
Wireless access points	225
Network Outage (Qty 1)	2 hrs

YTD Support Tickets	Quantity
Break/Fix	6,148
Request Fulfillment	14,388
Fulfillment Sub-Tasks	20,956
Changes & Sub-Tasks	2,518
Knowledge Articles	300
Service Desk Calls	13,626

# Procurement stats

	<b>Number of Awards</b> April 1.15 to March 31.16	<b>Award Value</b> net HST included
Tender	164	\$116,109,719
RFP	59	\$ 72,885,980
Other	1	n/a
<b>Total</b>	<b>224</b>	<b>\$188,995,699</b>

\*Total number of awards as of December 31.16 -**163**

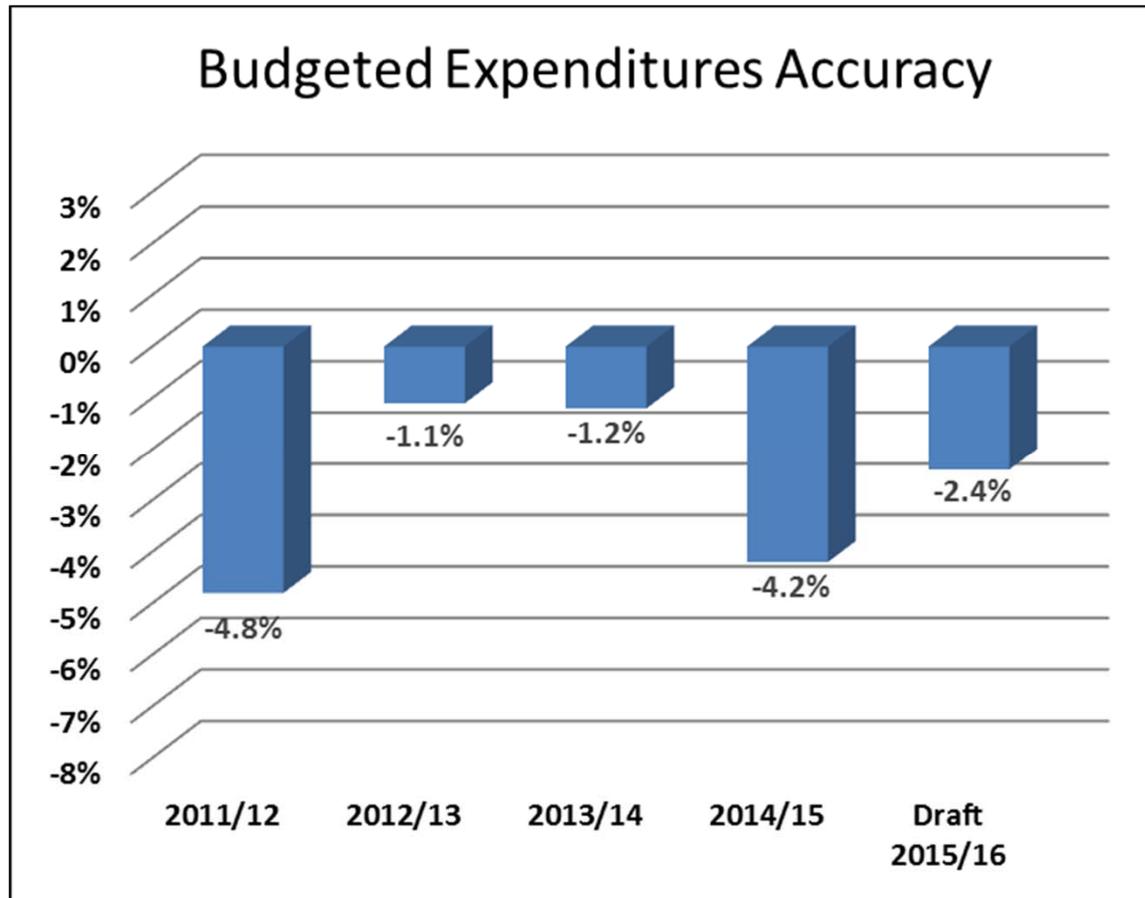
# 16/17 Update

16/17 Plan	Status Update
<p><b>Corporate Performance Reporting</b>  <i>Financial Responsibility</i>  <i>Responsibility for Resources</i></p>	<p>In April of 2016, HRM formally joined Municipal Benchmarking Network Canada-(MBNCanada,formerly OMBI). Introductory orientation with key managers has been completed. A formal Project Plan and Change Management Plan has been developed with rehearsal reporting for HRM Service Areas commencing in the summer of 2017.</p>
<p><b>Web Transformation Program</b>  <i>Service Delivery</i>  <i>Innovation</i></p>	<p>Website development is well underway. Target date for implementation is on track for May 30, 2017. The Web Transformation Steering Committee has transformed into the Corporate Customer Service Strategy Steering Committee. A new support structure is moving forward.</p>
<p><b>Multi-year Budgeting</b>  <i>Governance and Engagement</i>  <i>Fiscal Responsibility</i></p>	<p>Introduced multi-year budgeting to Council and the organization in order to create a more sustainable long term fiscal plan.</p>

# 16/17 Update

16/17 Plan	Status Update
<p><b>Tax System Improvements</b>  <i>Economic Development</i>  <i>Promote and Maximize Growth</i></p>	<p>Bill 52 was passed by the Province enabling greater flexibility on Commercial Taxation. It provides some, but not all, of the additional flexibility requested by the Province. Policies were passed for Local Improvement Charges (LICs) on gravel roads.</p>
<p><b>Procurement Admin Order 35</b>  <i>Governance and Engagement</i>  <i>Fiscal Responsibility</i></p>	<p>Completed review and evaluation of current procurement policies and practices. Draft policy refresh presented to Council with request to review by Committee of the Whole. External parties fully consulted to ensure best practices meeting industry needs and regulatory requirements.</p>
<p><b>Public Wifi</b>  <i>Service Delivery</i>  <i>Innovation</i></p>	<p>The evaluation process for Public Wifi is complete. Currently in contract negotiations with the preferred proponent.</p>

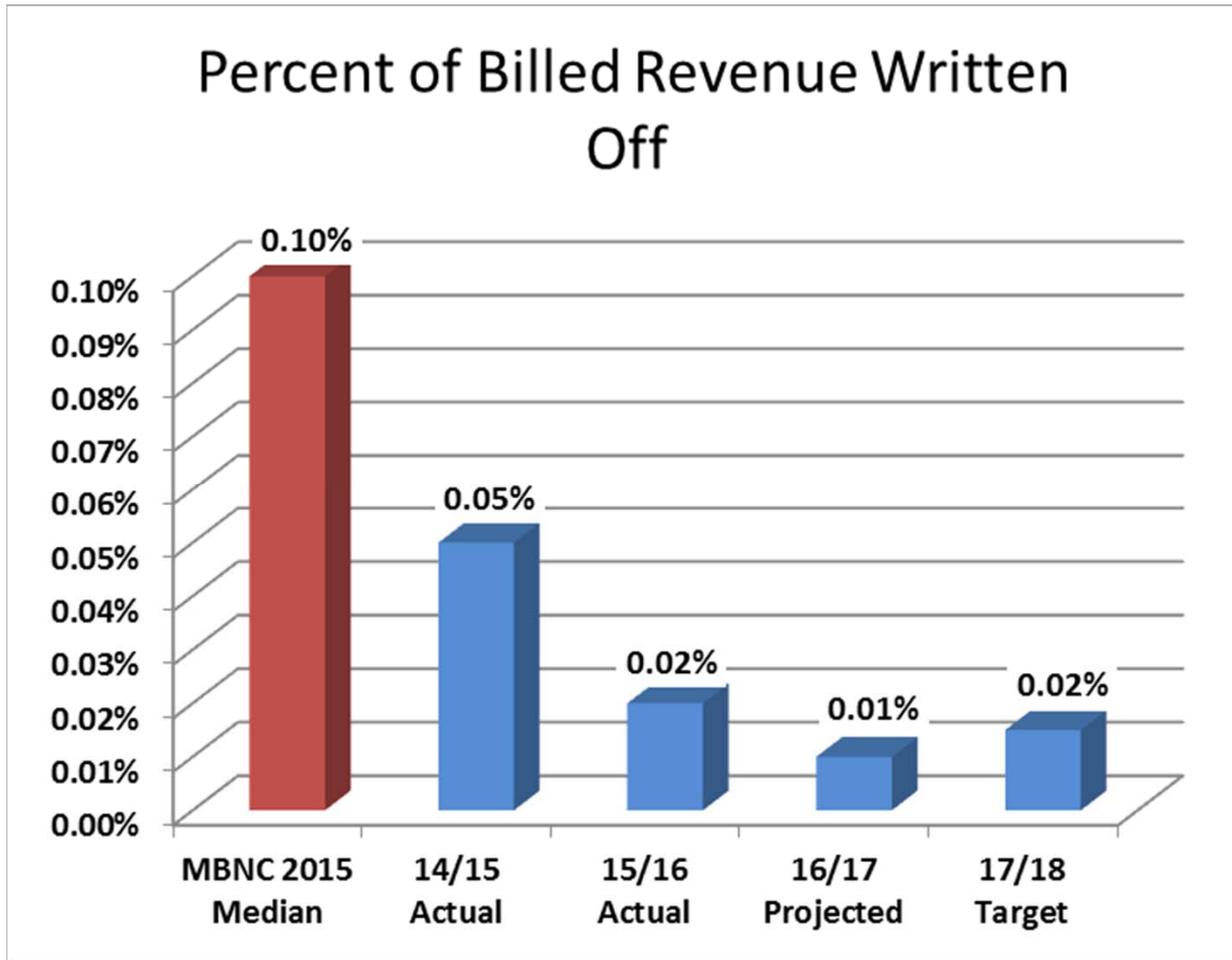
# 16/17 Update



Financial Condition Index reporting by Province of NS. Accuracy of budget for entire corporation compared with actuals at year end.

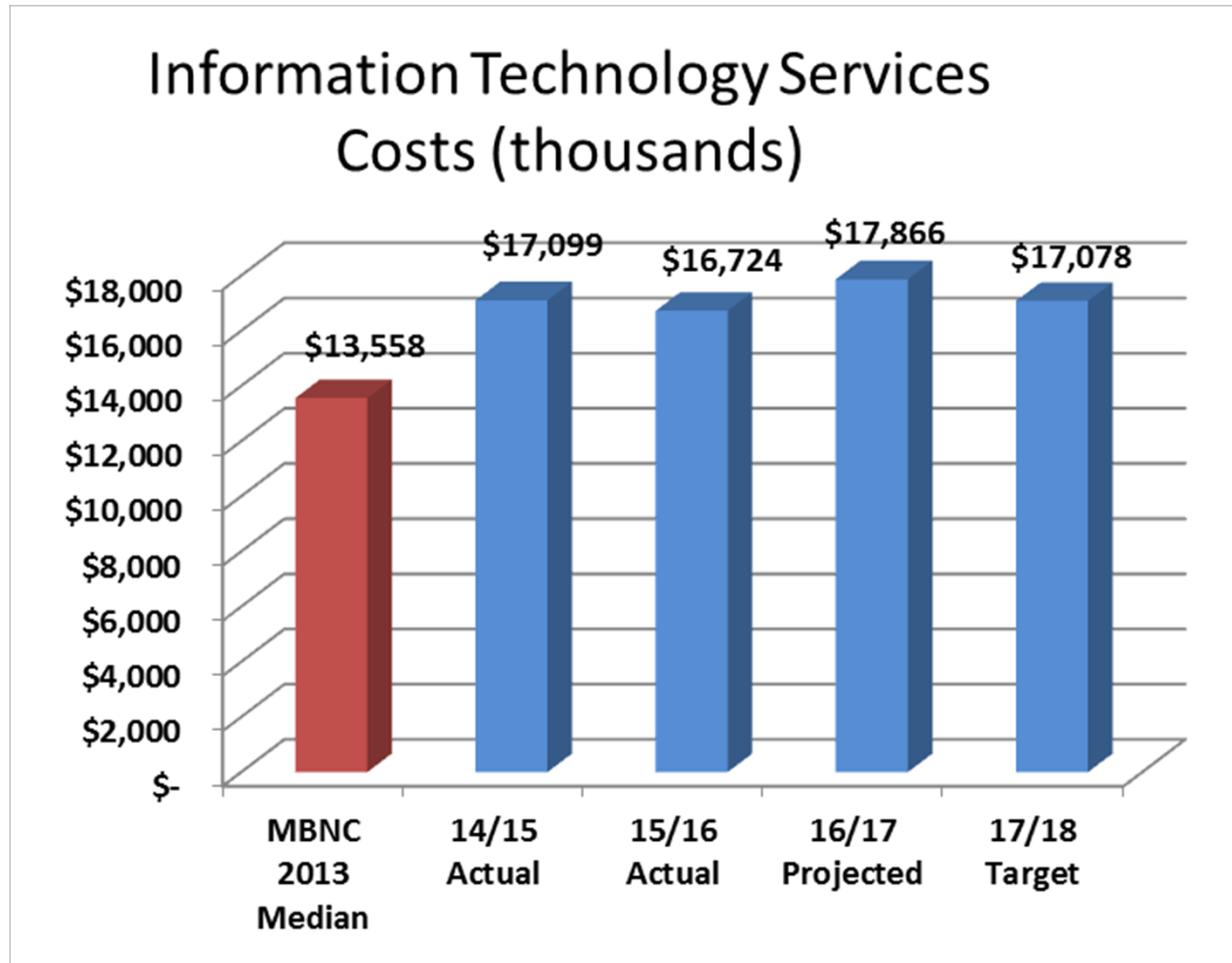
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# 16/17 Update



Shows level of success in collections of billed revenue compared to MBNC Median. Write off in 16/17 was .01% of billed revenue.

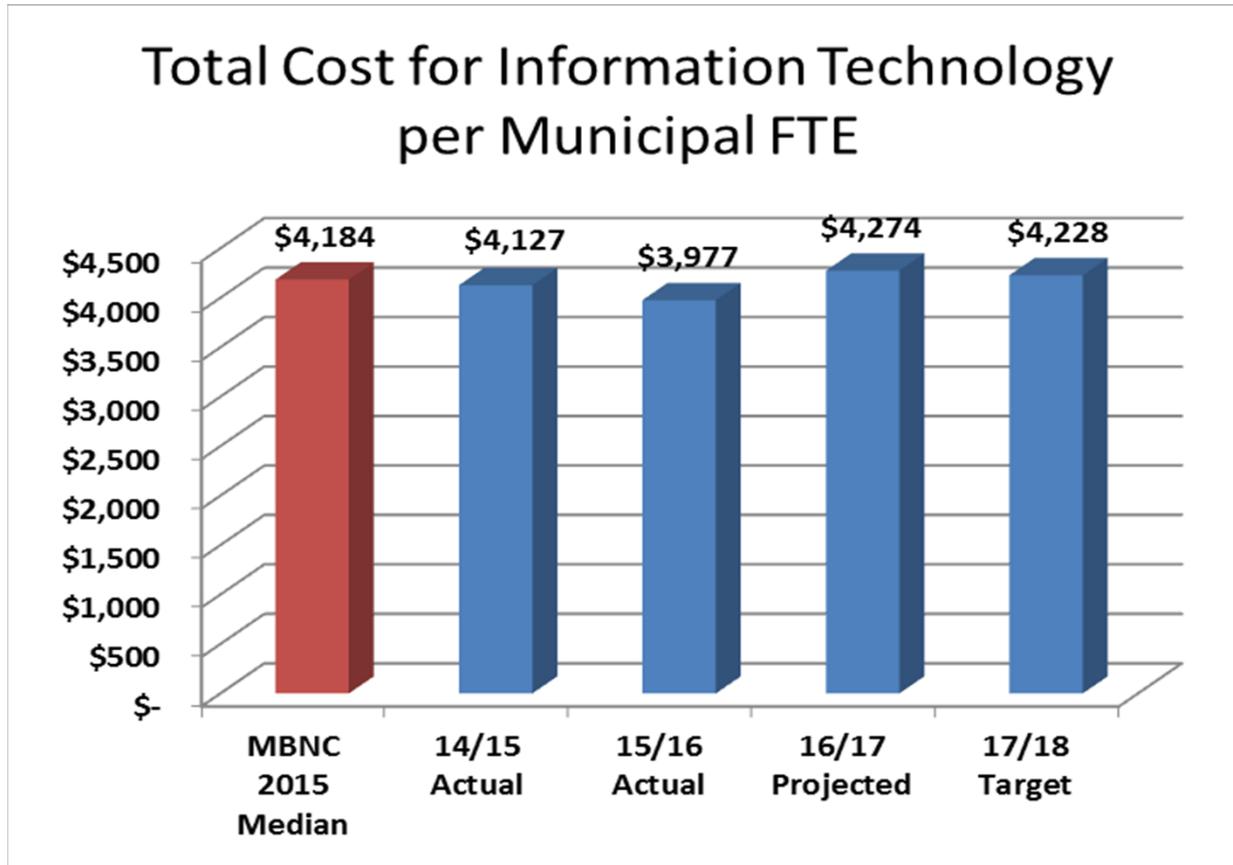
# 16/17 Update



Cost of direct ICT budget, not including large –scale technology projects vs MBNC Median

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# 16/17 Update



Investment in technology based on FTE compared with MBNC Median. Does not include large scale projects

# Multi-Year Initiatives

<b>Initiative Priority Outcome</b>	<b>Proposed 17/18 Cost</b>	<b>Projected 18/19 Cost</b>	<b>Efficiency Gain / Value for \$ / Comment</b>
<b>MBN Canada</b> <i>Governance and Engagement Fiscal Responsibility</i>	\$35,000	\$35,000	MBNCanada implementation will ensure reliable, repeatable, and comparable performance measurement.
<b>Development of a Multi-channel Service Strategy</b> <i>Service Delivery Innovation</i>	n/a	n/a	Guide, coordinate and integrate HRM services to citizens and businesses across the primary service channels to support Halifax in becoming a leading multi-channel service delivery organization.
<b>Financial Sustainability</b> <i>Governance and Engagement Fiscal Responsibility</i>	n/a	n/a	Work will progress in areas of fiscal modeling, strategic planning, and supporting tools and processes.

# Multi-Year Initiatives

<b>Initiative Priority Outcome</b>	<b>Proposed 17/18 Cost</b>	<b>Projected 18/19 Cost</b>	<b>Efficiency Gain / Value for \$ / Comment</b>
<b>Procurement Policy</b> <i>Service Delivery Innovation</i>	n/a	n/a	Subject to Council's direction, Procurement will refine and roll-out refreshed policy internally and externally.
<b>Web Transformation</b> <i>Service Delivery Innovation</i>	Capital	Capital	Develop service solutions and frameworks that support our multi-channel service model through a digital environment.
<b>FICT Service Delivery Model</b> <i>Service Delivery Innovation</i>	n/a	n/a	Develop a service model that meets business unit client's needs and ensures standards and outcomes are achieved.

# Operating Budget Overview

Finance and Information, Communication and Technology Summary of Expense & Revenue						
	15/16		16/17		17/18	18/19
	Budget	Actual	Budget	Projection	Proposed Budget	Proposed Budget
<b>Expenditures</b>						
Compensation and Benefits	21,813,200	20,940,257	21,942,600	21,355,014	22,500,910	22,421,300
Office	4,905,250	5,900,163	5,414,100	5,548,321	5,479,589	5,546,559
External Services	1,695,700	1,992,769	2,124,200	2,415,677	2,293,980	2,321,020
Supplies	17,000	10,265	17,000	18,742	15,200	15,200
Materials	23,000	28,512	25,000	30,000	35,000	35,000
Building Costs		2,006				
Equipment & Communications	1,684,300	1,554,331	1,742,600	1,747,692	1,843,950	1,843,950
Vehicle Expense	26,500	-3,671	1,500	3,500		
Other Goods & Services	681,350	607,285	651,800	1,219,194	651,200	650,700
Interdepartmental		-969,223		-13,219	-492,000	-492,000
<b>Total</b>	<b>30,846,300</b>	<b>30,062,694</b>	<b>31,918,800</b>	<b>32,324,921</b>	<b>32,327,829</b>	<b>32,341,729</b>
<b>Revenues</b>						
Fee Revenues	-2,260,000	-2,153,155	-2,495,000	-2,455,000	-2,510,000	-2,530,000
Other Revenue	-393,400	-646,579	-671,500	-732,807	-399,029	-400,029
<b>Total</b>	<b>-2,653,400</b>	<b>-2,799,734</b>	<b>-3,166,500</b>	<b>-3,187,807</b>	<b>-2,909,029</b>	<b>-2,930,029</b>
<b>Business Unit Total</b>	<b>28,192,900</b>	<b>27,262,960</b>	<b>28,752,300</b>	<b>29,137,114</b>	<b>29,418,800</b>	<b>29,411,700</b>

# Service Area Budget Overview

Net FICT expenses by Service Area	15/16		16/17		17/18	18/19
	Budget	Actual	Budget	Projection	Proposed Budget	Proposed Budget
Admin-Finance & ICT	977,100	758,833	872,600	873,100	816,100	816,100
Corporate Planning	577,100	552,555	584,500	584,500	594,400	594,400
Procurement	4,093,300	3,902,321	4,010,600	4,642,900	4,367,800	4,377,800
Finance	5,419,700	5,325,535	5,206,600	5,077,814	5,464,433	5,365,032
Information Technology	17,125,700	16,723,716	18,078,000	17,958,800	18,176,067	18,258,368
<b>Business Unit Total</b>	<b>28,192,900</b>	<b>27,262,960</b>	<b>28,752,300</b>	<b>29,137,114</b>	<b>29,418,800</b>	<b>29,411,700</b>

# Staff Counts (FTEs)

Service Area	16/17 FTEs	17/18 FTEs	18/19 FTEs
FICT Admin	4	3	3
Corporate Planning – includes 2 interns	5	6	6
Procurement – warehousing and stores included	60	61	61
Finance – Policy, Budgeting, Revenue/Treasury, Tax, Accounting, Reserves, Payroll, Grants	103	103	103
Information, Communications, & Technology	113	110	110
<b>FICT Total</b>	<b>285</b>	<b>283</b>	<b>283</b>

# Summary of 2 Year Budget Changes

	<b>Proposed 2017/18 Budget</b>	<b>Proposed 2018/19 Budget</b>
Starting Budget 2016-17	\$28,752,300	\$28,752,300
Total Changes Included	<u>\$666,500</u>	<u>\$659,400</u>
<b>Proposed Budget</b>	<b>\$29,418,800</b>	<b>\$29,411,700</b>

# Changes Included in Proposed Budget

Proposed Change	Proposed 17/18 \$ Impact	Projected 18/19 \$ Impact	2 Year Cumulative	Impact on Service Delivery
Compensation increases	\$558,000	\$478,000	\$1,036,000	Negotiated Wage contracts
Reduction in Recoveries – Procurement, ICT	\$284,000	\$284,000	\$568,000	No impact
Corporate services - SAP, IT Equipment, Print (inflation & growth)	\$267,000	\$325,400	\$592,400	Maintain existing corporate service levels
Landline contract savings	-\$442,500	-\$428,000	-\$870,500	Process Improvements
<b>Total Impact of changes</b>	<b>\$666,500</b>	<b>\$659,400</b>	<b>\$1,325,900</b>	

# Operating Options Below Budget

Option Description	17/18 Amount	17/18 Avg Bill Impact	18/19 Amount	18/19 Avg Bill Impact	2 Year Cumulative	Strategic Alignment (Priority Outcome)
False alarm fee increase – fine has not been altered in numerous years. Revenues to be split between FICT, Police and Fire	-\$300,000	-0.93	-\$300,000	-0.95	-\$600,000	<p>Fiscal Responsibility – Responsibility for Resources</p> <p>Current first false alarm is free to residents with costs born by HRM to dispatch fire and police. 2nd = \$100 3rd = \$125 4th = 150</p> <p>Proposed change would add a fee for 1st and/or increase subsequent charges to help offset the costs to respond.</p>
<b>Total Impact of options</b>	<b>-\$300,000</b>	<b>-0.93</b>	<b>-\$300,000</b>	<b>-0.95</b>	<b>-\$600,000</b>	

# Business Unit Capital Budget Implications

## Operating Cost of new capital (OCC)

Capital Project Name	17/18 18/19 Capital Budget	OCC in 16/17 (Annualized)	OCC in 17/18 (Prorated)	OCC in 18/19 (Prorated)	Total 2 Year Operating Impact	Outcome Supported
Business Intelligence Program	\$179,000	\$86,300	\$34,400	\$160,000	\$194,400	Governance and Engagement
Application Recapitalization	\$1,700,000	-	\$77,000	\$137,000	\$214,000	Service Excellence
Revenue Management Solution	\$1,770,000	-	-	\$200,000	\$200,000	Financial Responsibility

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# Business Unit Capital Budget Implications

## Operating Cost of new capital (OCC)

Capital Project Name	17/18 18/19 Capital Budget	OCC in 16/17 (Annualized)	OCC in 17/18 (Prorated)	OCC in 18/19 (Prorated)	Total 2 Year Operating Impact	Outcome Supported
Web Transformation	\$250,000	\$250,000	\$65,000	\$50,000	\$115,000	Governance and Engagement
Public Wi-Fi - Estimates	\$375,000	-	\$430,000	\$430,000	\$860,000	Economic Development
<b>Total</b>	<b>\$4,274,000</b>	<b>\$336,300</b>	<b>\$606,400</b>	<b>\$977,000</b>	<b>\$1,583,400</b>	

# Business Unit Overview

## Leading Financial and Technology Stewardship

**We lead financial stewardship through advice, services and policy. We provide timely and supported technology solutions, in partnership with business units, to enable the efficient and effective delivery of municipal services.**

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# Questions and Discussion

