

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 6
Budget Committee
January 10, 2018

TO: Chair and Members of Budget Committee (Standing Committee of the Whole on Budget)

SUBMITTED BY: Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: December 12, 2017

SUBJECT: Proposed 2018/19 Multi-year Finance & Asset Management Budget and Business Plan

ORIGIN

As per Administrative Order 1 and the Budget and Business Plan consultation schedule presented to Regional Council on November 14, 2017, staff is required to present the 2018/19 draft Business Unit Budget and Business Plans to the Budget Committee 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 Budget Committee direct staff to proceed to prepare the 2018/2019 Multi-year Finance & Asset Management Budget and Business Plan, as proposed in the accompanying presentation and consistent with the preliminary fiscal direction.

BACKGROUND

As part of the design of the 201/2019 Budget and Business Plan development process, the Budget Committee is reviewing each Business Unit's budget and proposed plans in advance of detailed HRM Budget and Business Plan preparation.

At the December 5, 2017 Committee of the Whole meetings, Regional Council considered and confirmed their Council Priority Outcomes and on December 13, 2017 provided fiscal direction for the 18/19 multi-year budget, directing staff to: "develop the 2018/19 Multi-year Budget and Business Plans in support of the fiscal direction and approved priorities."

DISCUSSION

Staff has prepared the proposed 18/19 Budget consistent with the preliminary fiscal direction received from Council on December 13, 2017 and aligned with Council Priorities as approved on December 5, 2017.

Following direction from the Budget Committee, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2018/19 Multi-year Budget and Business Plan documents to be presented to Council, as per the process and schedule in the November 14, 2017 staff report.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed 2018-19 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.

RISK CONSIDERATION

None are specifically associated with this report.

COMMUNITY ENGAGEMENT

None are specifically associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Budget Committee 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 & Asset Management 2018/2019 Multi-year Budget and Business Plan Presentation

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Lanna Prowse, Business Unit Coordinator, 902.490.6527

Original Signed

Financial/Report Approval by: _____
Jerry Blackwood, Acting Director of Finance and Asset Management/CFO,
902.490.6308

HALIFAX

Finance & Asset Management

**2018/19 Multi-Year
Budget & Business Plan**

Committee of the Whole on Budget

10 January 2018

Finance & Asset Management

Leading Financial Stewardship

We lead financial stewardship through advice, governance, customer-focused services and policy.

We provide and support timely acquisition and disposal of all municipal assets.

Service Areas

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/Payroll

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.

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

Service Areas

Corporate Planning

Assists the organization in business planning and reporting; performance reporting and benchmarking; outcome and accountability reporting; and risk management - all in an effort to enable Regional Council's priorities.

Corporate Real Estate

Responsible for real estate acquisitions and disposals; industrial park development and sales; lease and accommodation management; and real estate advisory services.

Asset Management

Ensures that citizen services are enabled by a portfolio of assets that is proactively, effectively, and efficiently managed, while respecting financial and other objectives as directed by Regional Council.

Responsibilities / Accomplishments

- 145,785 Payroll Deposits / Cheques Processed
- 7,953 T4's/T4A's Issued
- 142 Tenders Awarded
- 55 Requests for Proposal Awarded
- 20 Acres / \$5.7M of industrial park lots sold
- Industrial Park 2017 Building Permit Value > \$19.0 M
- \$2.6M In annual property lease revenue
- 310,000 Square feet of lease accommodation managed
- > \$10.0 M In land acquisition completed or under agreement
- > \$ 6.9 M Land sales completed or under agreement
- 95 of 203 MBNCanada Measures Reported in Rehearsal
- 325 Cityworks users trained
- # EAM Change Review Board requests processed – 159 (138 Cityworks; 21 Asset Registry)
- 162,687 Tax Accounts Managed
- 8,519 General Revenue Invoices Issued

Responsibilities / Accomplishments

- Review and approval of all Regional Council reports with financial implications.
- Removed in excess of \$1M of obsolete stock-implemented new Stocking Policy to ensure business units renew inventory on a quarterly basis.
- Implemented a formalized organizational asset management governance model and continuous improvement framework, with enabling capabilities for fixed asset work maintenance management (Cityworks) and road network analytics (Highway Pavement Management Application).

Current & Planned Initiative Updates

Governance and Engagement – Fiscal Responsibility

Financial Sustainability (Multi-year Budgeting)

- First two year Operating Budget: Completed (17/18 and 18/19)
- First two years of Capital Plan: Balanced (17/18 and 18/19)
- Long Term Capital Outlook under development

Expenditure and Performance Management

(MBNCanada On-boarding)

- 22 of HRM's 28 service areas participated in the 16/17 data call as a rehearsal
- Submitted nearly half of our MBNCanada measures
- Testing in progress for costing framework and related measures
- Procurement to report in 2017/18

Current & Planned Initiative Updates

Governance and Engagement – Fiscal Responsibility

Financial Policy

- A050 (Disposal of Surplus Real Property) review - In progress
- Capital District Fund Review - Completed, supplementary report required
- Commercial Tax Structure - Potential Adjustments
- Supplementary Education MOU - Being negotiated
- Assessment Cap Review - Municipal portion complete
- Transit Tax Review - Forthcoming
- Storm Water Tax Review - Finished for 17/18, to be reviewed under budget
- Area Rate Review - In progress

Administrative Policy (Procurement Policy)

- Completed 14 education sessions, 400 staff attended.
- InsideHRM Procurement website updated with new forms/tools.
- Surplus Asset webpage launched for internal use of surplus resulting in cost savings for HRM.

Current & Planned Initiative Updates

Governance and Engagement – Fiscal Responsibility

FAM Service Delivery

- Identify and implement service improvement initiatives through the performance excellence program.

Enterprise Asset Management Program

- In 17/18, the Program focused on adopting a formalized asset management approach, including the implementation of the Cityworks work order management system for fixed assets, and transitioning from the Program to a continuous improvement model with oversight from the Asset Management Office.

Citizen Survey

- Corporate Planning will lead a citizen survey (Q1, 2018/19) focusing on priorities of the public, in time to guide budget and business planning for the 2018/19 planning cycle.

Current & Planned Initiative Updates

Economic Development – Supply of Industrial, Commercial and Institutional Lands



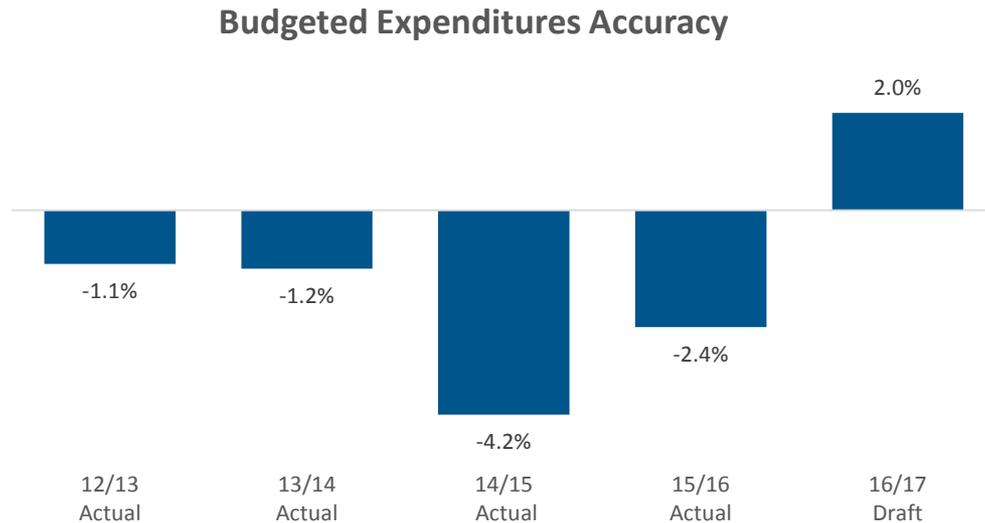
Supply of Industrial Lands

- Burnside zoning updates and site development standards renewal – ongoing.
- Ragged Lake Concept Planning and plan studies to support initiation of plan amendments to apply development rights to additional lands within Ragged Lake Park.
- Aerotech Park, initiate plan amendments to lessen current land use restrictions.

16/17 Key Performance Indicators

Governance and Engagement – Fiscal Responsibility

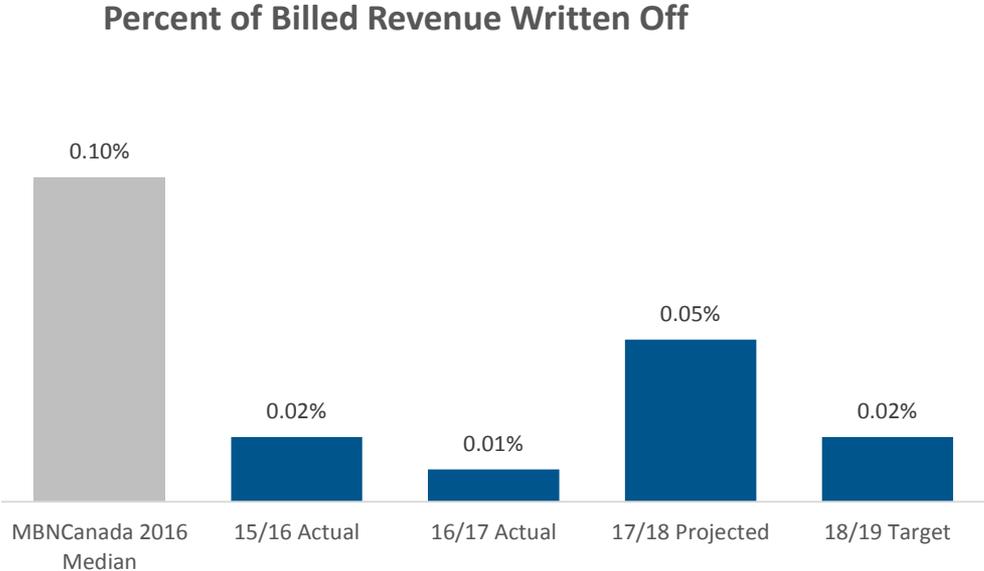
Accuracy of budgeted expenditures compared to actuals at year end. Calculated using the PNS Financial Condition Index methodology.



16/17 Key Performance Indicators

Governance and Engagement – Fiscal Responsibility

Shows level of success in collections of billed revenue compared to MBNC Median. Write off in 17/18 was .05% of billed revenue.

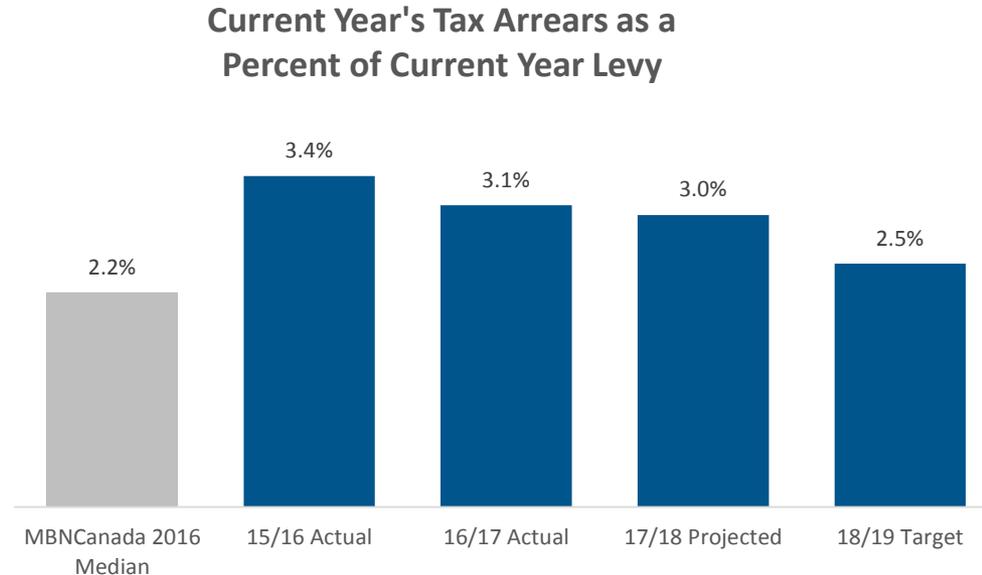


MBNC: Municipal Benchmarking Network Canada
Measure: GREV325 - Bad Debt Write Off as a Percent of Billed Revenue

16/17 Key Performance Indicators

Governance and Engagement – Fiscal Responsibility

The strength of a local economy may also impact tax arrears, collections, penalty and interest charges.

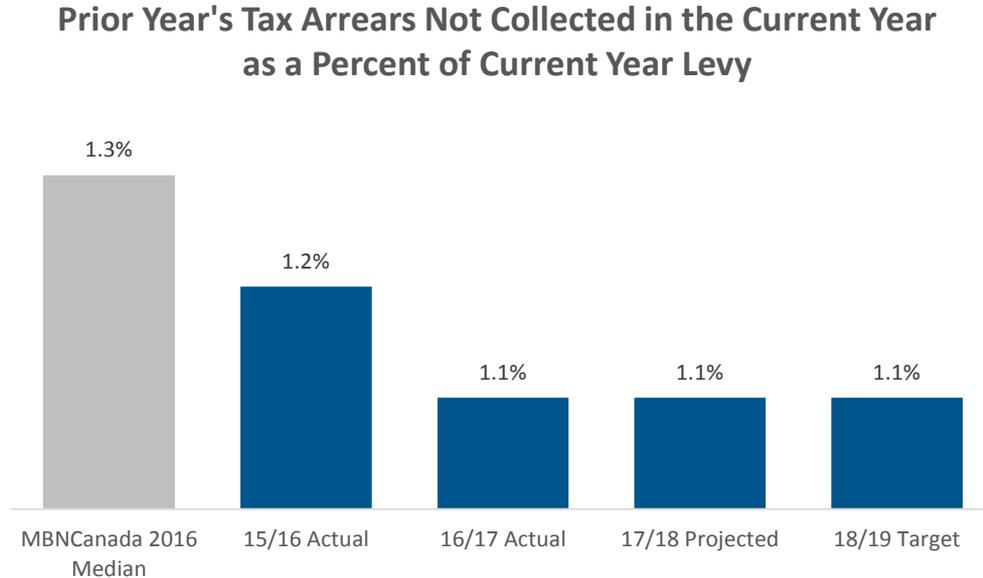


MBNC: Municipal Benchmarking Network Canada
Measure: TXRS135 - Current Year's Tax Arrears as a Percent of Current Year Levy

16/17 Key Performance Indicators

Governance and Engagement – Fiscal Responsibility

The strength of a local economy may also impact tax arrears, collections, penalty and interest charges.



MBNC: Municipal Benchmarking Network Canada

Measure: TXRS140 Percent of Prior Year's Tax Arrears Not Collected in the Current Year as a Percent of the Current Year Levy

Operating Budget Overview*

Expenditures	2016 Budget	2017 Budget	2017 Projected	2018 Budget
* Compensation and Benefits	14,065,500	14,346,700	14,484,414	14,308,700
* Office	137,300	134,900	132,065	134,900
* External Services	1,109,500	1,183,400	1,216,960	1,201,100
* Supplies	17,000	15,200	16,100	15,200
* Materials	25,000	35,000	34,630	35,000
* Building Costs	817,000	838,300	797,540	862,300
* Equipment & Communications	91,200	92,000	83,750	92,000
* Vehicle Expense			400	
* Other Goods & Services	3,905,700	3,906,500	4,067,455	3,891,200
* Interdepartmental			8,040	
* Other Fiscal	(210,000)	(204,000)	(204,000)	(210,600)
** Total	19,958,200	20,348,000	20,637,354	20,329,800
Revenues				
* Fee Revenues	(4,075,000)	(4,243,200)	(4,221,000)	(4,154,500)
* Other Revenue	(487,000)	(319,000)	(678,940)	(320,000)
** Total	(4,562,000)	(4,562,200)	(4,899,940)	(4,474,500)
Net Surplus/Deficit	15,396,200	15,785,800	15,737,414	15,855,300

* Restated for April 2017 reorganization

Service Area Budget Overview*

Business Unit Net Expenses	16/17 Budget	17/18 Budget	17/18 Projected	18/19 Approved in Principle	18/19 Proposed Budget
Administration	872,600	821,800	804,494	821,800	906,800
Corporate Planning	584,500	594,400	472,800	594,400	392,200
Procurement	4,010,600	4,389,700	4,406,920	4,399,900	4,421,300
Finance	5,206,600	5,238,600	5,370,200	5,180,700	5,489,200
Corporate Real Estate	4,437,300	4,383,800	4,275,300	4,501,000	4,833,700
Asset Management	284,600	357,500	407,700	357,500	594,600
Business Unit Total	15,396,200	15,785,800	15,737,414	15,855,300	16,637,800

* Restated for April 2017 reorganization

Staff Counts *

Service Area	16/17 Approved	17/18 Approved	18/19 Approved in Principle	18/19 Proposed
Administration	4	3	3	3
Corporate Planning	5	5	3	3
Procurement	60	61	61	61
Finance	103	103	103	103
Corporate Real Estate	19	18	18	18
Asset Management	2	2	3.5	3.5
Business Unit Total	193	192	191.5	191.5

* Restated for April 2017 reorganization

Summary of Proposed Budget Adjustments

Proposed Adjustments	Impact on Service Delivery	Projected 18/19 \$ Impact	Amount
18/19 Approved in Principle*			\$15,855,300
Compensation increases		\$473,100	
Correct budget error - Vacancy Management		\$290,400	
Increase in AMA membership fee -25% charge on UNSM		\$70,000	
Operating Cost of Capital – Enterprise Asset Management Project		\$67,000	
Increase in recoveries- Revenue		(\$118,000)	
Total Proposed Changes			\$782,500
Proposed 18/19 Budget			\$16,637,800

* Restated for April 2017 reorganization. Includes approved in principle 2-year changes from 17/18 budget discussions

Finance & Asset Management

Leading Financial Stewardship

We lead financial stewardship through advice, governance, customer-focused services and policy.

We provide and support timely acquisition and disposal of all municipal assets.