

HALIFAX

Capital Budget

Committee of the Whole
December 14, 2016

The slide features a blue and white geometric background. On the left side, there are four small images: a modern glass building, a paved walkway with a railing, a Metro bus, and a playground with a dinosaur sculpture.



Capital Program Overview

- **10-year Capital Plan**
 - 2 year capital budget
 - 3 year capital outlook
- **Year 6-10 plan for strategic projects and major initiatives**
- **Seeking approval for the 2017-18 capital plan as well approval in principle for 2018-19**

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The slide has a dark blue header with the title 'Capital Program Overview' in white. The main content is on a white background with a blue border. A small image of a road is visible on the left side of the header.



Key Considerations

Council Priorities

- All projects are linked to a Council priority or strategy

Sustaining infrastructure – linking investment to programs

- Investing in the right asset at the right time at the right level – targeted investment in assets that have a positive impact
- Investing in State of Good Repair

Planning for Regional Assets and Delivery of Key Initiatives

- Improved and expanded services to the public
- Focus on longer term projects
- Resource impact of large complex assets

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Key Considerations

Federal Funding Programs and Opportunities

- Ensure flexibility in project planning to leverage federal funding

Operating Budget and Funding Strategies

- Capital investments impact operating budgets – operating, maintaining, debt servicing
- Debt policies – capital from operating
- Operating Cost of Capital (OCC)

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Strategic Capital Funding Policies

- **Strategic Capital Planned Projects**
 - Specific high value land dedicated as funding source
 - Number of existing reserves dedicated
- **Strategic Capital Potential Projects**
 - Specific high value land dedicated as funding source
 - 1cent from tax rate dedicated
 - Council approved the creation of an annual \$10M reserve for debt service payments for federal cost sharing programs

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Planning for Years 6 to 10

- **Using Planned and Potential project list as approved by Council in 2014**
- **Large corporate initiatives that are underway – Integrated Mobility Plan**
- **Using a range for project cost**
- **Increase cost of SOGR by 3%**
- **Purpose is to not lose sight of large Regional commitments**

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Capital Budget Definitions

State of Good Repair (SOGR):

- Projects that maintain assets in a condition that supports the level of service that we have currently.
- Includes health and safety, maintenance, renewal, and replacement.
- In 2009, Regional Council approved a policy objective to fund all renewal and replacement either “pay as you go” from operating sources, or from replacement reserves.

Service Improvements:

- Projects increase a level of service or expand a service to existing residents and businesses.

Growth:

- Projects provide services to new residents or businesses.

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Capital Funding Definitions

- **Gross Spending is the amount of new funding required**
- **Carry over funding is project funding available from previous years**
- **Total work plan = gross spending + carry over**
- **Net spending is the amount of funding that has to be “raised” either through debt or operating**
- **Operating Cost of Capital – cost of operating the asset (staff, utilities, cleaning, maintenance)**

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10 Year Total Program

- **Total Program = \$1.9 B gross spending**
- **Years 6-10 account for \$879 M**
- **SOGR - \$979 M**
- **Service Improvements - \$704 M**
- **Growth - \$224 M**

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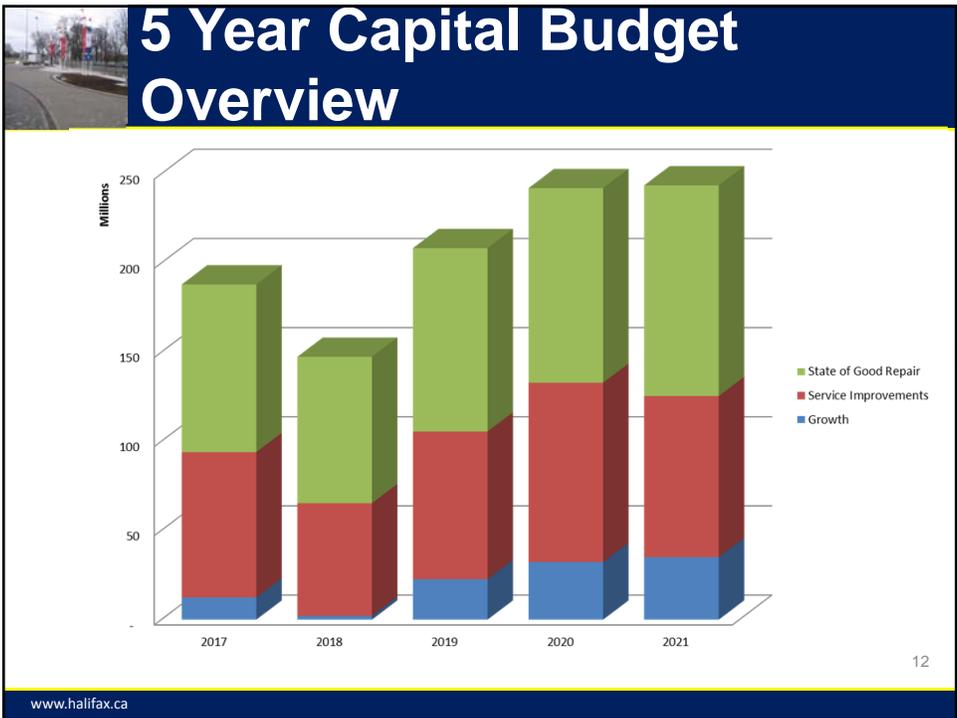
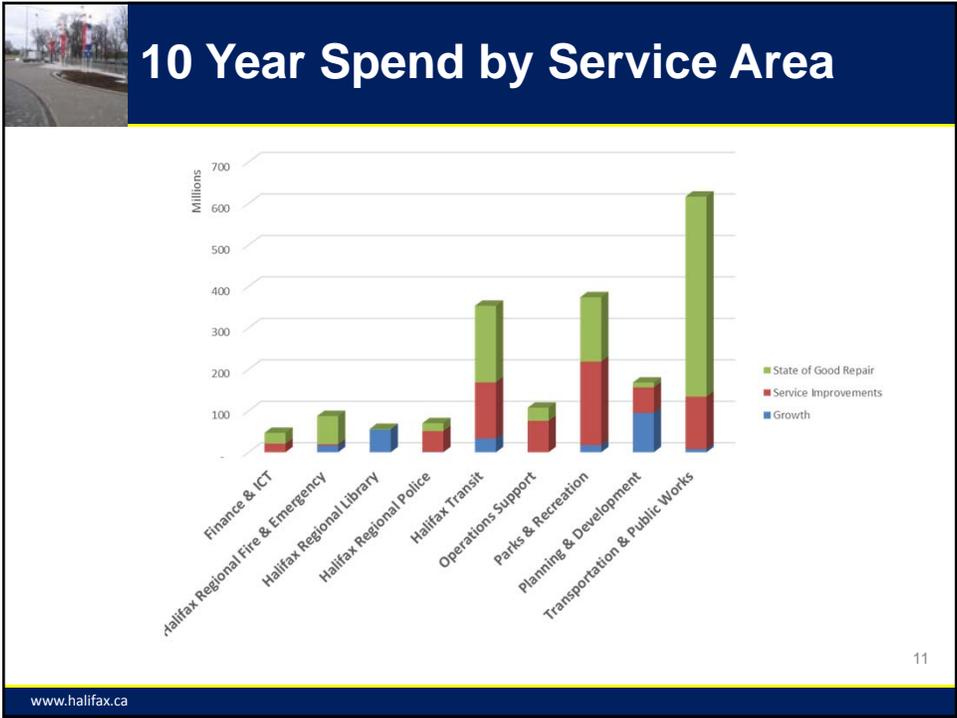


10 Year Investment by Service

- **Transit - \$304.8 M**
- **Transportation - \$631.4 M**
- **Active Transportation - \$79.7 M**
- **Fire - \$85.1 M**
- **Recreation - \$116.7 M**
- **Solid Waste - \$15.7 M**
- **Parks and Playgrounds - \$81.9 M**
- **Technology – Business Imp \$60.8 M**
- **Strategic Projects and IMP - \$391.1 M**

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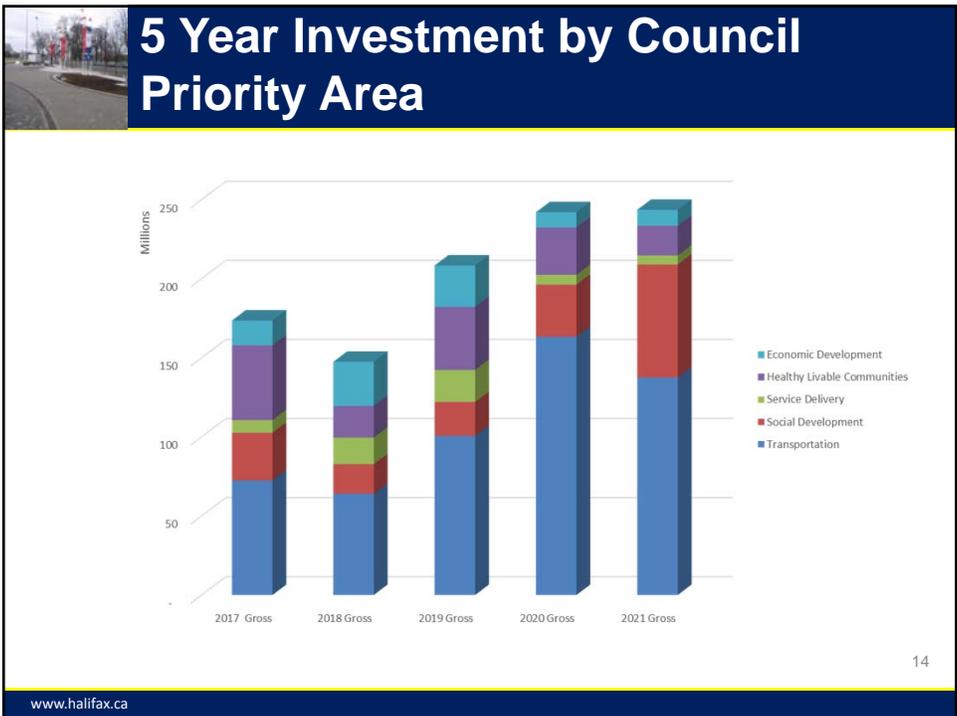


5 Year Investment by Council Priority Area

Council Priority Area (\$ millions)	2017-18	2018-19	2019-20	2020-21	2021-22
Transportation	\$72.5 M	\$64.0 M	\$100.6 M	\$163.4 M	\$137.5M
Healthy Livable Communities	\$61.7 M	\$20.0 M	\$39.9 M	\$30.0 M	\$18.8 M
Social Development	\$30.1 M	\$18.7 M	\$21.4 M	\$32.9 M	\$71.5 M
Economic Development	\$15.7 M	\$27.9 M	\$26.1 M	\$9.6 M	\$10.1 M
Service Delivery	\$8.0 M	\$16.8 M	\$20.3 M	\$6.2 M	\$5.7 M

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Funding Sources

(in \$ millions)	2017-18	2018-19
Total Funding	\$188.0	\$147.4
Reserve/Strategic Capital Funding	\$53.7	\$38.9
Capital from Operating	\$38.9	\$39.0
Debt Financing	\$28.3	\$29.8
Federal Infrastructure	\$26.7	\$8.5
Cost Sharing/Other	\$15.0	\$5.1
Gas Tax	\$25.3	\$26.2

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Capital Program

(in \$ millions)	2017-18	2018-19
Total Work Plan	\$274.3	
Gross Budget	\$188.0	\$147.4
Net Budget	\$97.2	\$97.2
Projects Underway	\$86.3	TBD
Number of Projects	+/- 120	+/- 100
Dollar range	\$50K - \$15.0 M	\$80k - \$23.0 M

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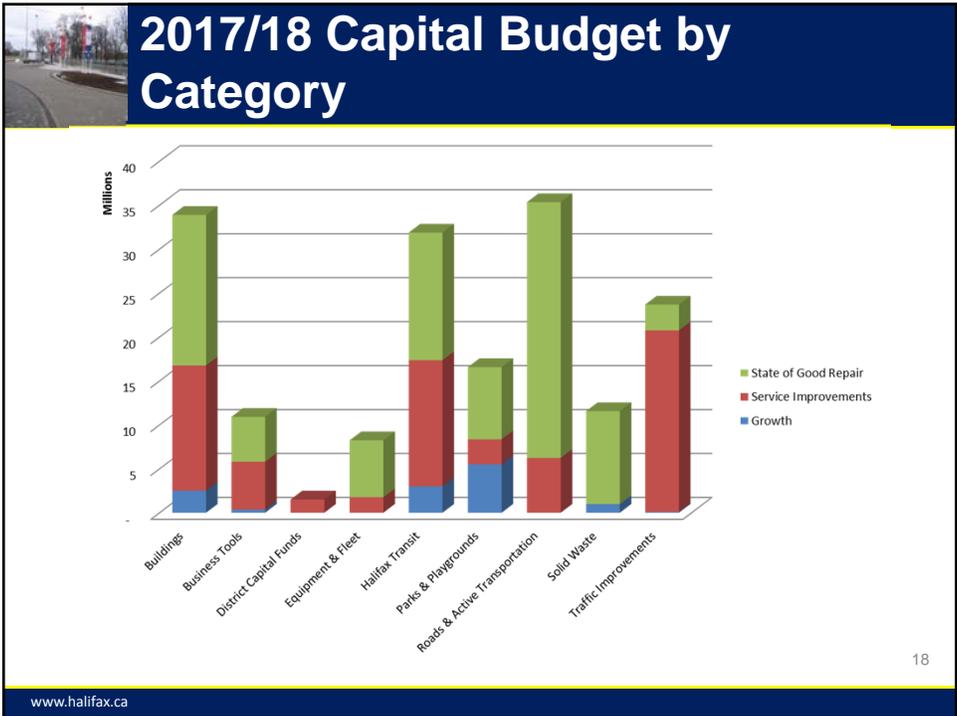
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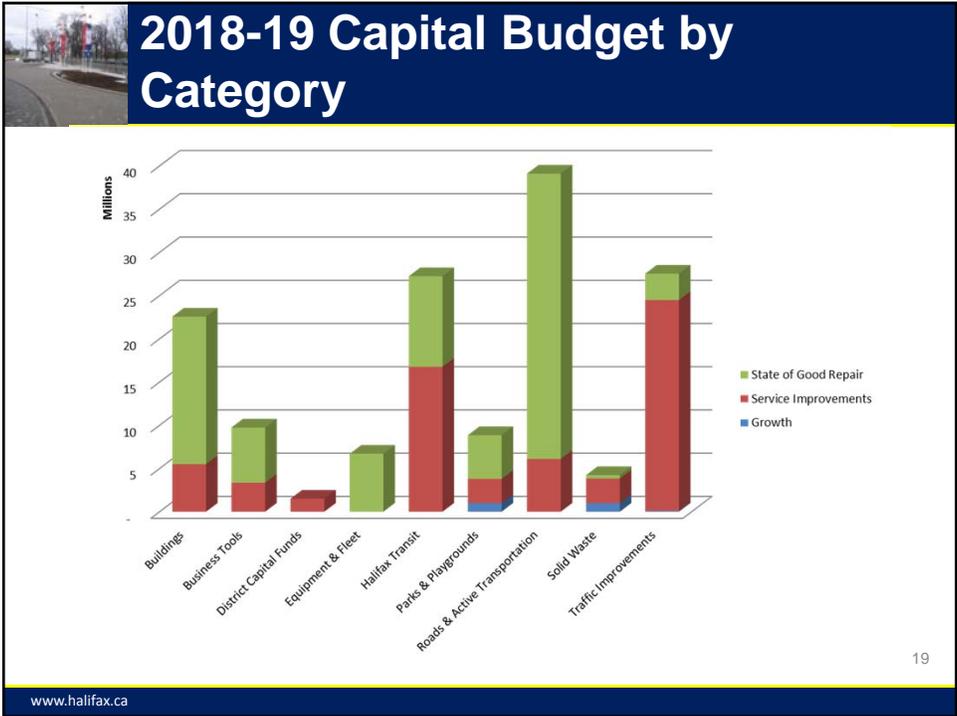
Capital Investment by Category

(in \$ millions) excluding District Capital Funds	2017-18	2018-19
Buildings	\$33.9	\$22.6
Business Tools	\$10.9	\$9.7
Equipment and Fleet	\$8.2	\$6.7
Transit	\$31.9	\$27.2
Parks and Playgrounds	\$16.6	\$8.9
Roads and AT	\$35.3	\$39.1
Solid Waste	\$11.6	\$4.2
Halifax Water - CWWF	\$14.4	
Traffic Improvements	\$23.7	\$27.5

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- ## Potential Areas to Add Back 2018-19
- **Street Recapitalization \$10.0 M**
 - Recap and Road Ops and Construction
 - **Business Tools \$2.5 M**
 - Revenue, Customer Relationship Management (CRM), Public Incidents, Scheduling
 - **Buildings \$ 8.5 M**
 - Recap, Library Recap, City Hall, Fire , Corporate Accommodations
 - **Halifax Transit \$1.0 M**
 - Equipment, Roof Repair
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Potential Areas to Add Back 2018-19

- **Fleet \$1.5 M**
 - Corporate Fleet, Fire
- **Parks and Playgrounds \$8.0 M**
 - Park Acquisitions, Recap
- **Other Transportation \$2.5 M**
 - Traffic signals, sidewalk renewal, intersection improvements
- **Active Transportation \$1.0 M**

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Advanced Capital

- **Tender and award 2017-18 projects in this fiscal year**
- **It is very effective for projects that have a short construction season or are complex**
- **It can also result in competitive pricing**
- **List of projects are on Attachment 2**

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Capital Budget Highlights

- Investing in State of Good Repair 50% of budget
- Moving forward with Regional Projects – Park Acquisitions, Dartmouth Sportsplex, Sambro Fire Station Replacement, Fall River Water
- Investing in Technology to assist businesses
- Investing in Active Transportation

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Capital Budget Highlights

- Strong fiscal position
- Continue planning for Strategic Capital Projects
- Planning for implementation of the Integrated Mobility Plan
- Positioned to leverage Federal Infrastructure Programs
- Investing in Council Priorities

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Recommendation

It is recommended that Committee of the Whole recommend to Regional Council:

1. Direct staff to prepare the ten-year capital plan, approve the capital budget for 2017-18, and schedule of reserves withdrawals, and approve in principle the 2018-19 capital budget as presented to Committee of the Whole as per Attachments 1a, 1b and 1c.
2. Approve the list of advanced capital funding as per Attachment 2.
3. Approve the list of multi-year projects as per Attachment 3.

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