

Recommended 2018-19 Budget

Regional Council
April 24, 2018



HALIFAX

Recommendation

That Budget Committee recommend that Halifax Regional Council:

- Adopt the Resolution for Approval of Operating and Capital Budgets and Tax Rates for Fiscal 2018/19 as set out in schedule 1 of the staff report dated April 10, 2018; and
- Direct staff to develop and return with a two year business and capital plan for 2019/20 and 2020/21 in accordance with the multi-year financial strategy for 2017-2021.

Approach to 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
 - Approve Annual Budget and multi years in principle at Council's discretion

2018/19 Budget Process

- In December 2016, Regional Council approved a fiscal framework that outlined the approach to multi-year budgeting.
- A two-year budget allowed staff to better plan out expenditure changes and led to fewer surprises.
- December 13, 2017 Council directed staff to revise the 2018-19 “budget in principle” according to Council’s approved priorities and fiscal direction.
- Staff presented a high-level business unit budget and business plans.
- Regional Council motions to bring “options” forward for consideration on March 28, 2018.

4 Critical Influences

Operating Budget

Property Tax Levels:

- Nearly 80% dependent on property tax
- Average single family home pays \$1,917 amount (1.97% increase)
- Average commercial tax bill decreases by 1.1%

Capital Budget

- Prioritizing maintenance of existing assets
- Adding new assets to support growth which result in additional operating costs
- Funding includes **Debt** and **Capital from Operating**

Debt

- Debt is at acceptable levels and in alignment with Council approved debt strategy.

Reserves

- Used to manage risk, provide for future obligations and opportunities

Total Expenditures: Municipal, Provincial (In Millions)

	2017-18	2018-19
Gross Expenditures	895.7	918.5
Less: Mandatory Provincial Costs	-152.9	-157.9
Municipal Expenditures	742.8	760.6

Operating Expenditures (In Millions)

Business Units	2017-18	2018-19	Variance(%)
Public Safety Services:			
Fire and Emergency Services	59.5	72.0	21.0
Halifax Regional Police	86.6	95.6	10.4
RCMP	<u>26.0</u>	<u>26.2</u>	0.8
Total	172.1	193.7	12.6
Public Services:			
Halifax Transit	115.4	115.6	0.2
Library Services	26.9	27.0	0.4
Corporate & Customer Services	62.0	64.3	3.7
Parks & Recreation	41.0	43.0	4.9
Planning and Development	20.1	20.4	1.5
Transportation and Public Works	<u>98.8</u>	<u>100.3</u>	1.5
Total	364.3	370.7	1.8
Governance and Support Services:			
Auditor General	1.0	1.0	0
CAO	4.6	4.9	6.5
Finance & Asset Management	20.3	21.3	4.9
Human Resource Services	6.6	6.9	4.5
Legal, Insurance and Risk Management	<u>11.7</u>	<u>12.1</u>	3.4
Total	44.3	46.2	4.3
Total	580.6	610.6	5.2
Corporate Services (Fiscal)	<u>162.2</u>	<u>150.0</u>	-7.5
Total	742.8	760.6	2.4

Taxation

In 2018-19 the average tax bill for a single-family home is \$1,917 and the average tax bill for a business will decrease to \$40,986.

Average Tax Bill

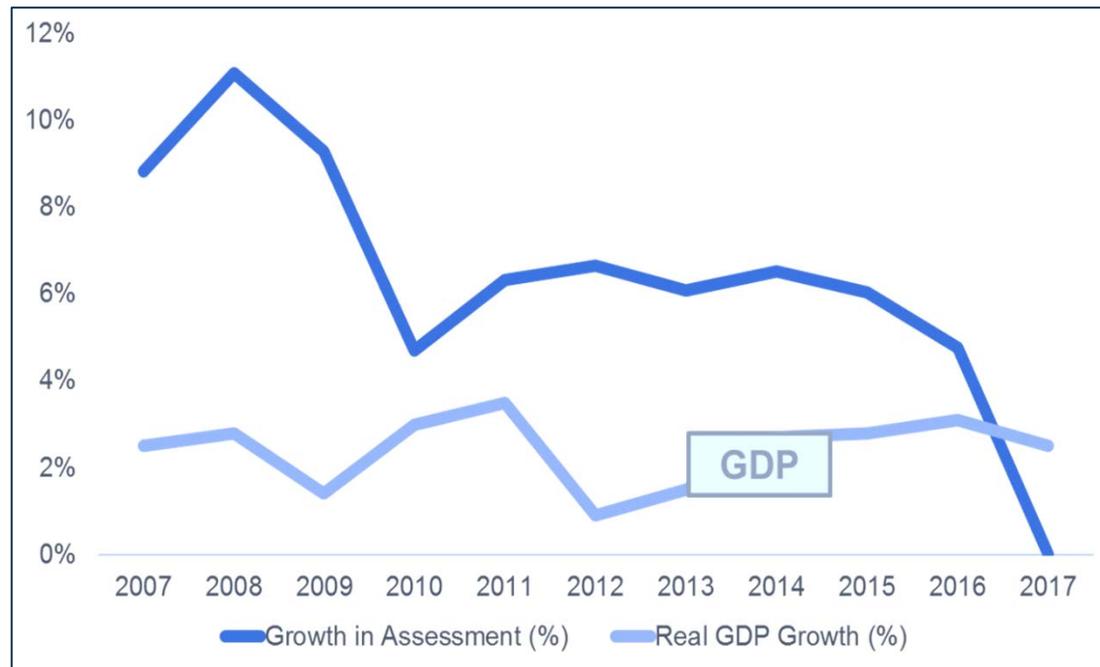
	2017-18	2018-19
Residential:		
Average Assessment (Single Family Home)	\$231,300	\$234,500
Urban Tax Rate	0.8130	0.8175
Average Tax Bill	\$1,880	\$1,917

Average Tax Bill

	2017-18	2018-19
Commercial:		
Average Assessment	\$1,445,000	\$1,401,000
Urban Tax Rate	2.8690	2.9255
Average Tax Bill	\$41,457	\$40,986

Taxation: Assessment Trends

Commercial assessment trends are uncertain, vigilance and additional analysis needed to understand underlying factors

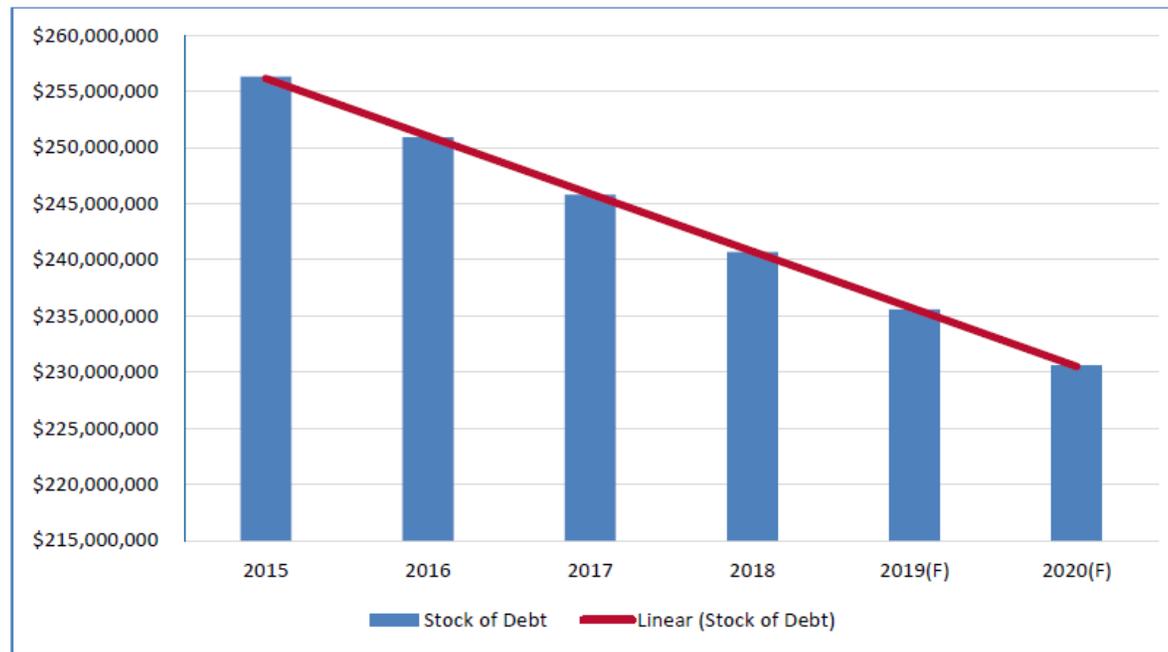


Capital Budget

- Net book value (NBV) of Municipal assets is \$3.4 billion.
- 128.6 million budgeted for 2018/19 projects including:
 - 39 million for existing IMP-related projects
 - 14 million for parks and playgrounds
 - 2.9 million for permitting and licensing technology upgrades
 - 2.5 million for Fire Station upgrades

Debt

- HRM stock of debt has fallen **30%** over the past 20 years.
- Smaller debt servicing costs allows for spending flexibility.
- Well-positioned to fund productive infrastructure into the future.



Reserves

- The municipality recently reclassified its reserves into three main categories:
 - Contingency funds for unforeseen financial risks –27.6m
 - Savings funds for future obligations- 36.1m
 - Contingency funds for opportunities- 40.1m
- HRM's reserve balances are relatively robust with an expected balance of **\$103.8 million**

Recommendation

That Budget Committee recommends that Halifax Regional Council:

- Adopt the Resolution for Approval of Operating and Capital Budgets and Tax Rates for Fiscal 2018/19 as set out in schedule 1 of the staff report dated April 10, 2018; and
- Direct staff to develop and return with a two year business and capital plan for 2019/20 and 2020/21 in accordance with the multi-year financial strategy for 2017-2021.

Summary

The Halifax Region continues to be on the rise. We continue to invest in new and existing assets to position the municipality as a progressive but sustainable leader.