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Item No. 5
Committee of the Whole
February 3, 2016

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed

SUBMITTED BY: 
Amanda Whitewood, Director, Finance & ICT

DATE: January 25, 2016

SUBJECT: Proposed 2016/17 Fiscal and Consolidated Accounts Budget

ORIGIN

As per Administrative Order 1 and the Budget and Business Plan consultation schedule presented in the Information Report of September 22, 2015, staff is required to present the 2016/17 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 2016/2017 Fiscal and Consolidated Accounts Budget as proposed in the accompanying presentation, incorporating additional direction provided by motion of Committee of the Whole for inclusion in the proposed HRM 16/17 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2016/2017 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 November 24, 2015 Committee of the Whole Regional Council considered and confirmed their Council Priority Outcomes and directed staff to: "develop the 2016/17 Budget and Business Plans in support of these priorities."

DISCUSSION

Staff is preparing the proposed 16/17 Budget consistent with the preliminary fiscal direction received from Council on October 20, 2015 and aligned with Council Priorities as directed on November 24, 2015.

As such it has developed the budget using the following economic assumptions:

Key Economic Assumptions

Conference Board of Canada

	Base Year	Year 1	Year 2	Year 3
	2015-16	2016-17	2017-18	2018-19
Inflation (CPI)	1.1%	2.4%	2.1%	2.1%
Income (per person)	\$40,385	\$41,395	\$42,341	\$43,224
- percentage change	1.2%	2.5%	2.3%	2.1%
Employment (000s)	224,000	228,000	230,000	231,000
New Homes	1,845	1,832	1,905	1,854
- percentage change	1.0%	1.0%	1.0%	1.0%
Real GDP	2.3%	3.0%	1.8%	1.7%

Source: Conference Board of Canada

Further, it has now received an official assessment roll from the Property Valuation Services Corporation (PVSC) which allows us to determine the total and average assessments for determining both revenues and the tax rates:

- Average Home up 0.9%
- Assessment Cap at 0.3%
- Commercial Growth 4.1% (excl. tax agreements)
- Residential Growth 2.6% (taxable)

Using this information, staff determined the following property tax rates

Residential	<u>2015-16</u>	<u>2016-17</u>	<u>Change</u>
• Urban	\$0.669	\$0.662	-0.007
• Suburban	\$0.636	\$0.629	-0.007
• Rural	\$0.636	\$0.629	-0.007
• Transit	\$0.151	\$0.151	n/c
Commercial	<u>2015-16</u>	<u>2016-17</u>	<u>Change</u>
• Urban	\$2.895	\$2.832	-0.063
• Suburban	\$2.895	\$2.832	-0.063
• Rural	\$2.566	\$2.510	-0.056

As per Council's direction, this means that the property taxes for the average business and the average single family home will not change. Individual properties may see higher or lower taxes.

Based on those tax rates, the projected property tax revenues for 2016-17 are now expected to be \$6.5m higher than those in the 2015-16 Approved Budget.

	<u>2015/16</u>	<u>2016/17</u>	<u>Variance</u>	
Property Tax				
Residential Property Tax	225,942,300	229,173,000	3,230,700	1.4%
Commercial Property Tax	177,875,700	180,361,000	2,485,300	1.4%
Resource Property Tax	1,410,000	1,402,000	-8,000	-0.6%
Other Taxes	138,000	138,000	0	0.0%
Tax Agreement	9,614,000	10,358,500	744,500	7.7%
HRWC Dividend	<u>4,579,000</u>	<u>4,663,000</u>	<u>84,000</u>	<u>1.8%</u>
Sub-Total	419,559,000	426,095,500	6,536,500	1.6%

A number of other tax rates must be set by Regional Council for the 2016-17 fiscal year. These include:

- Storm water Right-of-Way Charge
- Supplementary Education
- Fire Protection
- Provincial Area Rates:
 - Halifax Regional School Board
 - Correctional Centre
 - PVSC
 - Metropolitan Regional Housing Authority

Following direction from the Committee of the Whole, staff are finalizing and reviewing the detailed Budget for inclusion in the proposed HRM 2016/17 Budget and Business Plan documents to be presented to Council, as per the process and schedule in the September 22, 2015 Information Report. This includes expenditure amounts for debt, transfers, reserves, capital from operating and the other expenditures that are required.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2016-17. 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

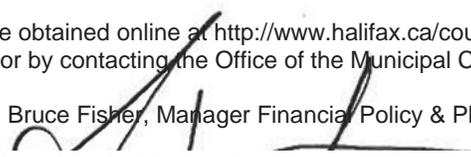
The Committee of the Whole can choose to amend the Budget as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

- A. Operating Costs of New Capital 2016-17, Detail by Business Unit

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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Report and Financial Approval by: 
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Fiscal and Consolidated Accounts
Proposed 2016/2017 Fiscal and Consolidated Accounts Budget
Committee of the Whole

ATTACHMENT A: OPERATING COSTS OF NEW CAPITAL (OCC) 2016-17

Capital Project Name	Account #	New Assets in 15/16 - Annualized	New Assets in 16/17 - Prorated	Total 16/17 Operating Impact	Description of cost to operate & maintain new asset
Election Management Solution	CI990015	-	25,000	25,000	Application Development Support
Total CAO		-	25,000	25,000	
Council Chambers Technology Upgrade	CI990019		12,000	12,000	Annual Maintenance & Support
Contact Centre Telephony Solution	CI990017		90,000	90,000	Annual Service Fees for Hosting & Support
* Web Transformation Program	CI000001		250,000	250,000	Annual Service Fees for Hosting & Support
IT Service Management System	CI990002	18,200	10,000	28,200	Annual Service Fees for Hosting & Support
HRP GO Data and Information Management	CI990023		15,000	15,000	Annual Software Maintenance
HRFE Dispatch Project	CI990027		19,000	19,000	Annual Software Maintenance
ICT Business Tools (bundle)	CI990004		18,000	18,000	Annual Software Maintenance
ICT Infrastructure Recapitalization	CI000004	27,000	50,000	77,000	Annual Software Maintenance
Computer Aided Dispatch (CAD)	CI000763	23,500	11,000	34,500	Annual Software Maintenance
Parking Ticket Management System	CI990031		30,000	30,000	Annual Software Maintenance
Trunk Mobile Radios (TMR)	CID01362	23,600	300,000	323,600	Licenses & Annual Maintenance
Enterprise Asset Management	CID00631	78,300	52,500	130,800	Licenses & Annual Maintenance
Health and Safety Incident Reporting	CI990010	35,200	28,200	63,400	Licenses & Annual Service Fees for Hosting & Support
Traffic Signal Integration	CT140001	49,000		49,000	Software, Licenses, & Cellular Costs
Business Intelligence	CI990001	86,300		86,300	1 new FTE - Solution Architect for Corporate BU Support
Trunk Mobile Radios (TMR)	CID01362		80,000	80,000	1 new FTE - Communications Specialist
Total Finance & ICT		341,100	965,700	1,306,800	
Parks, Sports Courts & Fields - Service Improvement	CP000004	80,000		80,000	Sackville Splash Pad operation & supplies
Skating Oval	CBX01344	28,000		28,000	Pavilion electricity
Park Assets - State of Good Repair	CP000002		1,800	1,800	Westwood Splash Pad maintenance
Total Operations Support		108,000	1,800	109,800	<i>Absorbed into OS Envelope</i>
Bayers Westwood Splashpad	CP000002	-	5,200	5,200	Utility Costs
Bedford Outdoor Pool	CB000067	-	5,000	5,000	Utility Costs
Donated Assets	n/a	34,500	-	34,500	Maintenance Costs
Oval Pavilion	CBX01344	57,500	-	57,500	Equipment
Western Common	CP000014	5,000	5,000	5,000	Maintenance Costs
Recreation Scheduling Software	CI000005	-	100,000	100,000	Business Application Specialist
Total Parks & Recreation		97,000	115,200	207,200	
Dynamic Messaging Signs	CTR00904	10,000	-	10,000	50% Operations & Maintenance of Signs (Cost Share with HBB)
Total Planning & Development		10,000	-	10,000	
New Development Acceptance	n/a	62,600	75,300	137,900	Maintenance: Asphalt Streets (15/16 - 12.124 lane kms; 16/17 - 10.953 lane kms)
New Development Acceptance	n/a	36,600	64,100	100,700	Maintenance: Concrete Curb (15/16 - 7.17 linear kms; 16/17 - 11.2853 linear kms) and Gravel Shoulder (15/16 - 2.618 linear kms)
New Development Acceptance	n/a	2,500	300	2,800	Maintenance: Asphalt Walkways (15/16 - 0.36 linear kms; 16/17 - 0.039 linear kms)
New Development Acceptance	n/a	44,600	18,200	62,800	Maintenance: Concrete Sidewalks (15/16 - 6.5 linear kms; 16/17 - 2.3645 linear kms)
New Development Acceptance	n/a	2,500	1,600	4,100	Maintenance: Guiderail (15/16 - 0.8 linear kms; 16/17 - 0.485 linear kms)
New Development Acceptance	n/a	1,700		1,700	Maintenance: Right of Way Trees (242 new plantings)
Street Recapitalization	CR000005	35,500		35,500	Maintenance: Concrete Sidewalks (5.2 linear kms)
Active Transportation - Strategic Projects	CTU00420	30,700		30,700	Maintenance: Bike Lanes Widening (7.4 kms)
Active Transportation - Strategic Projects	CTU00420	13,400		13,400	Maintenance: Painted Bike Lanes (5.6 kms)
Active Transportation - Strategic Projects	CTU00420		7,800	7,800	Maintenance: Asphalt Road (1.138 km)
New Paving Streets - HRM Owned Roads	CR000002	(600)	34,000	33,400	Reduced Maintenance: 15/16 Paved Gravel Road - 0.45 km Maintenance: 16/17 Concrete Sidewalks - 4.2 kms, Guiderail - 0.685 km
Street Lighting	CRU00792	1,000		1,000	Ongoing Operational Maintenance
Traffic Signal Installation	CTU01085	2,000		2,000	Ongoing Operational Maintenance
Traffic Signal System Integration	CT140001	50,900		50,900	Ongoing Equipment Maintenance
Other Road Related Works	CRU01079		2,700	2,700	Maintenance : Grass Cutting (8,240 m2), Tree Maintenance (165 trees)
Total Transportation & Public Works		283,400	204,000	487,400	
TOTAL (Not Including Transit)		839,500	1,311,700	2,146,200	
Access-A-Bus Expansion	CVD00429	191,200	106,000	297,200	15/16 & 16/17 each: 3 new FTE's - Operators; Tolls, Fuel, R&M, Radio Licenses net of Bus Fare Revenues
New Transit Technology	CM020005	240,800	485,000	725,800	15/16: 2 new FTE's - Planner & Technical Services Analyst; Software License & Mtc; Marketing; Vehicle R&M. 16/17: 9 new FTE's - Technicians & Analysts; Software Licenses
Replacement Transit Technology	CMU01203	4,600		4,600	Maintenance - Software Support or Licenses
Transit Security	CMU00982	85,000		85,000	CCTV Equipment, Fencing, Access Controls; Marketing
Scotia Square Facility	CM000008		14,000	14,000	Furniture, Fixtures & Equipment
Total Halifax Transit		521,600	605,000	1,126,600	
TOTAL (Including Transit)		1,361,100	1,916,700	3,272,800	