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Item No. 3
Committee of the Whole
January 27, 2016

TO: Mayor Savage and Members of Halifax Regional Council

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SUBMITTED BY: _____
Jane Fraser, Director, Operations Support

DATE: January 18, 2016

SUBJECT: Proposed 2016/17 Operations Support Business Unit Budget and Business Plan

ORIGIN

At the October 22 2015 Committee of the Whole, Council directed staff 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 Operations Support Business Unit Budget and Business Plan 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.

Operations Support Business Unit

Proposed 2016/2017 Operations Support Business Unit Budget and Business Plan

Committee of the Whole

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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 has prepared the proposed 16/17 Budget consistent with the preliminary fiscal direction received from Council on October 22, 2015 and aligned with Council Priorities as directed on November 24, 2015.

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 2016/17 Budget and Business Plan documents to be presented to Council, as per the process and schedule endorsed by Regional Council on October 22, 2014.

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 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

Operations Support Business Unit 2016 / 2017 Budget and Business Plan Presentation

Operations Support Business Unit

Proposed 2016/2017 Operations Support Business Unit Budget and Business Plan

Committee of the Whole

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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.

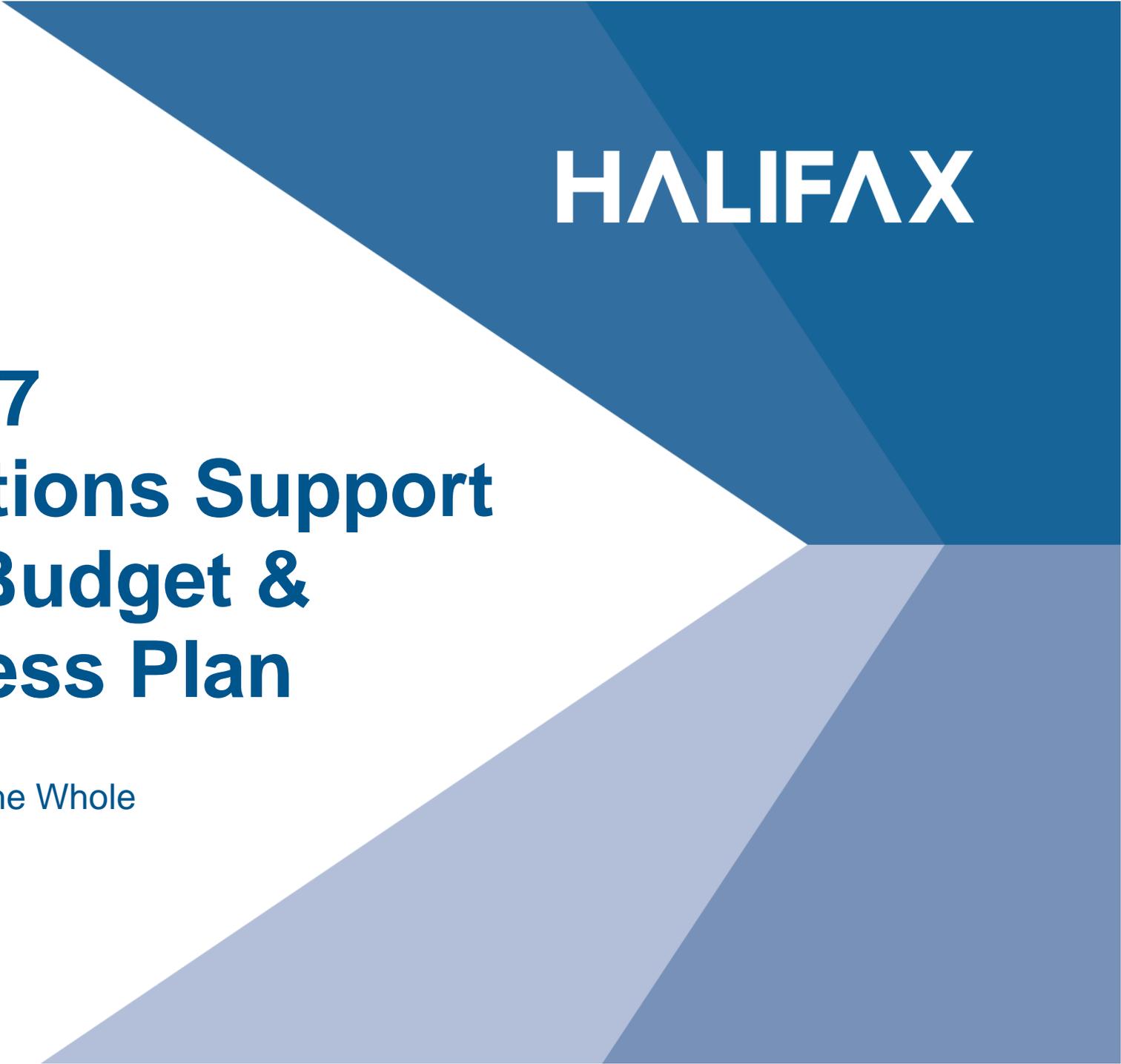
Report Prepared by: Marion Currie, Coordinator, Operations Support, 902.490.6422

Report Approved by: Original Signed

Jane Fraser, Director, Operations Support, 902.490.7166

Financial Approval by: Original Signed

Amanda Whitewood, Director of Finance & ICT/CFO, 902.490.6308

The background features a large, stylized graphic of a white arrow pointing to the right, set against a dark blue background. The arrow is composed of several overlapping geometric shapes in various shades of blue and white, creating a sense of depth and movement.

HALIFAX

**2016/17
Operations Support
Draft Budget &
Business Plan**

Committee of the Whole

January 27, 2016

Business Unit Overview

Operations Support

Operations Support aids the efficient operations of other Business Units, by offering high-quality and cost-effective services, with a focus on reliability, flexibility, and service excellence.

224 FTE's in 18 Locations



Operations Support Service Areas

- ❖ **Citizen Contact Centres** - Customer Service Centres and 311 provide citizens with easy access to information on municipal services by phone, in-person, or on-line.
 - ❖ **Corporate Real Estate** - Responsible for real estate acquisitions and disposals; industrial park development and sales; lease and accommodation management; and real estate advisory services.
 - ❖ **Corporate Fleet** - Responsible for the maintenance and replacement of over 1530 vehicle and equipment assets for Municipal, Police and Fire Fleet.
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Service Areas

- ❖ **Facility Design & Construction** – Provides professional and technical services, including the design, construction, inspection, and condition assessments for municipal buildings.
 - ❖ **Facilities Maintenance & Operation** - Maintains over 220 HRM buildings, provides preventative and life cycle maintenance planning, and corporate security.
 - ❖ **Director's Office: Capital Budget Planning & Enterprise Asset Management (EAM)** – Oversight of the Capital Budget and projections, as well as lead for EAM project and oversight of Cogswell Redevelopment.
-

OS 2015/16 Activities

Corporate Real Estate:

- **19 properties** (over \$1.215 M) moved through Admin Order **50**
- **6** land disposals closed (\$10.125 M) - 11 under Agreement of Purchase & Sale
- **\$2.170 M** of lot construction in Burnside, with **\$ 5.469 M** in lot sales and **\$4.3 M** industrial land acquisitions complete
- **32** lease agreements complete (new, renewed etc.) equalling approximately **172,846 sf** of leased space

OS 2015/16 Activities

Municipal Facility Operations and Maintenance

- Over **3.5 M building sq. ft.** managed by HRM
- **42,728** facility maintenance work orders/notifications completed
- **\$5.2 M** in staff managed maintenance contracts
- Snow load protocol developed for roofs

Facility Design and Construction

- **64** capital projects completed, 92% on budget
- **225,000** square feet of roofing replaced
- **92,500** square feet of asphalt replaced
- **33** tenders & **8** RFP's completed for capital projects
- Completed Emera Oval & Lacewood Terminal Buildings

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OS 2015/16 Activities

Citizen Contact Centers

- Approx. **412,990** transactions completed by 311
- Over **90,000** transactions by the Customer Service Centres
- Over **37,000** tax transactions equalling over **\$105 M** in revenue

Corporate Fleet

- **8,676,414 KM** distance covered by Corporate Fleet vehicles
- **26,010** Work Orders Completed by Corporate Fleet

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15/16 Operations Support Updates

Cogswell Interchange Redevelopment

- Project Director hired
- Stakeholder engagements underway
- Project plan complete. Procurement Plan launched



Supply of Industrial Lands

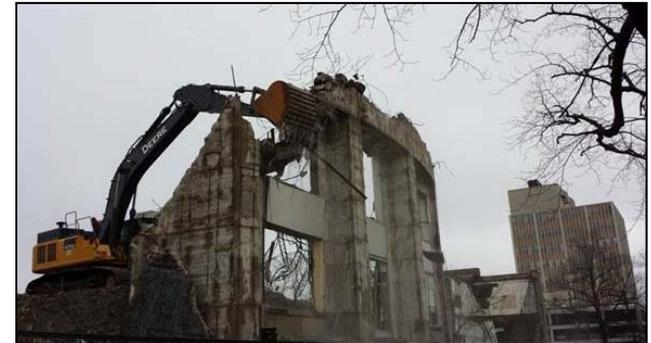
- Burnside streets and services construction near complete (Phase 12-5)
- HRM Land Opportunity Assessment Report complete
- Acquisition of 427 acres of lands north of Burnside
- Ragged Lake RFP for servicing & concept planning awarded. Final consulting report complete



15/16 Operations Support Updates

St. Pat's High School

- Above ground structure 99% demolished
- Foundation and slab demolition underway
- Open houses and public engagement phases via Shape Your City complete
- Preparing LUB for plan amendment application



Alderney Customer Service Center

- Customer service hub on 1st floor will improve visibility and access to services for business and citizens
- Construction tender awarded, work to begin in January. Opening planned for Spring



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15/16 Operations Support Updates

Corporate Service Strategy – Service Excellence:

Tasks completed: 1) interim planning team developed, 2) definition developed & 3) existing customer satisfaction baseline services inventoried



Enterprise Asset Management & Fleet Focus

- EAM is a combination of technology & business process improvements to change the way HRM manage assets
- Computerized work order management system & pavement management system projects launched
- Fleet Focus now live. Software yielding benefits in the ability to track information and perform analysis on the data



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15/16 Operations Support Updates

New 311 Telephony Improvements

- Project Manager and Business Analyst hired
- Charter and project schedule approved
- RFP released in December - evaluations to take place in January. System in place this Fall



Implementation of Long Term Arena Strategy

- Design build & operating tenders for the Dartmouth 4 pad awarded
- Operating contract discussions ongoing
- Commodore Drive site work underway
- Project charter drafted for the Halifax Forum redevelopment



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15/16 Operations Support Updates

Recreation Facility Accessibility Project

- Priority on Recreation Facilities – 34 building assessments complete
- Work on 8 facilities complete, additional 7 to be completed by end of March
- Consultants engaged for administration building audits to be completed by end of January
- Accessibility will be included in the scoping of all future re-capitalization work



Re-Capitalization Plan

- Re-roofing projects (5)
- Asphalt replacements (15)
- Re-capitalization of recreation facilities (12)
- Re-capitalization of administration facilities & other assets (6)



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Operating Budget Overview

Cost Element Groups	2014-15		2015-16		2016-17
	Budget	Actual	Budget	November Projection	Proposed Budget
Expenditures					
* Compensation and Benefits	15,725,400	15,009,798	16,638,700	15,873,290	17,377,100
* Office	334,800	200,149	318,200	232,604	114,200
* External Services	4,270,200	5,581,376	5,221,000	5,850,533	5,422,300
* Supplies	252,200	315,399	264,700	323,918	264,500
* Materials	480,900	441,424	461,300	457,014	294,800
* Building Costs	7,934,500	8,795,551	8,507,300	8,328,052	8,686,000
* Equipment & Communications	1,289,000	1,463,362	1,350,400	1,446,459	1,133,400
* Vehicle Expense	5,672,200	5,321,880	4,694,100	4,913,290	4,554,500
* Other Goods & Services	3,862,600	3,721,783	3,786,900	3,821,118	3,867,200
* Interdepartmental	20,000	(122,360)	(9,000)	(8,950)	(9,000)
* Debt Service	35,400	18,659			10,400
* Other Fiscal	1,070,700	1,068,066	807,300	826,900	278,700
** Total	40,947,900	41,815,085	42,040,900	42,064,228	41,994,100
Revenues					
* Fee Revenues	(1,960,000)	(1,958,222)	(1,835,000)	(1,867,500)	(2,164,000)
* Other Revenue	(279,000)	(284,100)	(279,000)	(279,000)	(385,600)
** Total	(2,239,000)	(2,242,321)	(2,114,000)	(2,146,500)	(2,549,600)
Net Surplus/Deficit	38,708,900	39,572,764	39,926,900	39,917,728	39,444,500

Service Area Budget Overview

Net Operations Support Expenses by Service Area	14/15		15/16		16/17
	Budget	Actual	Budget	November Projection	Proposed Budget
Citizen Contact Centre	2,748,200	2,718,968	2,778,000	2,731,700	2,741,800
Corporate Real Estate	3,944,200*	4,198,744	4,435,300	4,604,472	4,437,300
Corporate Fleet	11,001,800	10,577,629	10,298,600	10,207,694	10,143,000
Facility Design & Construction	783,500	937,594	1,039,200	1,039,200	1,038,800
Facilities Maintenance & Operation	19,548,700	20,399,269	20,623,100	20,623,100	20,367,500
Director, Capital Budgeting/EAM	682,500	740,560	752,700	711,562	716,100
Business Unit Total <i>* Revenue transferred in 2014/15</i>	38,708,900	39,572,764	39,926,900	39,917,728	39,444,500

Operational Impact of New Assets

Capital Project Name	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
Parks, Sports Courts & Fields - Service Improvement	80,000		80,000	Sackville Splash Pad operation & supplies
Skating Oval	28,000		28,000	Pavilion electricity
Park Assets - State of Good Repair		1,800	1,800	Westwood Splash Pad maintenance
Total Operations Support	108,000	1,800	109,800	

Note: Amounts above have already been included in the proposed Operations Support budget.

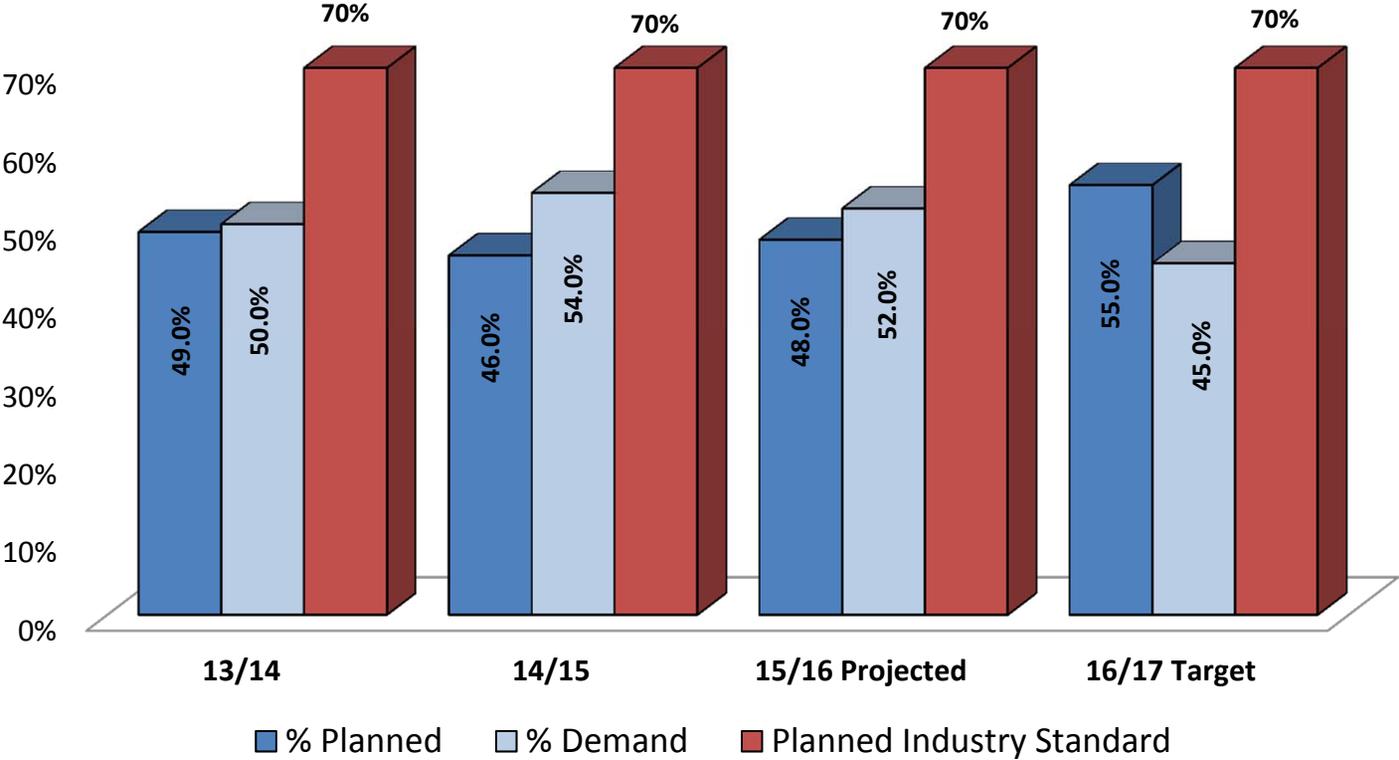
- Operating costs related to capital projects will be updated after the Capital Budget is finalized.
- Updated OCC will be presented with the Fiscal Budget.

Staff Counts (FTEs)

Service Area	2014/2015 FTEs	2015/2016 FTEs	2016/2017 FTEs
Operations Support Total	New BU in 15/16	225	224
Director's Office	7	6	6
Citizen Contact Centres	45	45	45
Corporate Real Estate	14	19	19
Corporate Facility Design & Construction	20	10	10
Municipal Facilities Maintenance & Operations	94	85	84
Corporate Fleet	60	60	60

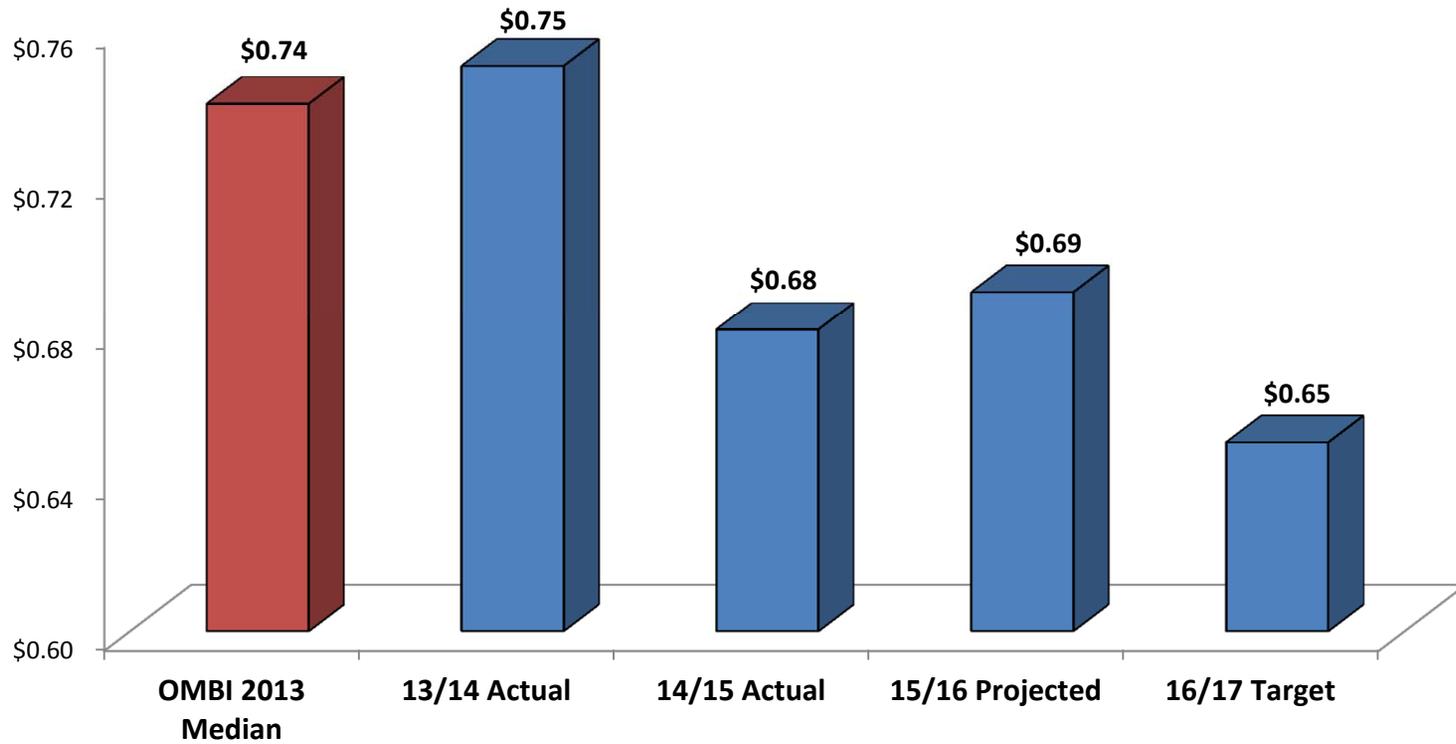
Facility Maintenance & Operations

Ratio: Planned vs Demand Work Orders



Corporate Fleet

Operating Cost per Vehicle KM



16/17 Cost Reductions

Cost Reduction Initiative	Proposed 16/17 Saving	Projected 17/18 Saving	Projected 18/19 Saving	Impact on Service Delivery
Operations Support - Operational budget efficiencies	135,000	TBD	TBD	Reduction for Lenel Software, travel, training, professional services, & consulting
Corporate Fleet - Warranty	34,000	59,500	85,000	Increased recovery from warranty work, % increases to year 4 to meet industry standard of 7.5%
Corporate Fleet – Elimination of small equipment repairs	77,385	77,385	77,385	Reduction in operating and 1 FTE through attrition
Corporate Fleet - Fleet Focus	85,000	85,000	85,000	Increase efficiency, improve inventory, assess staff time and quality of work



16/17 Cost Reductions

Cost Reduction Initiative	Proposed 16/17 Saving	Projected 17/18 Saving	Projected 18/19 Saving	Impact on Service Delivery
Corporate Real Estate – Disposal of surplus assets	60,000	120,000	150,000	Operating savings, utilities and security
Corporate Real Estate – Land lease revenues	350,000	350,000	350,000	Focus on interim revenue generation from vacant lands
Maintenance & Operations – operational savings	165,000	TBD	TBD	Efficiencies realized through prioritizing work based on asset class (painting, asphalt, landscaping)
Total Reductions:	\$906,385	\$806,885	\$1,481,385	
<i>Note: Reductions are offset by increases in other areas such as salaries, building maintenance and consulting services</i>				

16/17 Initiatives

Initiative and associated Priority Outcome	Proposed 16/17 Cost	Comment
Cogswell Redevelopment - <i>Economic Development, Business Climate</i>	Capital	Demolition and re-construction estimated to be a four year project. Development of the lands, including land use by-law planning to occur simultaneously. Real estate marketing, will occur over an additional four to five years.
Supply of Industrial Lands – <i>Economic Development, Business Climate</i>	Capital	Maintain/expand industrial land base, to ensure 20 year supply, limiting retail and office development within them
Convention Centre Construction – <i>Economic Development, Business Climate</i>	Capital	Continue to participate on the joint negotiating team to monitor construction and financial model
Enterprise Asset Management – <i>Service Excellence, Continuous Improvement</i>	Capital	Life cycle cost based decisions on assets - improved service delivery through improved technology & business processes

16/17 Initiatives

Initiative and associated Priority Outcome	Proposed 16/17 Cost	Comment
Service Level Agreements (SLA) – <i>Service Excellence, Continuous Improvement</i>	No associated cost – expected efficiencies	Ensure role clarity, define service standards and improve communications divisions within, develop SLAs
Maintenance & Operations Operational Review – <i>Service Excellence, Continuous Improvement</i>	Funded in 15/16 – expected efficiencies in 16/17	Implement priority actions from 15/16 review to create better resource alignment, efficiencies and improve service delivery
Customer Service Centre Rationalization of Services – <i>Service Excellence, Continuous Improvement</i>	Funded in 15/16 – expected efficiencies in 16/17	Review Service Centres in relation to the Web and Channel Mgt. Strategies, ensuring a citizen centred approach to service delivery
Fleet Service Delivery Model Review – <i>Service Excellence, Continuous Improvement</i>	No associated cost – expected efficiencies	Develop phased approach to service model improvements to realize efficiencies





Questions and Discussion



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