



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

Item No.
Audit & Finance Standing Committee
September 19, 2018

TO: Chair and Members of Audit & Finance Standing Committee

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SUBMITTED BY:

Bruce Zvaniga, Director, Transportation & Public Works

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Jacques Dubé, Chief Administrative Officer

DATE: September 12, 2018

SUBJECT: Budget Increase to New Paving Streets - HRM Owned Roads (CR180006)

ORIGIN

The Approved 2018/2019 Capital Budget – CR000002 New Paving Streets – HRM Owned Roads pg. W8.
[New Project No. CR180006].

LEGISLATIVE AUTHORITY

On December 11, 2012, the Halifax Regional Municipality Council agreed that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, Section 93 (1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, Section 79 (1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, Section 35 (2) (d) (i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council:

1. Approve an increase to Project Account CR180006 New Paving Streets - HRM Owned Roads in the amount of \$250,000 funded 1/3 (\$83,333) by Local Improvement Charges and 2/3 (\$166,667) by a transfer from Project Account CR000009 Street Recapitalization, as outlined in the Financial Implications section of this report.

BACKGROUND

On April 24, 2018, Regional Council approved the Capital Budget for Fiscal 2018/19 including \$366,000 for the new paving of Trinity Lane from Beaver Bank to the end of the gravel section in Account CR180006.

DISCUSSION

A pavement design was completed for this street during the design stage, requiring additional gravel be added to the street. Work associated with the pavement design has resulted in a higher than expected cost for this section.

In addition, some of the other projects in this account have had prices come in slightly higher than expected. The current estimate for the project including net HST is \$552,000. The estimated budget for this street was \$366,000, and there is \$304,996 remaining in the project account for this work. In order to requisition funds to tender and complete the work, \$250,000 needs to be added to the New Paving Streets - HRM Owned Roads account.

In order to properly fund this work, staff is requesting a withdrawal of funds from the Street Recapitalization account (CR000009) to increase New Paving Streets - HRM Owned Roads (CR180006). The funding availability has been confirmed by Finance. The Street Recapitalization account is used to resurface roads that have previously been paved and is within the Project Planning & Design group of Capital budget accounts.

New paving of gravel roads is subject to local improvement charges as approved by Regional Council on June 21, 2016. The cost sharing is 2:1, with 33% paid by abutters. Letters have been sent to the property owners on Trinity Lane with the cost sharing reflective of the current design and cost estimate.

FINANCIAL IMPLICATIONS

Funding for the transfer of budget as outlined in the summary below is confirmed by Finance.

Budget Summary:

Project Account No. CR000009 – Street Recapitalization

Cumulative Unspent Budget	\$ 6,181,384
Less: Budget increase to CR180006	\$ 166,667
Balance	\$ 6,014,717

Project Account No. CR180006– New Paving Streets - HRM Roads

Cumulative Unspent Budget	\$ 304,996
Plus: Increase from CR000009	\$ 166,667
Plus: Additional LIC	\$ 83,333
Balance	\$ 554,996

The balance of funds in CR000009 will be used to implement the remaining 2018/19 Street Recapitalization projects previously approved by Council.

RISK CONSIDERATION

There are no significant risks associated with the recommendation in this report. The risks considered rate low. To reach this conclusion, consideration was given to financial, legal and compliance, and service delivery risks.

The risk in not tendering the Trinity Lane project is that it would need to be included in next year's budget. The design is now complete and could be constructed later this fall or early in the spring of 2019. The risk to the Street Recapitalization account is low, there are many projects in that account and the balance appears to be sufficient to complete the remainder of the planned work.

COMMUNITY ENGAGEMENT

There was no community engagement required.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

ALTERNATIVES

The Committee may choose not to approve the recommendations in this report, however, the project would then not be able to be tendered until the Capital Budget for 2019/20 is approved.

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: Anne Sherwood, P. Eng., Senior Design Engineer, 902.490.6872

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Anne Sherwood, A/Manager for

Report Approved by: David Hubley, P. Eng., Manager, Project Planning & Design 902-490-4845

Original Signed

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