



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

Item No. 15.2.1
Halifax Regional Council
April 30, 2019

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Russell Walker, Chair, Audit & Finance Standing Committee

DATE: April 18, 2019

SUBJECT: Budget Increase – Project Account No. CE180001 – Purchase Snow Blower

ORIGIN

April 17, 2019 meeting of the Audit and Finance Standing Committee, Item No. 12.4.1

LEGISLATIVE AUTHORITY

Section 8(c) of the Standing Committee's Terms of Reference:

'The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including proposed changes in any operating or project budget items.'

RECOMMENDATION

That the Audit and Finance Standing committee recommends that Halifax Regional Council:

1. Approve a budget increase to the 2019/20 proposed gross capital budget, but not the net to increase Project Account No. CE180001 – Fleet Vehicle Replacement Project, in the amount of \$86,558; and
2. Approve an unbudgeted reserve withdrawal of \$86,558 from Q421, General Contingency Reserve to fund this increase to the project as outlined in the Financial Implications Section of the staff report dated April 5, 2019.

BACKGROUND

The Audit and Finance Standing Committee received a staff report dated April 5, 2019 pertaining to a budget increase to the 2019/20 proposed gross capital budget, but not the net to increase Project Account No. CE180001 – Fleet Vehicle Replacement Project, to purchase a snow blower at their April 17, 2019 meeting.

Further information can be found in the attached staff report dated April 5, 2019.

DISCUSSION

The Audit and Finance Standing Committee considered the April 5, 2019 staff report and forwarded the recommendation to Halifax Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached staff report dated April 5, 2019.

RISK CONSIDERATION

No risks were identified in the attached staff report dated April 5, 2019.

COMMUNITY ENGAGEMENT

The Audit and Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit & Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

The Audit and Standing Committee did not discuss alternative recommendations. An alternative is outlined in the attached April 5, 2019 staff report.

ATTACHMENTS

Staff report dated April 5, 2019

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: Krista Vining, Legislative Assistant, Office of the Municipal Clerk, 902.490.6520



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

Item No. 12.4.1
Audit & Finance Standing Committee
April 17, 2019

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Brad Anguish, Director, Transportation and Public Works

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: April 5, 2019

SUBJECT: Budget Increase – Project Account No. CE180001 – Purchase Snow Blower

ORIGIN

RFQ number 18D137 titled Rental of Loader Mounted Snow Blower issued August 2018 was for the three-month rental of one (1) Loader Mounted Snow Blower with a cost of \$26,025. The RFQ provided a buy out option, valued at \$83,000, at the end of the rental period.

LEGISLATIVE AUTHORITY

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

Halifax Charter, section 93(l) – The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(l) – 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; Halifax Charter, section 120(6) – The Municipality may maintain other reserve funds for such purposes as the Council may determine and the Halifax Regional Municipality Administrative Order 2014-15 Respecting Reserve Funding Strategies (5), The Audit and Finance Standing Committee shall review and recommend to the council for its consideration all impacts to the Reserve, (6) The Chief Administrative Officer may recommend to the Council that Reserve funds be expensed.

Reserve Business Case, Q421, General Contingency Reserve.

RECOMMENDATION

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

Recommendation continued on page 2

1. Approve a budget increase to the 2019/20 proposed gross capital budget, but not the net to increase Project Account No. CE180001 – Fleet Vehicle Replacement Project, in the amount of \$86,558; and
2. Approve an unbudgeted reserve withdrawal of \$86,558 from Q421, General Contingency Reserve to fund this increase to the project as outlined in the Financial Implications Section of this report.

BACKGROUND

Halifax Regional Municipality currently owns one (1) large loader mounted snow blower which is used for efficiently removing snow from streets for widening, when required. For the last three (3) years, operations have rented a 2nd snow blower for a three (3) month period each winter to provide capability of removing snow in both the West and East regions. The rental cost for these three (3) years equalling nine (9) months of total rental was \$79,800.

DISCUSSION

With increasing demands requiring snow removals as a result of new infrastructure and initiatives such as, but not limited to: transit lanes, protected bicycle lanes, business improvement districts, parking spaces etc., the winter operations team will be requiring additional snow removal equipment to enable them to provide a minimum level of service. Under the current rental contract, there is an opportunity to exercise a buy out purchase price of \$83,000 (plus net HST) for the 2018 rental unit which will secure a large and nearly new snow blower unit for the East region. The purchase price of a new snow blower will be approximately \$130,000; therefore, this acquisition represents a unique opportunity to achieve good value for money while reducing risk to HRM's winter operations.

FINANCIAL IMPLICATIONS

The cost of the snow blower is \$83,000 plus net HST of \$3,558, for a total cost of \$86,558. The annual maintenance cost is estimated to be \$6,300 and can be accommodated within the existing operating budget of R970. Budget availability confirmed by Finance.

Budget Summary:

<u>General Contingency Reserve, Q421</u>	
Projected net available balance April 1, 2019	\$ 23,724,000
Projected revenue in 2019/20, proposed budget	\$ 151,400
Proposed withdrawals for 2019/20, proposed budget and approved withdrawals in 19/20	\$(19,559,300)
Less: withdrawal per recommendation	<u>\$(86,558)</u>
Projected net available balance, March 31, 2020	\$ 4,229,542

Project Account No. CE180001 – Fleet Vehicle Replacement Project

Unspent Budget	\$1,414,217
Plus: Funding from General Contingency Reserve, Q421	\$86,558
Less: Purchase of Snow blower	<u>(\$86,558)</u>

Risk Reserve – General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and or capital expenditures. This would be an unbudgeted withdrawal from the reserve, but will not affect the proposed 19/20 reserve budgeted withdrawals.

Balance \$1,414,217

RISK CONSIDERATION

If the funding to support the purchase of this piece of equipment is not approved, then staff will continue renting for three (3) months each winter season for a cost of approximately \$27,000.00 per season. This is a unique piece of rental equipment and therefore there is no guarantee that the market will have a rental unit available for HRM when required. This equipment is critical to the safe functioning of HRM's transportation system after significant snow accumulation.

COMMUNITY ENGAGEMENT

There was no community engagement undertaken for this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the recommendations of this report.

ALTERNATIVES

The Audit and Finance Standing Committee could recommend not proceeding with the subject purchase. This alternative is not recommended based upon the rationale provided within this report.

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: Trevor Harvie, Superintendent of Winter Operations, 902.219.3314

Original Signed

Financial Approval by: Jane Fraser, Director of Finance, Asset Management and ICT/CFO, 902.490.4630
