HALIFAX

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Item No. 3
Budget Committee
December 10, 2019
January 7, 2020

TO: Chair and Members of Budget Committee
(Standing Committee of the Whole on Budget)

SUBMITTED BY: Original Signed by

Jacques Dubé, Chief Administrative Officer

DATE: December 5, 2019

SUBJECT: 2020/21 Capital Budget Supplemental Report

SUPPLEMENTARY REPORT

INFORMATION REPORT

ORIGIN

November 26, 2019 Budget Committee, staff were directed to prepare supplemental reports on a number of capital projects that currently were not contained on the recommended capital projects list covering the fiscal years 2020/21 through to 2022/23.

LEGISLATIVE AUTHORITY

Pursuant to the Halifax Charter, section 35(1), the Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

BACKGROUND

On November 26, 2019, staff started the HRM capital budget process with Budget Committee. Staff presented the recommended 2020/21 to 2022/23 capital projects for funding as well as the supplemental sheets outlining the various project details.

As is often the case the capital investment requests exceeded the available funding. When asset managers presented their evaluated project requests to senior management in October, the consolidated three-year portfolio exceeded estimated funding by $313.2M. This necessitated some capital projects not being recommended for funding in the three-year capital plan.

DISCUSSION

The projects that were recommended for funding have been evaluated using a risk framework and were also evaluated against: state of readiness criteria, scheduling criteria and impact to transportation networks and service delivery. Projects that were not included in the original three-year capital plan were those that were either deemed to be high to medium risk, as opposed to very high or high, projects that had not been started yet or those that could be pushed out without significant service disruption.

Budget Committee asked that staff come back with supplemental reports for the following projects:

- continuation the Downtown Dartmouth Infrastructure project, including real estate acquisition and design of the project in 2020/21;
- funding impact of requesting detailed design work on Regatta Point Sea Wall;
- report on the Lucasville greenway project with respect to funding options for 2021/22 and following years;
- impact of allocating $250,000 for a recreation facility in the Musquodoboit Valley, and splash pads in accordance with the Aquatic Strategy, for potential consideration in the 2020/21 budget;
- a supplementary staff report regarding the prioritization of street recapitalization funding for sidewalks on Old Beaverbank Road between Sackville Drive and Glendale Drive and along Stokil Drive between the end of the current existing sidewalk and École du Grand-Portage in the 2020/21 budget;
- consideration for the construction of 275-foot connector road between Sandy Lane and the O'Connell subdivision;
- funding options to complete renovations of Keshen Goodman Library in 2020/21;
- funding options to complete the Moving Forward Together plan for Dartmouth Cole-Harbour within the three-year capital budget;
- funding options to advance the Musquodoboit Harbour sidewalk project to next the stage;
- funding options and recommendations to fast-track progress on the completion of streets listed as awaiting traffic calming measures as well as sidewalk construction. (It was agreed by Budget Committee that this report could be presented in March 2020); and
- funding options for the paving of Oakridge Drive.

Staff is suggesting that the projects which the Budget Committee would like to proceed with be added to the over/under list that is developed as part of the operating budget deliberations. By combining the capital projects with operating initiatives, the Budget Committee will have an understanding of the full impact on the average tax bill of both capital and operating.

FINANCIAL IMPLICATIONS

The total amount of funding required to fund all projects contained in the attached supplemental reports is $4.9M in 2020/21 plus additional funding of $12.1M in future years for $17M in total. These projects could be funded in one of two ways:

- If all projects were to be funded by Capital from Operating, including these projects would increase the average residential tax bill in 2020/21 by $16.90 and an additional $42 in future years for a total $58.90 impact.
- Alternatively, if all projects were funded through additional debt, there would be an increase to principal and interest payments of $20.0M over the life of the projects with an eventual increase of $69 on the average tax bill. <u>It should be noted that projects would not be debentured until the work is complete, with the increase in debt charges not starting before 2021/22.</u>

Once fully operational the full year impact of the operating cost of capital is estimated to be $6M.

RISK CONSIDERATION

Risk is now formally evaluated for each capital project annually, as part of the capital prioritization framework. The addition of new projects may result in projects not being completed in the construction season due to human resource capacity issues.

COMMUNITY ENGAGEMENT

Halifax Regional Council meetings are open to public attendance, and a live webcast is provided of the meeting. The agenda, reports, minutes, and meeting video are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications directly associated with the recommendation of this report. A more strategic capital plan should allow for greater consideration of environmental resiliency in municipal infrastructure.

ALTERNATIVES

N/A

ATTACHMENTS

Attachment 1 – Supplemental Capital Briefing Notes
Attachment 2 – Debt and Reserve Briefing Note
Attachment 3 – SAP Briefing Note

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.

Original Signed

Report Prepared by: Jane Fraser, CFO/Director Finance, Asset Management & ICT 902.490.4630

Capital Budget Adjustment List Briefing

Downtown Dartmouth Infrastructure Renewal

COW Date Added: November 26, 2019 **Business Unit:** P&D

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	$2,000,000	$6.92
Adjustment Description	Increase in Capital Budget for Property Acquisition in 2020		
Priority Alignment	Social Development and Transportation		
Funding Options	Increase the tax rate – $6.92 increase to the average tax bill Increase debt (only for new projects and those with a minimum 20-year life) debt servicing cost over 10 years = $2,349,800 Reduce funding for other Roads and AT projects. Not recommended for the reasons outlined below.		

Service Implications and/or impact on Priority

The Regional Plan includes objectives for the Regional Centre that include capital and operating expenditure programs that enhance development within the Regional Centre, with emphasis of resources on Downtown Halifax and Dartmouth, and take advantage of opportunities to strategically leverage other public and private sector investments; and which create financial and regulatory incentives to stimulate desired growth. The Centre Plan subsequently included Dartmouth Cove as one of ten Growth nodes to develop as complete communities with supportive transit services, pedestrian oriented streets, a mix of uses, services, and a blend of high-rise buildings, tall mid-rise buildings, mid-rise buildings, and low-rise buildings largely consistent with the land use and built form regulations of the Land Use By-law.

The project will enhance Dartmouth Cove and the surrounding area, by creating a walkable, cycle-friendly area that is well connected to downtown Dartmouth. The objective of this project is to complete and integrate the Prince Albert Road, Portland Street, Alderney Drive (PAPA) intersection, Canal Greenway Park Plans, AT connections, Dartmouth Cove Development, and Sullivan's Pond Storm Sewer Phase II projects.

The first phase of the project is to construct the Dundas Street extension to Maitland Street. This will provide access through Dartmouth Cove and will allow development to progress around the new road network. This includes property acquisition, street construction, and a new bridge over Sawmill Creek. The cost of this phase is estimated to be $2,000,000 for property acquisitions and $2,000,000 for construction costs, totalling $4,000,000.

There is potential to recoup up to $2,000,000 in project costs from developers including Development NS, through a Local Improvement Charge. To do this, a by-law must be adopted prior to authorizing development agreements in the Dartmouth Cove Plan Area. For this reason, the project is a leveraged and strategic investment that is contemplated by both the Regional Plan as well as the Centre Plan, and one which will reduce both future servicing costs as well as environmental impacts.

The proposed capital budget adjustment will allow property acquisition to occur in 2020/21. This will allow construction of the Dundas Street Bridge in 2021/22. The next phase of the project would include upgrades to the PAPA intersection and Alderney Drive, including daylighting, sidewalks and a multi-use path. This work would need to align with Phase 2 of the Sawmill Creek Storm Sewer Replacement by Halifax Water in 2022/23 or beyond.

The budget adjustment may be funded through deferral of other roads and AT projects. This is not recommended because of the resulting negative impacts of deferring recapitalization and other IMP related priority projects.

Property acquisition can be carried out with existing resources, but construction of the Dundas Street Bridge and connection to Canal Street will likely require additional staff resources in 2021.

Briefing Approved by:	Original Signed Kelly Denty, Director, Planning and Development, 902.490.4800
Briefing and Financial Approval by:	Original Signed Jane Fraser, Director of Finance & Asset Management & ICT / CFO, 902.490.4630

Capital Budget Adjustment List Briefing

Design Work – Regatta Point Seawall

COW Date Added: November 26, 2019 **Business Unit:** Parks & Recreation

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	CP180002 - Regional Water Access/Beach Upgrades	80,000	$0.28

Adjustment Description	This program includes design work associated with the Regatta Point shoreline improvements.
Priority Alignment	Healthy, Livable Communities
Funding Options	Increase the tax rate – $0.28 increase to average tax bill Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = $94,000 Reduce funding for X project – CP1800001, Park Recapitalization – reduce funding for consulting (materials testing, geotechnical, surveying and archeological). This is not recommended as it could delay completion of necessary site analysis needed to complete designs for any number of state of good repair park recapitalizations included in this account.

Service Implications and/or impact on Priority

The Northwest Arm Seawall and pathway runs along three park systems including Sir Sandford Fleming Park, Horseshoe Island and Regatta Point; and totals approximately two kilometers. In 2010 Coldwater Consulting Ltd., completed a shoreline restoration study and technical report. This comprehensive report has provided staff with data and recommendations for the design details and priorities for a phased restoration strategy. In 2017 CBCL Limited completed a pre-design for the Regatta Point shoreline improvements.

Regatta Point is located on the shoreline of the Northwest Arm Drive and is approximately one kilometer long and extends from the Purcells Cove Road to the end of Armshore Drive. The existing shoreline consists of various stone protection configurations, mainly armour stone revetment, masonry work and cobble stone. Sections of the shore protection and walkway along the shoreline are in a state of disrepair due to wave overtopping and washout of native material.

This program includes detailed design, estimating and permitting associated with the Regatta Point shoreline improvements. This is required to allocate future capital funding for the rehabilitation of the seawall/walkway.

Risks of not undertaking this work are increased maintenance costs and reduced level of service.

Briefing Approved by: Original Signed

Denise Schofield, Director, Parks & Recreation, 902.490.4933

Briefing and Financial Approval by: Original Signed

Jane Fraser, Director of Finance & Asset Management & ICT / CFO, 902.490.4630

Capital Budget Adjustment List Briefing

Construction of the Lucasville Greenway

COW Date Added: November 26, 2019 **Business Unit:** TPW

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	N/A	N/A

Adjustment Description	Council approved a motion that the Budget Committee request a supplementary staff report on the Lucasville Greenway project, with respect to funding options for 2021/22 and following years. (District 14).
Priority Alignment	Transportation – A Well Maintained Transportation Network
Funding Options	1. Increase the tax rate – Not Available 2. Increase debt (only for new projects and those with a minimum 20-year life) debt servicing cost over 10 years = Not Available 3. Reduce funding from other Roads and AT accounts – Not recommended for 2021/22 (see below for explanation)

Service Implications and/or impact on Priority

The Lucasville Greenway is a proposed 7km multi-use pathway for walking, bicycling and other active modes that would be in the Lucasville Road right-of-way between Hammonds Plains Road and Old Sackville Road. Some property acquisition may also be required. A functional plan (30% design) has been completed on the corridor to help understand feasibility and cost of such a facility. At this time, the cost is expected to be approximately $8,000,000 (Class D) for the entire corridor. The functional plan divided the corridor into four segments (given the cost and length of time to construct), and “segment 3” from the community centre to Old Sackville Road is currently contemplated in the tentative 5-year transportation capital program (2024/25 - subject to change).

The project responds to strong community interest in providing a safer place for residents to walk and bicycle on this higher speed rural road. It is part of the municipal Active Transportation Priorities Plan as a “bikeway desired, facility-type to be determined” and as part of the “Regional AT Greenway Network Vision”. Community-led planning helped to establish the preferred facility-type as a separate paved multi-use pathway. Further planning, led by HRM, has helped to develop cost estimates and preferred options for which side of the road the facility should be built.

There is presently additional functional planning on a 2.5km segment of the corridor from the Wallace Lucas Community Centre to Old Sackville Road. This has been identified as a priority segment by the community and is one with several constructability challenges due to steep slopes. The estimated cost for this priority segment is roughly $4.2 million (Class D), however, this may be refined as part of this further planning work.

The overall project is not sufficiently advanced in the design phases to consider construction in 2021/22. Assuming there was adequate budget to fund the Lucasville Greenway and issues such as land acquisition did not result in delays, a more feasible construction start date would be 2022/23.

One consideration with the proposed greenway is how it rates relative to other potential AT investments from the perspective of helping residents access services, shopping, transit and other destinations. As a more rural facility, with only a few destinations within a typical walking or bicycle trip, the Lucasville Greenway rates lower than other potential AT capital projects in its ability to reduce single occupant vehicle use. With limited HRM capital funding available, projects that offer the most potential for use and for improving access, rank higher.

The proposed Active Transportation (AT) Capital Budget includes the AT - Strategic Projects Account and the Regional Center AAA Bikeways Account. The following tables provide a funding overview of the proposed 10 year AT Capital Budget.

Table 1 - Active Transportation - Strategic Projects Account

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
$3.69M	$3.3M	$4.75M	$4.6M	$10.1M	$10M	$10M	$12M	$12M	$12M

Table 2 - Regional Center AAA Bikeways Account

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
$3.85M	$2.85M	$10.3M	$5.33M	$1.5M	0	0	0	0	0

The Regional Center AAA Bikeways Account is cost shared with the three levels of government (HRM share is 17%), and applies to proposed AAA bikeway projects located within the regional center only. Therefore, funding for the Lucasville Greenway project would be through the AT - Strategic Projects Account. This account currently includes the new sidewalk program (for which there is a significant backlog), AT related studies/designs, support for AT trails built by community associations, AT amenities, and other multi-use pathways/bikeways that have been identified as a priority through the Integrated Mobility Plan (IMP). If the Lucasville Greenway project was shovel-ready for the 2022/23 construction season and phased over several years, funding could be available from the AT - Strategic Projects account. However, based on the funding levels identified in Table 1 above and without external funding, most programs within this account would have to be delayed for a minimum period of 3-4 years in order to cover the costs for the Lucasville project.

Constructing and maintaining AT facilities in rural communities have been identified in the IMP as a challenge due to cost, more disbursed residences and destinations, and the distinction in financing mechanisms between rural and urban parts of the municipality (for new sidewalks only). HRM staff has recently initiated this project to help develop an approach for rural active transportation facilities to respond to the IMP Action 82:

> *Establish a rural pedestrian program, including: A financing mechanism which recognizes that rural pedestrian safety is affected by regional traffic, criteria to prioritize development of pedestrian infrastructure in village centres, hamlets or other rural areas of concentrated pedestrian activity and opportunities for cost sharing with other orders of government.*

Further analysis of funding options for projects such as the Lucasville Greenway will be considered as part of the development of an approach for AT in rural communities as noted above. This is expected to be finalized in late 2020.

Briefing Approved by: Original Signed
Brad Anguish, Director of Transportation & Public Works, 902-490-4855

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

Capital Budget Adjustment List Briefing

Recreation Facility in Musquodoboit Valley/Splash Pads

COW Date Added: November 26, 2019 **Business Unit:** Parks and Recreation

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	CP 180001 – Park Recapitalization	$250,000	$0.87
	Parks1 - Splash Pads	$500,000	$1.73

Adjustment Description	Motion approved that the Budget Committee request a supplementary staff report regarding the allocation of $250,000 for a recreation facility in the Musquodoboit Valley, and splash pads in accordance with the Aquatic Strategy, for potential consideration in the 2020/21 budget.
Priority Alignment	Healthy Livable Communities
Funding Options	Increase the tax rate – $0.87 & $1.73 increase to the average tax bill Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = $293,700 & $587,500 Reduce funding for Musquodoboit Valley project – CP180005, Playing Fields and Courts – New. Reduce funding for the project to install new lights at Tremont Plateau Playing Field. This is not recommended as the funding would be reallocated to a project that would not likely be able to be constructed in 2020/21 but would delay the completion of the new lights for an additional year, as there would be insufficient funding to finish the work. This would also reduce revenue that could be realized by the municipality due to demand for additional playing field time that the new lights would enable. Reduce funding for Splash Pad project – CP180005, Playing Fields and Courts – New. Reduce remaining funding for the project to install new lights at Tremont Plateau Playing Field and carry forward funding for Macdonald Sports Park Playing Field. This is not recommended as it would completion of the new lights for an additional year and would reduce revenue that could be realized by the municipality due to demand for additional playing field time that the new lights would enable.

Service Implications and/or impact on Priority

The initial request during capital budget deliberations was for funding to install a new playground in the Musquodoboit Valley area to replace one previously installed by HRM, but that is currently not able to be accessed as it has been determined to be located on privately owned land. The local councillor and staff have reviewed the area and determined that there is no municipally owned land in the area that is suitable for a replacement playground.

At the Dec 3 Council session, Councillor Streatch will be asking for a staff report to purchase the required land for a splashpad/playground in Middle Musquodoboit. Until land is identified, there is no opportunity to develop the requested park with a playground/splash pad. Based on the timing of the potential acquisition of land and necessary tender preparation prior to construction, it is not likely feasible that a new playground/splash pad would be able to be built in fiscal 2020/21.

As part of the request for the replacement playground, the councillor also indicated an interest in including a small splash pad as part of the project.

On May 14, 2019, Council approved the municipality's Long Term Aquatic Strategy. It considers the overall provision of aquatics from beaches to indoor/outdoor pools and splashpads and places an immediate emphasis on filling gaps where there is a lack of access. With regards to splash pads, the Strategy envisions them in filling service gaps largely in urban environments where there is centralized water service and insufficient access to other facilities such as lakes. On this basis, the Strategy identifies immediate needs that should be addressed in:

- Beechville-Lakeside-Timberlea;
- Dartmouth; and
- Eastern Passage.

HRM has received a proposal from a community group for a regional splash pad in Dartmouth. Staff are currently working on a report to respond to that request.

The Strategy also outlines that upon completion of the regional splash pad locations, HRM consider potential options for local, neighbourhood splash pads. Council has also requested a report for a potential water access either through a municipal beach or splash pad in District 4, which would fall into this category. The splash pad proposed as part of the Musquodoboit Valley project would also be considered a neighbourhood asset.

Funding for splash pads was considered a growth project and as a result there was insufficient capacity in the balanced 3 year capital budget to accommodate the project. Should funding be added to the capital budget to fund splash pads, it should be allocated to respect the prioritization that Regional Council approved in the Long Term Aquatic Strategy.

Briefing Approved by: Original Signed

Denise Schofield, Director, Parks & Recreation, 902.490.4933

Briefing and Financial Approval by: Original Signed

Jane Fraser, Director of Finance & Asset Management & ICT / CFO, 902.490.4630

Capital Budget Adjustment List Briefing

New Sidewalk Requests – Old Beaverbank Road and Stokil Drive, District 15

COW Date Added: November 26, 2019 **Business Unit: TPW**

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	N/A	N/A

Adjustment Description	Council approved a motion that the Budget Committee request a supplementary staff report regarding the prioritization of street recapitalization funding for sidewalks on Old Beaverbank Road between Sackville Drive and Glendale Drive and along Stokil Drive between the end of the current existing sidewalk and École du Grand-Portage in the 20/21 budget.
Priority Alignment	Transportation – A Well Maintained Transportation Network
Funding Options	Increase the tax rate – Not available Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = Not available Reduce funding from other Roads and Active Transportation accounts – Not recommended for 2020/21 (see below for explanation)

Old Beaverbank Road and Stokil Drive are located in District 15, Lower Sackville. HRM staff utilizes a rating system to assist in prioritizing new sidewalk requests. Currently there are over 400 new sidewalk requests, and based on budget allocation, roughly 6-10 locations are constructed each year. New sidewalks are considered for inclusion in the capital budget program if they are rated very high, are rated relatively high and can be integrated with other asset upgrades such as paving, or if a gap exists between existing sidewalks and it is feasible to make the connection.

With respect to Old Beaverbank Road and Stokil Drive both streets have been previously assessed for new sidewalks, and rate mid range. There are approximately 250 new sidewalk requests currently rated higher. As well there are constructability issues with both locations. Stokil Drive is a minor collector, and the section as noted above is 8.0 meters wide. Many of the residential properties have short driveways, and the addition of a new sidewalk (either side) would effectively reduce or eliminate driveway parking. Reducing the street width may be an option as a means to accommodate the new sidewalk without impacting on some driveways; however, this option would require further analysis as street parking may be affected and sufficient width would be required to facilitate safe vehicular travel (including buses). The standard width for an urban minor collector road is 9.0 meters.

Stokil Drive is currently on the tentative 5 year paving program (currently year 3). It is recommended that a preliminary design be completed prior to consideration of the paving upgrade to ascertain the impact of a reduced street width (in order to install a new sidewalk) and to better understand the costs. It is noted that this area has a number of off street walkways that provide important connections to destinations such as schools, and offer an essential alternative to new sidewalks where constructability is problematic. Some walkways have been recently upgraded, and there is a plan to continue with walkway renewals in future budgets. Not all walkways receive year round maintenance which limits usage during winter months.

The Old Beaverbank Road is also a minor collector with an average width of 6.1 meters. It too has a number of constructability challenges when considering the installation of a new sidewalk. Slopes, ditches, a bridge, and other existing features add to the complexity of the installation of a new sidewalk. As with Stokil Drive a preliminary design may be contemplated in advance of the next paving upgrade to determine feasibility and costs. Old Beaverbank Road is listed on the tentative 5 year paving program (currently year 4). It is noted that the nearby Sackville Greenway links Glendale Drive with Sackville Drive. While the alignment of the Sackville Greenway does not provide direct connection for many of the properties on Old Beaverbank

Road there are a number of points from Old Beaverbank Road that connect to the Greenway and offer an alternative to travel between Glendale Drive and Sackville Drive.

Briefing Approved by: Original Signed

Brad Anguish, Director of Transportation & Public Works, 902-490-4855

Briefing and Financial Approval by: Original Signed

Jane Fraser, Director of Finance & Asset Management & ICT / CFO, 902.490.4630

Capital Budget Adjustment List Briefing

Connector Road – Sandy Lane to O'Connell Subdivision

COW Date Added: November 26, 2019 **Business Unit: TPW**

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	N/A	$0

Adjustment Description	Council approved a motion that the Budget Committee request a supplementary staff report regarding funding for consideration for the construction of 275-foot connector road between Sandy Lane and the O'Connell subdivision
Priority Alignment	Transportation – A Well Maintained Transportation Network
Funding Options	Increase the tax rate – Not available Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = Not available Reduce funding from other Roads and Active Transportation accounts – Not recommended for 2020/21 (see below for explanation)

Service Implications and/or impact on Priority

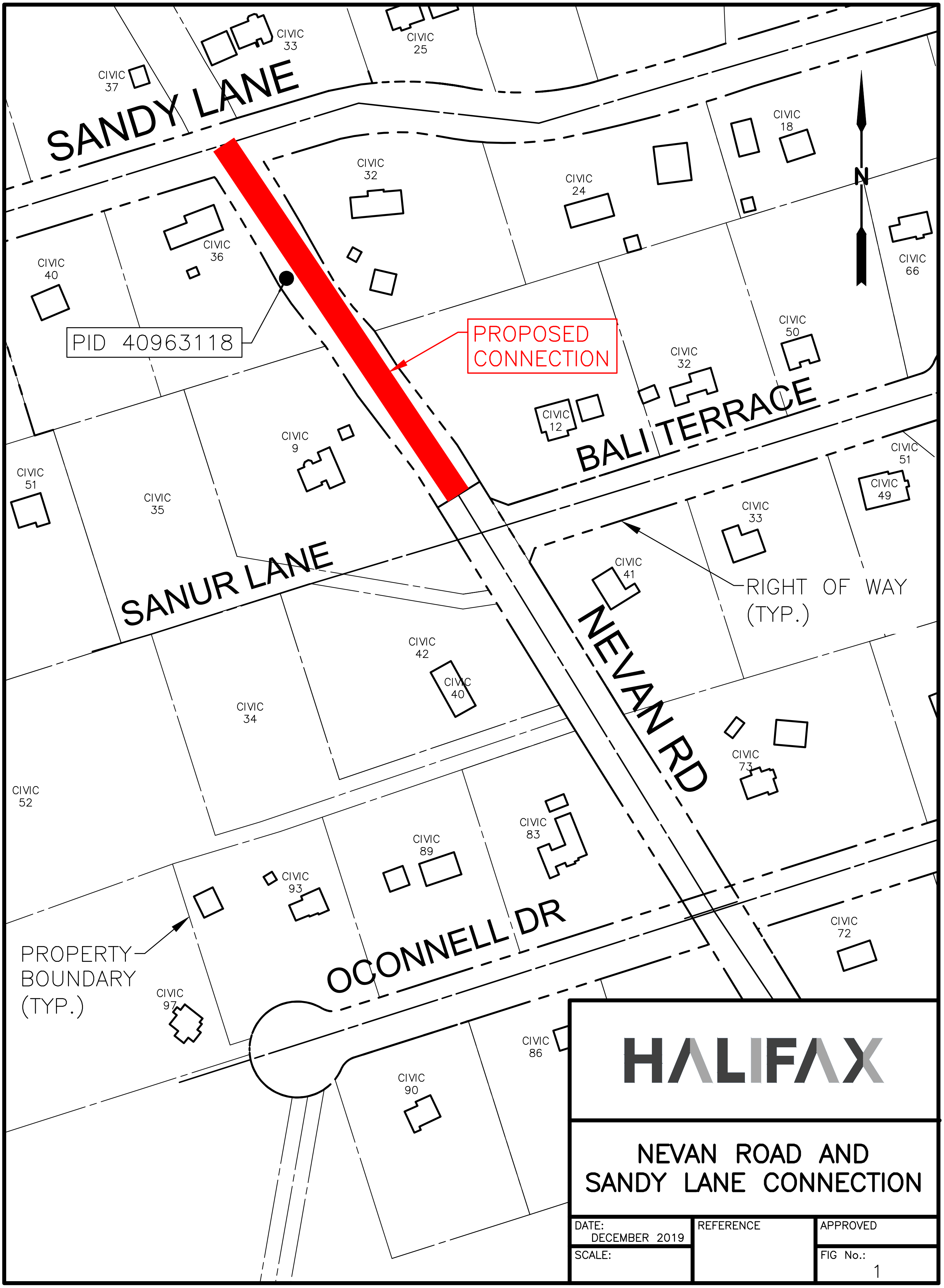
Sandy Lane and Nevan Road are located in the Porters Lake area (refer to Figure 1). Sandy Lane is a cul-de-sac and connects directly to Highway No. 7. Nevan Road dead-ends just past the intersection of Bali Terrace/Sanur Lane (which are culs-de-sac) heading north and connects back to O'Connell Drive heading south. O'Connell Drive connects to Highway No. 7. Both Nevan Road and Sandy Lane are local streets that, although are geographically in proximity to one another, do not connect as part of the current road network. The distance separating each road is approximately 110 meters, and there appears to be a road reserve (PID 40963118) that extends from the end of Nevan Road to Sandy Lane.

In order to properly assess the feasibility to connect Nevan Road with Sandy Lane the following is required:

- Various HRM departments must be consulted to ascertain possible benefits and concerns with the proposed connector road;
- Surveying and a preliminary engineering design are required to confirm land ownership, boundary confirmation, engineering design requirements, costs (capital and future operating), land acquisition, etc.. For the purpose of this report staff has estimated that the cost to construct the connector road would be $375,000 (Class D). This estimate is exclusive of any surveying and engineering design, and does not take into account possible land acquisition, the provision for rock, cut/fill requirements, etc. Staff also based the estimate on a typical rural local road cross section (pursuant to Redbook standards) that includes a 20 meter right-of-way, a 6.4 meter wide asphalt travel way, 2.0 meter gravel shoulders, and open ditches for drainage. As well it is assumed the road would not require underground services.
- The road reserve appears to impact on 4 residential properties. It is recommended that a public meeting be held with those property owners as a minimum upon completion of the preliminary design to discuss the details of the proposed connection.
- Once the assessment has been completed staff can return to council for an update and recommendation. This assessment will require some time to complete, and it is anticipated staff will present a report to Council based on preliminary findings in the Winter/Spring 2021.
- If Regional Council was to ultimately approve this connection, the project would be reviewed and prioritized through future capital budget procedures. Currently there is no funding source for this type of project work. Funding may be considered from the street recapitalization account; however, this account is typically utilized to address the upgrade of existing paved streets. Presently the street recapitalization account is underfunded to maintain the current pavement condition index.

Briefing Approved by: Original Signed
Brad Anguish, Director of Transportation & Public Works, 902-490-4855

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



HALIFAX

NEVAN ROAD AND SANDY LANE CONNECTION

DATE: DECEMBER 2019	REFERENCE	APPROVED
SCALE:		FIG No.: 1

Capital Budget Adjustment List Briefing

Moving Forward Together Plan Years 2 & 3

COW Date Added: November 26, 2019 **Business Unit:** Halifax Transit

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
		No Impact in 2020/21 increased funding would be for 2021/22 and 2022/23	No Impact in 2020/21 increased funding would be for 2021/22 and 2022/23

Adjustment Description	Providing funding for the completion of the Moving Forward Together Plan (MFTP) within the proposed three-year capital plan. This would require an additional $11,770,000 in years 2 and 3 of the current plan.
Priority Alignment	Transportation – Interconnected and Strategic Growth
Funding Options	Increase the tax rate – No impact to the 2020/21 tax rate, tax impact to be calculated in following year Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = No impact to debt in 2020/21
Operating Cost of Capital	Estimated at approximately $1.5M for Year 1, and between $4.5M - $6M for the remainder of the implementation.

Service Implications and/or impact on Priority

In 2016, Halifax Regional Council approved the *Moving Forward Together Plan* (MFTP). This plan included a redesigned transit network with changes to nearly every route in the Halifax Transit network. The plan aims to better align the transit network with the needs of Halifax residents now and into the future.

Service changes described in the MFTP are being implemented over several years. The 2019/20 fiscal year saw service changes to 19 routes on November 25, 2019, primarily in Sackville, Bedford, Dartmouth, and Halifax Mainland South. Approximately 50% of the MFTP has now been implemented.

Ridership increases associated with the implementation of the MFTP have exceeded expectations. Service changes in November 2017, including the introduction of the new Route 9, have resulted in over a 50% increase in ridership for the impacted routes. This has helped to drive overall network wide ridership increases, resulting in a 4.8% ridership increase in 2018/19. To date in 2019/20, the service has seen an additional 8.3% increase in ridership.

The majority of the 38 outstanding MFTP Routes planned for implementation, or approximately 27, are primarily located in Dartmouth, Cole Harbour, Westphal and Eastern Passage (Districts 2, 3, 4, 5 and 6). An additional 11 MFTP Routes pending implementation are located in Spryfield, and Peninsular and Mainland Halifax, and Bedford (Districts: 7, 8, 9 and 11).

The current proposed capital budget does include funding for the MFTP in Year 1, in the amount of $3,470,000, which will allow for the purchase of five new conventional buses, and changes to approximately 5-7 existing routes. Year 2 and Year 3 currently do not include any funding for MFTP implementation. It is estimated that $11,770,000, representing 17 buses, is required to complete the implementation of the plan. This can be further broken down into $6,830,000 (10 buses) in Year 2, and $4,940,000 (7 buses) in Year 3.

One impact of not completing the implementation of the MFTP is that it results in an inconsistent approach in the transit network. As a whole, this makes the network more challenging to understand and navigate by passengers and creates barriers to transit usage. Further, it results in inequalities between those communities that have benefitted from new services, and those that have not received any additional services/changes to service in many years. Another significant effect is the lost opportunity for increased transit use, impacting the ability of the municipality to achieve the goals of the Integrated Mobility Plan (IMP) and as well as the ability to reduce greenhouse gas reductions.

In addition to capital funding, there is an operating cost associated with the MFTP. This cost varies, but is estimated at approximately $1.5M for Year 1, and between $4.5M - $6M for the remainder of the implementation.

Original Signed

Briefing Approved by: ____

Dave Reage, MCIP, LPP, Director, Halifax Transit, 902.490.5138

Briefing and Financial Approval by: Original Signed

Jane Fraser, Director of Finance & Asset Management & ICT / CFO, 902.490.4630

Capital Budget Adjustment List Briefing

Musquodoboit Harbour sidewalk

COW Date Added: November 26, 2019 **Business Unit:** TPW

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	N/A	N/A
Adjustment Description	Council approved a motion that the Budget Committee request a supplementary staff report funding options to advance the Musquodoboit Harbour sidewalk to the next stage.		
Priority Alignment	Transportation – A Well Maintained Transportation Network		
Funding Options	Increase the tax rate – Not available Increase debt (only for new projects and those with a minimum 20 year life) debt servicing cost over 10 years = Not available Reduce funding from other Roads and AT accounts – Not recommended for 2020/21 (see below for explanation)		

<u>Service Implications and/or impact on Priority</u>

Planning and Development staff is preparing a recommendation report on the 2017 Musquodoboit Harbour Community Development Plan (CDP), which they will present to Council in the new year. The CDP provides conceptual designs of the village core area, describes what services and amenities the community envisions, and will provide staff recommendations regarding what amenities could be supported by the Municipality in light of envisioned densities and the desired community character.

Sidewalks are one of the most desired requests under the CDP and are sought to provide safer active transportation connections between businesses and amenities within the village core. Other requests of the CDP include increased land uses, trail improvements, central services and new public facilities. Staff recommend that Council provide direction on all requests within the CDP inclusive of the sidewalks at such time when they consider the upcoming staff report. This would ensure decisions are be made in light of all available information and in as comprehensive a manner as possible.

The proposed sidewalk in Musquodoboit Harbour is outside of the Urban Service Area. As such, under current policy, a Local Improvement Charge (100%) would be the main mechanism to fund construction. Building and maintaining such facilities in rural communities has been identified in the Integrated Mobility Plan (IMP) as a challenge due to cost, more disbursed residences and destinations, and the distinction in financing mechanisms between rural and urban parts of the municipality. HRM is just beginning a project to help develop an approach for rural active transportation facilities to respond to the IMP Action 82:

> *Establish a rural pedestrian program, including: A financing mechanism which recognizes that rural pedestrian safety is affected by regional traffic. Criteria to prioritize development of pedestrian infrastructure in village centres, hamlets or other rural areas of concentrated pedestrian activity. Opportunities for cost sharing with other orders of government.*

Further planning of this sidewalk infrastructure in Musquodoboit Harbour should be delayed until after the above-mentioned staff report has been presented to Council. It would also be beneficial to wait until the development of a comprehensive approach for AT in rural communities is complete and direction is sought from Regional Council. This is expected to be finalized in late 2020.

Briefing Approved by: Original Signed
Brad Anguish, Director of Transportation & Public Works, 902-490-4855

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

Capital Budget Adjustment List Briefing

Paving of Oakridge Drive

COW Date Added: November 26, 2019 **Business Unit:** TPW

Tracking Id	Capital	2020/21 Amount (negative is savings/revenue)	20/21 Avg Bill Impact (negative is reduction)
	Capital	$36,400	$0.13

Adjustment Description	Council approved a motion that the Budget Committee request a supplementary staff report regarding funding options for the paving of Oakridge Drive (District 16).
Priority Alignment	Transportation – A Well Maintained Transportation Network
Funding Options	Increase the tax rate – $0.13 increase to the average tax bill Increase debt (only for new projects and those with a minimum 20-year life) debt servicing cost over 10 years = $42,800 Reduce funding from other Roads & Active Transportation Capital Projects – Not recommended (see below for explanation)

Service Implications and/or Impact on Priority

Oakridge Drive (Lincoln Drive to Madison Drive) in Bedford is an HRM owned gravel road that is 130 meters in length. The estimated total cost to pave Oakridge Drive is $54,600 (Class D). In accordance with the current procedure for paving of HRM Owned Gravel Roads, 66 2/3% of the total construction cost is paid by HRM, and 33 1/3% of the total construction cost is covered by the property owners through a local improvement charge (payable over a 10-year period). The estimated HRM cost (66 2/3%) is $36,400.

It is noted that the council approved rating system to prioritize HRM owned gravel roads for paving includes criteria such as geographical proximity with other gravel roads, maintenance levels, and road classification. Based on these criteria, there are several other gravel roads that rank higher within the rating system, and therefore should be considered prior to the paving of Oakridge Drive. In order to complete Oakridge Drive along with the higher rated gravel roads a budget of approximately $2.3M is required.

All Roads & Active Transportation Capital Projects were prioritized based on prioritization ratings including; risk, impact to service, strategic alignment and capacity to deliver. Based on this rating system, the New Paving Streets – HRM Roads (re: gravel road paving) rated lower in comparison to other Roads & Active Transportation Projects, and therefore was eliminated for consideration based on budget levels allocated for the Roads & Active Transportation program.

Briefing Approved by: Original Signed
Brad Anguish, Director of Transportation & Public Works, 902-490-4855

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

BRIEFING NOTE Attachment 2

HRM Debt and Reserves

Date: December 3, 2019
Prepared by: Bruce Fisher, Manager Financial Policy & Planning

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Debt:

Like most organization HRM uses debt to finance the purchase and construction of assets. Debt in itself is a financial tool that has both strengths and weaknesses. Low debt may mean that assets are deteriorating or that the organization is missing out on opportunities. High debt can create financial uncertainty and risk. Because debt has to be repaid it is useful to have debt guidelines to ensure that debt levels are appropriate, and that financial discipline is maintained.

One key measure of debt is the level of principle and interest as a percent of the operating budget. This demonstrates the ability of the organization to repay its debt. Municipal Affairs suggests that this be held below 15%. HRM's current ratio for all debt is 4.9%.

A second manner in which to view debt is to look at the current total debt level. HRM closely watches its debt. Since shortly after amalgamation its debt levels have steadily declined from a high of $347.5M to its current projected level of $235.7M (this includes the recommended increase of $22.0 M), a one-third decline. This decline occurred even though the population grew substantially, and new assets where financed using debt.

Debt should only be used to fund assets that are long term in nature and are typically the result of growth. Examples of this are: recreation facilities, new highway construction, transit terminals and garages, ferries etc. Debt should not be used to finance asset renewal projects or projects with a relatively short life span, such as light fleet vehicles, software or street repaving.

When considering taking on more debt the following should be considered:

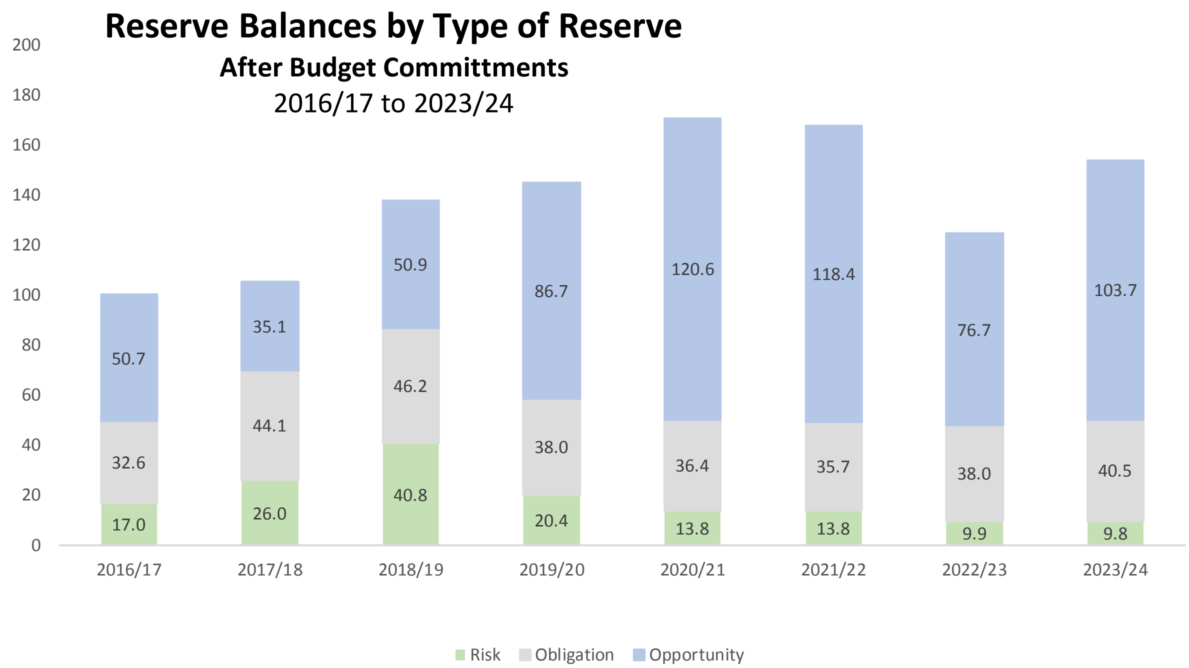
- Whether HRM will lose opportunities (funding opportunities, partnership opportunities and etc.)
- Trend in interest rates and long term cost of capital.
- Trend in construction costs and economic trends.
- Are current tax payers paying for assets through capital from operating that will last for a number of years, such as a recreation facility with a 40 year life. If this is the case future tax payers are not paying their fair share for assets – intergenerational debt.

Reserves:

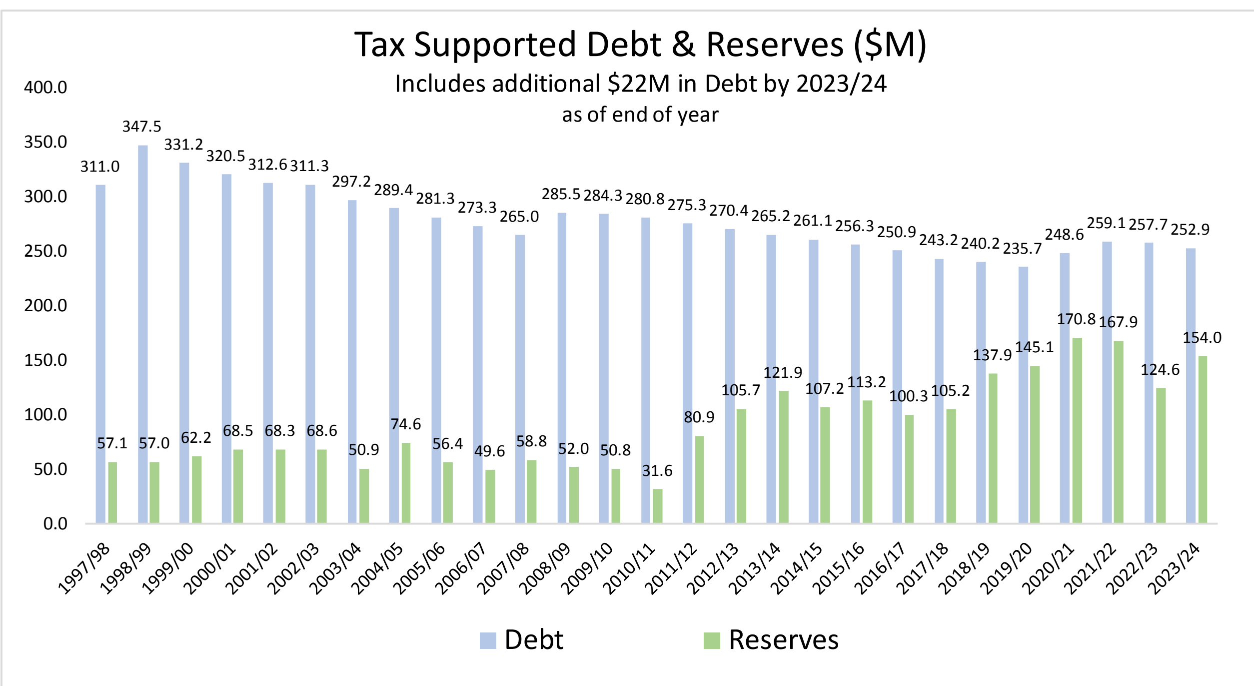
There are no widely accepted measures as to the appropriate level of reserve funds that should be held by a municipality. Rather much of this depends on the particular conditions of a municipality and what its future spending plans and vision are. A correct balance between two much and two little must be met. If reserves balances are too high, it may mean that citizens are being taxed without an apparent purpose. If they are too low the organization may be exposed to excessive risk or it may find that future endeavors are unfunded, causing service or other disruptions.
HRM has spent considerable time trying to define its approach to reserves and has identified three key purposes:

- **Risk** - Reserve funds can be used to offset future risk whether it be economic or financial. This includes the Insurance Reserve and Operating Stabilization.
- **Obligation** – As a tool for saving for future expenses that are expected to happen. Examples are the Landfill Closure Reserve and the Municipal Elections Reserve.

- **Opportunity** – To provide funding for proposals of a strategic nature such as matching Federal/Provincial cost sharing, strategic capital projects. Typically, these are larger projects that HRM might otherwise not be able to participate on because it did not have available financial capacity.



As HRM continues to define its risk tolerate through enterprise risk and further develops its long-term capital planning, reserve definitions and plans will become clearer. Current reserve balances for 2020/21 and future years are projections and will be adjusted as budget decisions are finalized and as staff develop a a new Capital Funding Strategy.



BRIEFING NOTE Attachment 3

HR and Finance Business Transformation Program

Date: December 3, 2019
Prepared by: Sarah Teal, Chief Information Officer

ORIGIN

Request by Councillor Cleary to gain better understanding for the expenses related to the HR and Finance Transformation program.

BACKGROUND

The administrative functions of Human Resources, Finance and Procurement are frequently seen as expenses that reduce funding for improving service delivery. Frequently, financial resources are focussed on transforming the external facing business and solutions rather than on back office or administrative systems. Often you need to connect the administrative services to the external facing systems in order to complete the business transformation. Thus, the administrative services have indirect impacts on service delivery such as:

- ensuring the organization had skill resources through hiring and training,
- the ability to calculate, collect and account for such revenue as property taxes, parking, permits and licensing, and recreation,
- the ability for the organization to work with business units and the vendor community to procure the necessary goods and services required to operate service delivery for citizens.

therefore, these services require as much planning and funding support to drive HRM's vision to

"…enhance our quality of life by fostering the growth of healthy and vibrant communities, a strong and diverse economy, and sustainable environment."

Past Implementations

Over the last 20 years there have been two large projects to advance core administrative services for HR and Finance within HRM post amalgamation in 1996.

The first project for Finance and was primarily intended to address problems with legacy systems inherited at the time of amalgamation, including not being Y2K compliant, and was launched in 1998 shortly after amalgamation and completed in 1999. While this project had over $9 million in funding, it was shortly after amalgamation and did not have the required change management, business best practice and process redesign, nor did it maintain SAP standard or vanilla configuration to allow the solution to easily grow to future demands and reporting requirements.

The second project from 2001 to 2003 was intended to address the payroll and HR needs of the organization. Given the municipality had previously trained staff and spent a substantial amount on the finance implementation there was significantly less funding ($747,000 in capital funds) and resources to implement the payroll and HR solution. The solution was substantially customized, lacked best business practice due to a lack of focus on one way to do business post amalgamation. This project consisted of two phases: phase 1 was to replace the old payroll solution and phase 2 which has yet to be implemented was intended to cover the HR aspects for Compensation, Performance Management, Training & Events, Recruitment, Employee & Manager Self-Service, Personnel Cost Planning, Career & Succession Planning
.

Hindsight shows both projects required a stronger organizational focus for implementing best business practices. It has been over 20 years since the original projects kicked off and minimal improvements for both business process and technology advancement have occurred since implementation. In reviewing the current situation and past projects it is apparent to succeed at business transformation significant planning, decision making, and change management, are required through strong governance and supported by technology advancement to implement standardized business process across all business units, and support staff vendors and citizens through the change. The lessons learned for how to succeed at business transformation has been strongly considered with the development of the HR and Finance Business Transformation Program.

Impacts of the Program

The program will impact every employee at some level and will have a multitude of changes and impacts such as:

- Direct impacts to the daily work processed for all staff within HR, and Finance including payroll and procurement.
- All employees within HRM will be impacted by the end of the program as the delivery of service for HR and Finance will be different.
- The program will impact the business process within, and across the organization for HR and Finance through the development of online tools for self-service and workflow management.
- The program is charged with developing processes that follow best practices and maintain standard solutions.
- The solution will be built to meet required legislation and collective agreements.
- The program will allow easier adherence e.g. fewer manual processes to collective agreements for example improved abilities for time reporting and payroll.
- The program will improve the business process for interacting with vendors and citizens through procurement, recruitment, taxes and integrations with other solutions such as Recreation, Permitting and Licensing, and Parking.

To ensure there is operational capacity post go live the program is comprised of both internal and external staffing with a strong focus on best business practice and challenging staff and leaders to question how things can be done more efficiently. The program stresses the importance of achieving business transformation first and working with standard solution design to optimize administrative services and their connections with service delivery to citizens.

Reports and Reviews Supporting the HR and Finance Transformation Program

The urgency to establish and fund the program is best understood through the extensive reviews that have been done over the last ten years.

Several Auditor General reports recommending changes to both business and system processes for Human Resources, Payroll, Procurement and Finance have been completed:

- 2019 Payroll Management Audit
- 2019 Property Tax Management Audit
- 2018 Procurement review
- 2016 Performance Review of Flexible Work Arrangement Programs at HRM
- 2014 Performance Review of the Administration of Training Expenditures
- 2013 HRM Payroll System – A Performance (Process) Review
- 2011 District Activity and District Capital Funds Compliance Review
- 2011 Compliance Review Recreation Area Rates
- 2011 Review of Benefits Budgeting and Overtime Drivers in HRM

Staff have conducted reviews of the existing life expectancy of the existing solutions and the associated contracts and have determined that:

- The current revenue solution is unsupported and cannot be upgraded.
- The current finance and procurement solutions are highly integrated with the revenue solutions and have an expected decommissioning date from the vendor of 2025 and support contracts through the Province of Nova Scotia the expires 2023 with renewal options to YYYY.
- The current recruitment solution expires October 2020 and the core HR solution also has a decommissioning date of 2025.
- Both Finance and HR are highly integrated with the payroll solution which is not expected to be decommissioned until at least 2030.
- Given the 2025 date for both HR and Finance there will be a large draw for experienced resources in an already competitive environment for business transformation, change management and technical expertise.

The requirement to establish the program is supported by the state of the existing solutions, the various reviews completed and the growing demands of the organization for:

- performance excellence,
- evidence based decision making,
- digital user-friendly services,
- tight solution-to-solution integrations, and
- security to meet the growing concerns for cyber threats to the confidentiality, integrity, and accessibility of HRM's systems and data.

Demands for Improvement as One of Canada's top 20 Largest Municipalities

There is also a growing demand from citizens for digital services comparative to those within the private sector. This coupled with a job market that is becoming more competitive, as Boomers approach retirement and millennials and Gen Z expect organizations to have technology and agility they have grown up utilizing, further pushes the envelope to replace a 20 years old solution. These organizational and citizen expectations are further heightened as HRM is in the top 20 of Canada's largest municipalities and is also the largest urban centre within Atlantic Canada which further pushes the need to have firmly established administrative services to provide seamless integration and support with service delivery to citizens.

As one of the top 20 largest municipalities in Canada HRM's 2019 budget was comprised of:

- Compensation 50% of municipal expenditures
- Revenue of ~$956 Million
- HRM Procures ~ $351,000,000 annually
- Municipal expenditure of ~$794 Million
- Mandatory Provincial Costs $162 Million

The expense of the overall HR and Finance Business Transformation Program compared to the above annual budget consideration are noted below. Note: The full project is 18-24 months and the above percentages have been calculated using the annual cost. The cost of the program over a 2-year period is less than the above percentages.

- HR Projects is 2.78% of compensation (cost of the HR program/compensation)
- Finance Project is 1.67% of Revenue
- Procurement project is 2.01% of the amount procured
- Overall program is 4.31% of all annual municipal expenditures
- Overall program is 3.58% of the total municipal budget.

In conclusion, the importance for establishing the HR and Finance Business Transformation Program is supported through the compounding data and reviews from:

- auditor General reports,
- opportunity assessment,
- existing solution review of platforms, contracts and service support,
- growing demands as a top 20 largest municipality in Canada
- citizens demand for improved business services
- business units experiencing the burden of inefficient business processes, antiquated technology and insufficient data for improved evidence based decision making, and
- HRM's drive toward performance excellence