

2021/22- 2024/25 CAPITAL PLAN

Committee of the Whole on Budget

February 24, 2021

Overview

- Capital Budget vs. Plan
- Long-Term Planning Goals
- Annual Capital Process
- 2021/22 Capital Budget & 2021/22 – 2024/25 Plan



What is a Capital Budget vs. Plan?

Capital Plan = Multi-year listing of capital projects.

- In HRM's case it is a 10 year view
- Projects are scheduled based on state of readiness

Years 1-3 **Ready**

Years 4-6 **Planning**

Years 7-10 **Conceptual**

Capital Budget = are the projects that will be carried out in the fiscal year.

It is the capital budget that gets approved annually as part of the budget process.



Capital Funding Sources

Four Main Categories to Fund Infrastructure Work:

- Capital from Operating (Pay as you go)
- Reserves
- Debt
- External Cost Sharing

CAPITAL PLAN GOAL

A more predictable, strategic and sustainable approach to infrastructure investment and service delivery.

- We are not sized to do everything we want to do.
(staff and \$\$)
- Operations should be predictable, reliable, and sustainable.
- All proposed projects have merit, creating the difficult challenge to prioritize within our capacity for optimal long-term outcomes.

Long-Term Plan Considerations

- Are we spending too much, or too little, on HRM's infrastructure?
- Are we investing the right amount in new infrastructure versus maintaining old infrastructure?
- Are we choosing projects to address today's issue only, or prioritizing for the best solution long-term?
- Do we understand what citizens are willing to pay, or not willing to pay for?
- Do we have the right information required to make these decisions?
- What is the impact of this year's decisions on the next generation?

Enterprise Asset Management (EAM)

Halifax Regional Council direction (2019 thought 2021):

1. Asset Investment Framework

Asset Renewal (70-80%) vs. Service Growth (20-30%)

2. Capital Project Evaluation Framework

Prioritization Criteria (*Strategic Alignment, Impact to Service, Risk, Capacity to Deliver*)

3. Fiscal Sustainability Strategy

Strategic Initiatives Funding Plan

Next areas of best practice to incorporate:

- Asset Management Policy
- Asset Lifecycle Plans
- State of Infrastructure Report



Capital Planning: Assess Phase

Preliminary assessments for changes in:

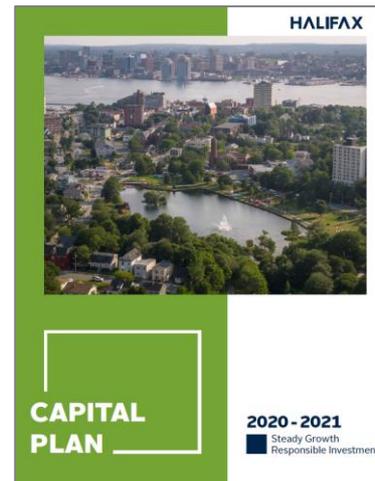
- Regional Council Direction
 - *Key Directives & Strategic Plan*
- Meeting with Service Managers
 - *Changes to Service Plans & Standards*
- Current HRM Asset Inventory
 - *Performance & Condition*



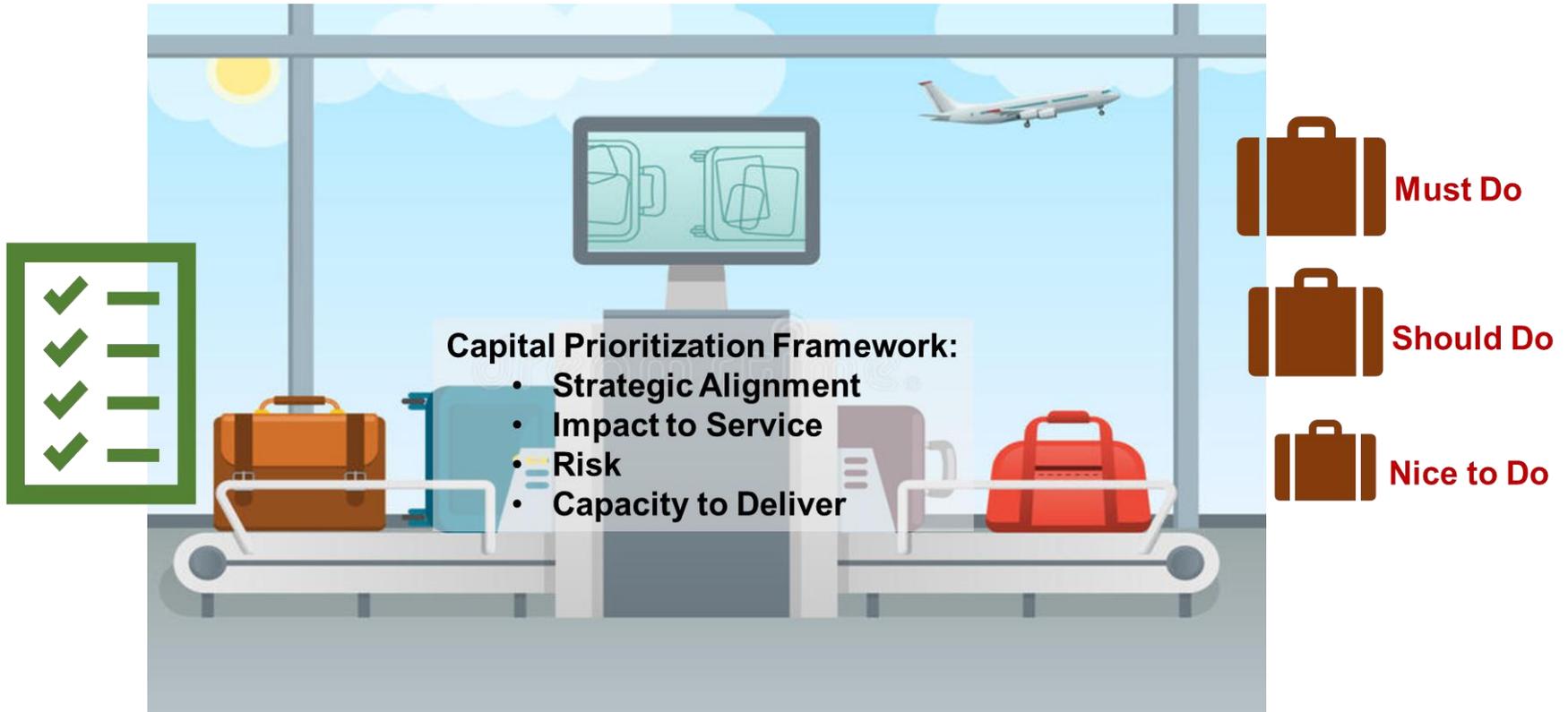
Capital Planning: Capacity Review

Capacity is assessed from multiple resources:

- Industry factors
- Stakeholder Coordination
- Scheduling Conflict/ Saturation
- Resources
- Available Funding
- Other Projects In-Progress



Capital Planning: Evaluation



Evaluation Process is a Screening Tool

Capital Planning: Prioritization

Priority Rating \neq Timing

Don't let urgent replace important!

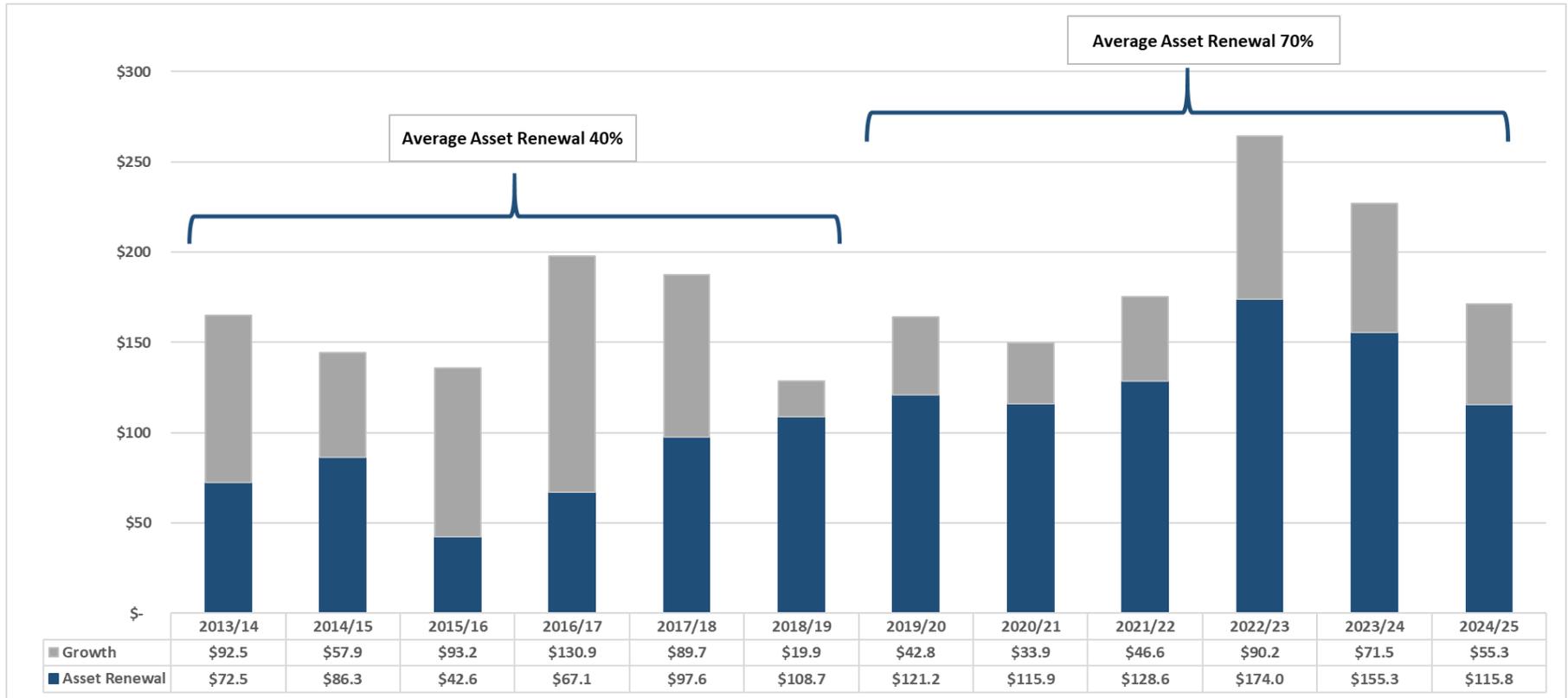


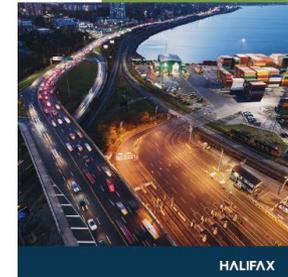
Discussion to Assess Timing & Maximize Efficiencies:

- Are there synergies with other Business Units?
- Do we need to sequence certain projects?
- Are there cost sharing opportunities?
- Are there partnership opportunities?
- How can we manage service disruption to users?
- Can we coordinate with other stakeholders?



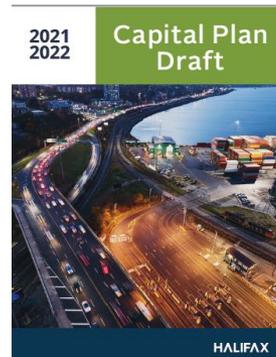
Commitment to Reliable Service





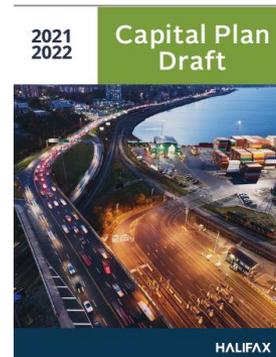
2021/22 Proposed Capital Budget

Asset Category	2021/22 (As per 2020/21 Plan)	2021/22 (As per 2021/22 Plan)	Variance
Buildings/Facilities	\$ 50,825	\$ 34,811	\$ (16,014)
Business Systems	18,865	19,637	772
District Capital Funds	1,504	1,504	-
Outdoor Recreation	15,525	10,010	(5,515)
Roads, Active Transportation & Bridges	85,050	60,934	(24,116)
Traffic & Streetlights	2,172	2,712	540
Vehicles, Vessels & Equipment	40,173	42,550	2,377
Other Assets	3,310	3,040	(270)
Total Capital Plan	\$ 217,424	\$ 175,198	\$ (42,226)



2021/22 to 2024/25 Proposed Capital Projects

Asset Category	2021/22	2022/23	2023/24	2024/25	4-Yr Total	
Buildings/Facilities	\$ 34,811	\$ 67,170	\$ 42,150	\$ 41,655	\$ 185,786	22%
Business Systems	19,637	7,899	8,410	6,659	42,605	5%
District Capital Funds	1,504	1,504	1,504	1,504	6,016	1%
Outdoor Recreation	10,010	9,100	7,450	10,050	36,610	4%
Roads, Active Transportation & Bridges	60,934	93,180	107,000	87,490	348,604	42%
Traffic & Streetlights	2,712	3,764	3,206	3,768	13,450	2%
Vehicles, Vessels & Equipment	42,550	78,509	53,551	15,632	190,242	23%
Other Assets	3,040	3,130	3,580	4,380	14,130	2%
Total Capital Plan	\$ 175,198	\$ 264,256	\$ 226,851	\$ 171,138	\$ 837,443	



2021/22 4-Year Proposed Capital Funding

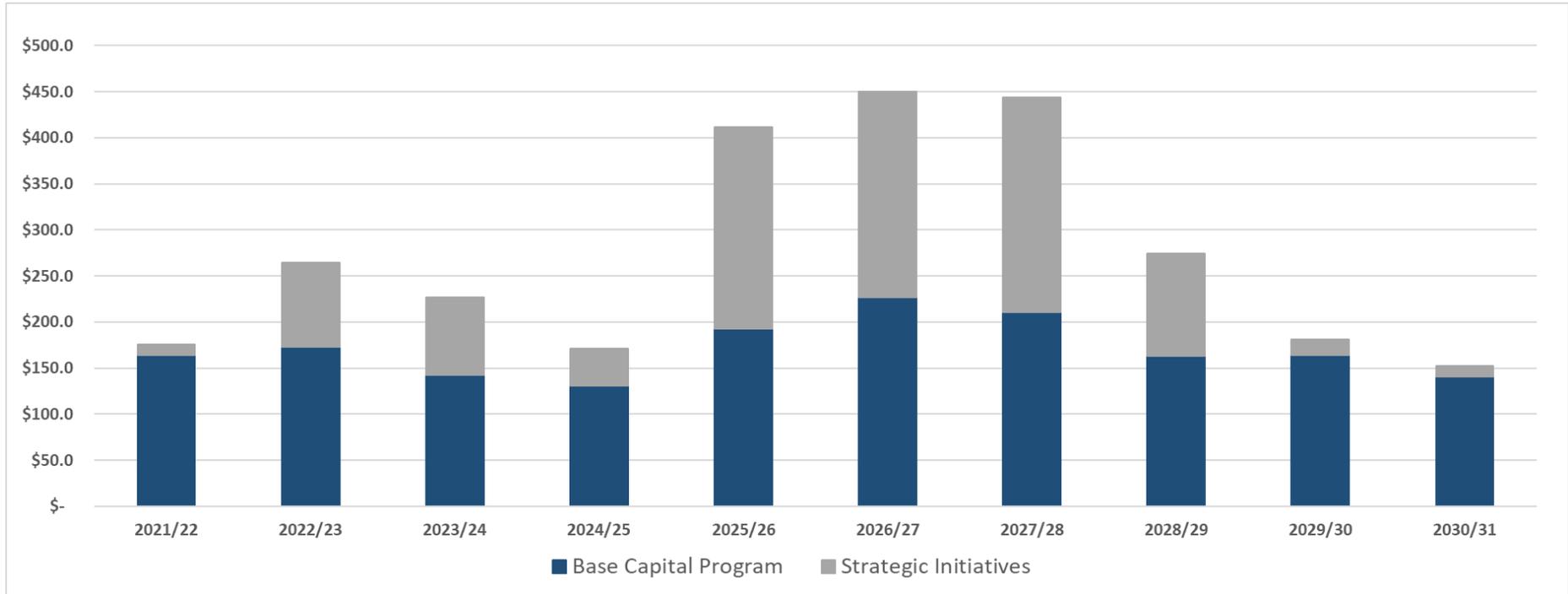
Source of Funds	2021/22	2022/23	2023/24	2024/25	4-Yr Total	
Capital from Operating	\$ 49,861	\$ 52,556	\$ 55,603	\$ 58,928	\$ 216,949	26%
Strategic Initiatives Debt	8,326	46,102	54,270	37,639	146,337	17%
Debt	45,087	36,385	32,521	30,082	144,074	17%
Other Government Programs	6,259	65,575	39,430	10,938	122,202	15%
Federal Gas Tax Program	26,265	26,265	26,500	26,500	105,530	13%
Reserves	34,811	32,096	15,342	6,058	88,307	11%
Other Cost Sharing	4,590	5,278	3,185	993	14,045	2%
Total Capital Funding	\$ 175,198	\$ 264,256	\$ 226,851	\$ 171,138	\$ 837,443	

Strategic Initiatives Funding

Project Name	2021/22	2022/23	2023/24	2024/25	4-Yr Total
Active Transportation - Strategic Projects	\$ 3,300	\$ 3,300	\$ 3,000	\$ 6,500	\$ 16,100
Cogswell Interchange Redevelopment	-	16,030	36,285	18,275	70,590
Electric Bus Procurement	900	55,218	40,687	-	96,805
HalifACT 2050 - Climate Action Plan	2,000	2,000	3,000	4,000	11,000
Halifax Forum Redevelopment	-	-	1,000	7,000	8,000
Mill Cove Ferry Service	2,900	3,500	-	3,200	9,600
Police Headquarters	-	-	-	1,000	1,000
Ragged Lake Transit Centre Expansion	2,000	8,000	-	-	10,000
Windsor Street Exchange	-	3,400	-	-	3,400
Total Strategic Initiatives	\$ 11,100	\$ 91,448	\$ 83,972	\$ 39,975	\$ 226,495
Per Cent of Total Capital Plan	6.3%	34.6%	37.0%	23.4%	27.0%



10-Year Capital Plan Base Program + Strategic Initiatives



Average Actual Expenditures 2018/19 – 2020/21 \$150M/yr.

Four-year Capital Plan Average 2021/22 – 2024/25 \$209M/yr.

Years Six Through Ten Average 2025/26 – 2030/31 \$319M/yr.

Approvals to Enable Project Work

1. Capital Reserve Withdrawals

Halifax Charter requires Regional Council to approve all withdrawals from Reserve accounts.

2. Capital Multi-Year Projects

Transparency to Regional Council on select projects which capital budget approval in the first year signals the intention to commit all years of the project's annual budget requests, due to the nature of the infrastructure activity.



Changes to Policy for Budget Approval

1. Legislative Requirement

s. 79 The Council shall adopt an operating and capital budget for each fiscal year.

s. 93 (1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.

2. Procurement Policy Amendments

s. 12 (3)(a) A Department shall not submit a Requisition unless:

(a) the funds for the estimated purchase amount are clearly identified in a Council approved budget; or

(b) the CAO has authorized the Requisition in advance of a Council approved budget.

Changes to Policy for Budget Approval

2. Procurement Policy Amendments - continued

26. (1) *The following pre-requisites shall apply to the approval of any contract award:*

(aa) the proposed expenditure shall be:

(i) budgeted and funded, or

(ii) budgeted but not yet funded, providing the expenditure is capital expenditure and the Chief Financial Officer is satisfied that the funding will become available;

3. Administrative Order 2018-004-ADM

9. (1) *The following pre-requisites apply to an approval of a Property Transaction under this Administrative Order:*

(aa) the acquisition shall be:

(i) budgeted and funded, or

(ii) budgeted but not yet funded, providing the Chief Financial Officer is satisfied that the funding will become available;

Recommendation



It is recommended that the Budget Committee recommend Halifax Regional Council to:

1. Approve the capital budget for 2021/22, and approve in-principle the 2022/23, 2023/24 and 2024/25 capital outlooks as per Attachments 2 and 3, subject to approval of external funding program applications;
2. Approve the schedule of 2021/22 capital reserves withdrawals as per Attachment 4;
3. Approve the schedule of 2021/22 multi-year capital projects as per Attachment 5;
4. Adopt the amendments to Administrative Order 2020-004-ADM, the Procurement Policy, and Administrative Order 2018-004-ADM, the Transaction Policy, as set out in Attachments 6, 7 and 8 to this report.

