

Re: Item No. 5

HALIFAX

Budget Adjustment List (BAL) Process

Presented to Committee of the Whole on
Budget April 21, 2021

BAL Process

- Committee has the option to:
 - fund the full amount on the BAL
 - partial amount
 - or reject it
- Items must be decided by Committee Motion
- Items can be voted by Committee as a block or group
- Staff track approved items to give live update on tax impact
- Approved items are added to the Business Unit budget

Options to Fund BAL

The general principle for funding BAL items has been to fund one-time items with one-time revenues, ongoing items are funded with recurring revenues

- Review revenue assumptions for 2021/22 and beyond
- 2020/21 Surplus
- Reserves
- Tax rate increases
- Targeted funding – ie: increasing grants or low income programs to offset impacts of tax increase

Brief Overview of BAL Items

- CAO – Anti Black Racism Project Funding, this is the net cost of establishing the program - **\$72.5K ongoing**
- CAO – Council newsletter funding, double the funding to allow for 4 newsletters per year, per district - **\$56K ongoing**
- AG – contract expert to assist with conducting IT audits, OAG does not have in house expertise - **\$71K one-time**
- FAMICT – double the non profit tax rebate for affordable housing from 25% rebate to 50% - **\$446K ongoing**
- HRPD – funding for a term position to assist with the analysis and policy work for Body Worn Cameras - **\$85K one-time**
- HRPD –Journey to Change Training, training program to reduce anti black racism and to raise awareness within the police force - **\$60K 5 years**

Brief Overview of BAL Items

- HRPD – court disposition clerk to assist with the back log of dispositions, this is a five year term - \$85.8K 5 years
- Library –funding to expand the food program within branches and to also cover the increasing costs of food - \$50K on going
- Library – increase the purchase of electronic material (books, video, audio) - \$100K ongoing
- Transit – 4 briefing note requests
- proposed changes to Route 55 – no impact given
- reinstate service on Evert St, Irving St, and Franklyn St – no impact given
- consultation approach and impact of adding an additional bus on route 415 – no impact given
- expand service in District 12 around the Sheldrake Lake MetroX park and ride – no impact given
- TPW – increase the capital budget allocation for street calming - \$1.0M capital one time

Brief Overview of BAL Items

- TPW – impact of completing 75% of the urban forest master plan (UFMP) in three years - **\$1.315M capital**.
- TPW – carry out land title searches for non-accepted streets - **\$400K one time**
- TPW – impact of moving to bi-weekly green cart pick up. **Saving \$850K ongoing**
- TPW – impact of moving to bi-weekly blue bag pick up. **Saving \$308.5K (half year) ongoing \$850K annually**.
- TPW – increase the mobile special waste events from 12 to 18 (an increase of 50%) - **\$115K ongoing**
- TPW – enhance the transit stop clearing standard from cleared within 48hrs of the storm ending to 24hrs - **\$2M ongoing**

Brief Overview of BAL Items

- Parks & Rec – Discover Halifax Destination marketing program, COVID recovery - **\$250K ongoing**
- Parks & Rec - COVID Recovery Event Program in the Regional Centre - **\$600K one-time**
- Parks & Rec - COVID Event Grant Program additional support for event organizers throughout HRM - **\$150K one-time**
- Parks & Rec – MDF 2021/22 subsidy related to COVID- **\$1,757,350 one-time**
- Parks & Rec - Public Art piece Queens Marque - **\$125K one-time**
- Parks & Rec - Multi Service Youth Centre “the Den” Acadia School - **\$85K ongoing**

Brief Overview of BAL Items

- Planning & Dev – report on E.coli microbial analysis First Lake - \$150K one-time
- Planning & Dev – Heritage Conservation District grant funding increase - \$250K ongoing
- Planning & Dev – 10 FTE’s totaling \$805.3K ongoing
 - 3 - Planner I (permit application support) - \$241.8K ongoing
 - 3 - Assistant Building Officials - \$227.4K ongoing
 - 3 - Compliance Officer I - \$227.4K ongoing
 - 1 – Sr. Program Engineer - \$108.7K ongoing
- Fiscal Service – Resourcing Plan in-year staffing, - \$2.25M ongoing
- Fiscal Services – Increase Deed Transfer Tax revenue - \$13.5M ongoing

BAL Items Summary

- Organized by one-time, ongoing or capital

	Number of items	Dollar value in 2021/22	Funding Source
One-time	6	\$2,938,450	Recommend using increased Deed Transfer Tax to fund all approved items
Ongoing Overs*	18	\$6,625,600	
Ongoing Savings	2	(\$1,158,500)	
Capital	3	\$2,715,000	
Totals	29	\$11,120,550	
* The four year impact of the ongoing overs is \$7.073M in 2024/25			

Rate Impact of BAL Items

Budget Adjustment List (Parking Lot) Items

	2021/22 Amount	2021/22 Rate Impact	2021/22 Avg Bill Impact	Year 2	Year 3	Year 4
Ongoing Expenditures	\$6,625,600	0.0091	\$ 22.88	\$6,771,000	\$6,920,000	\$7,073,000
Ongoing Savings	(1,158,500)	(0.0016)	\$ (4.00)	(1,700,000)	(1,700,000)	(1,700,000)
One-Time Expenditures	2,938,450	0.0040	\$ 10.15	0	0	0
Capital Items	2,715,000	0.0038	\$ 9.38	0	0	0
Total	\$11,120,550	0.0153	\$ 38.41	\$5,071,000	\$5,220,000	\$5,373,000
Deed Transfer Tax Funding	(13,500,000)					
Funds Remaining	(\$2,379,450)					

- As a general rule the average tax bill drops 0.5% for every \$2.8M in budget reductions
- Directing the \$2.4M in savings to tax reductions would result in an increase of 1.5% in the average residential tax rate and approximately a \$30 increase in the tax bill. Tax rate reductions put pressure on tax revenue in the out years.

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HALIFAX

**Fiscal Plan
Update**

Fiscal Plan as Presented January 2021

Original Four Year Fiscal Outlook

<i>\$ Millions</i>	2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25
	Expenditures	\$787.3	\$827.2	\$898.2	\$931.6
Revenues	(228.5)	(249.1)	(258.7)	(270.1)	(278.5)
Net Expenditures	558.7	578.1	639.5	661.5	678.2
Tax Levy	(558.8)	(578.1)	(583.5)	(600.0)	(619.2)
Gap	\$0.0	\$0.0	\$56.0	\$61.5	\$59.0

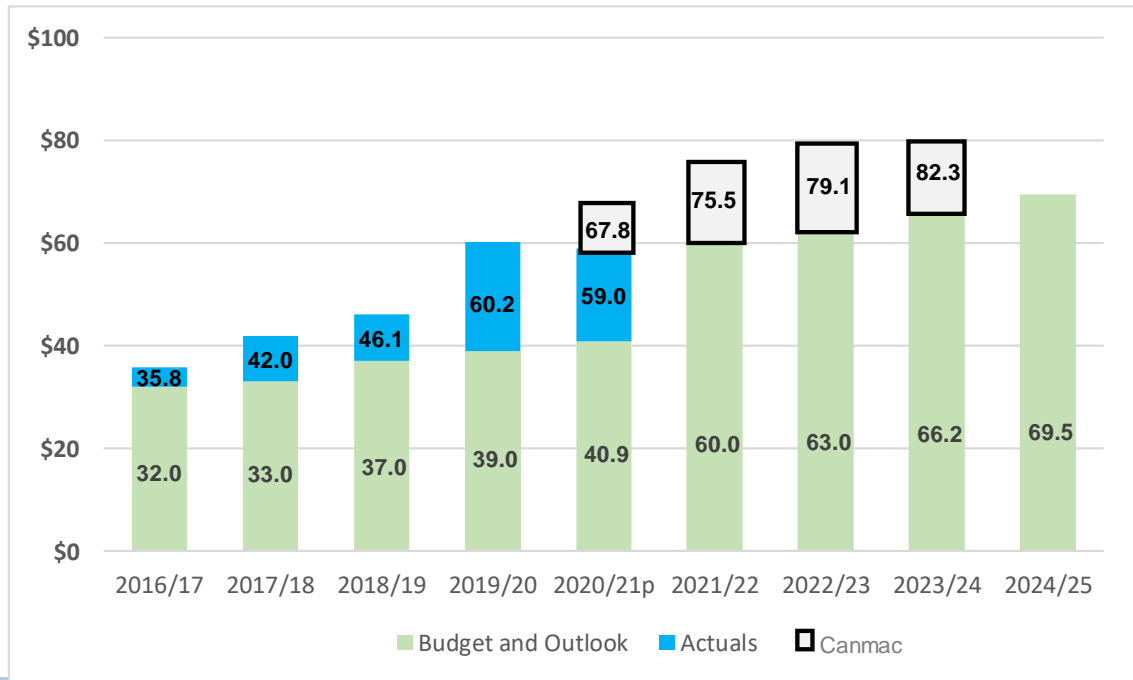
Note: Numbers may not add due to rounding.

Assumptions Original Fiscal Plan

- The Economy will start to improve in 2021/22,
 - GDP will return to pre-pandemic level in 2023/24
- COVID is estimated to directly affect finances for the next 18 months
 - Impact continues in 2021/22 and six months of 2022/23
 - Revenues recover slower than the economic activity suggests
- Budget balanced in 2021/22 partly due to federal assistance (\$31M)
- Gap in 2022/23, 2023/24 and 2024/25 will hit \$50m+
 - Assessment growth of \$2.1B (4.3%) is not enough to balance budget
 - Inflation at 1.6%
- Short-Term Loan for liquidity (\$20.8M) per year was included in debt servicing

History of Deed Transfer Tax

- This is the 5 year budget vs actual and then the projections by Canmac to 2023/24



Updated Fiscal Plan – April 2021

Changes to Four Year Fiscal Outlook

	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25
Starting Gap	0.0	56.0	61.5	59.0
Budget Adjustment List*	11.1	5.1	5.2	5.4
Short-Term Loan not required		-20.8	-20.8	-20.8
Deed Transfer Tax	-13.5	-14.5	-15.1	-15.8
<u>Expected New Costs/Savings:</u>				
Road Transfer from Province		5.0	5.2	5.4
Fuel Prices		1.0	1.0	1.0
Investment Revenues		-1.4	-1.4	-1.4
Insurance Costs		1.0	1.5	2.0
Sub-total	0.0	5.6	6.3	7.0
Ending Gap	(\$2.4)	\$31.4	\$37.1	\$34.8

* Assumes full funding of all BAL

Changes to Updated Fiscal Plan

- Deed Transfer Tax increased to \$60M in 2021/22 and growing by 5% there after
- Gas Tax funding increased by \$26M added to reserves for capital (this doesn't impact the fiscal plan)
- PNS Road Transfer \$5M services expenses, and \$1M increased funding for insurance premiums included in fiscal in 2022/23 and forward
- Short Term liquidity loan removed from fiscal plan
- Gap remains in the out years – although reduced

2020/21 General Rate Surplus

- At the end of P11 – February 2021 the general rate surplus is projected to be \$34M
- This is driven primarily from increased DTT and Federal Restart Funding
- Staff are recommending the surplus go to reserves:
 - \$10M Strategic Initiatives Reserve Q631
 - \$10M Operating reserves Q421
 - \$14M capital reserve Q526

Next Steps

- Approved BAL items are added to the capital and/or operating budget
- Residential and Commercial Tax Rates set
- Surplus funds are transferred to reserves, if approved
- Business plans and strategic plan revised if required – final Budget Book produced
- Budget is ratified at Regional Council May 4, 2021 – spending authority is in place