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**Item No. 12.2.3**  
**Audit & Finance Standing Committee**  
**November 17, 2021**

**TO:** Chair and Members of Audit & Finance Standing Committee

Original Signed

**SUBMITTED BY:**

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Kelly Denty, Executive Director of Planning & Development

Original Signed

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Jacques Dubé, Chief Administrative Officer

**DATE:** September 28, 2021

**SUBJECT:** Increase to Capital Account CV210001 – Municipal Fleet Expansion

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**ORIGIN**

This report originates from a need to increase the funding available to Capital account CV210001 – Municipal Fleet Expansion for purchase of vehicles for new Building Officials.

**LEGISLATIVE AUTHORITY**

The *Halifax Regional Municipality Charter*, S.N.S. 2008, c. 39 subsections 79A, and 120(4) provide:

79A(1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;

...

79A(4) The Municipality may authorize capital expenditures that are not provided for in its capital budget if the total of such expenditures does not exceed the greater of ... (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

120(4) A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for (a) capital expenditures for which the Municipality may borrow; ...

The **Audit and Finance Standing Committee Terms of Reference**, in Schedule 2 of Administrative Order 1, the Procedure of the Council Administrative Order, section 8 provides:

**RECOMMENDATIONS ON PAGE 2**

8. 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: ... (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

The *Financial Reserves Administrative Order* 2014-015-ADM, section 5 provides:

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

### **RECOMMENDATION**

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

1. approve an unbudgeted reserve withdrawal of \$300,000 from the General Contingency Reserve – Q421 and,
2. approve an increase of \$300,000 to capital project CV210001 – Municipal Fleet Expansion for the purchase of 6 new vehicles.

### **BACKGROUND**

Through the 21/22 budget approval process, Regional Council approved 5 new permanent Assistant Building Official positions (ABOs) to help support the pace of increased construction activity and compliance with minimum standards for residential occupancies. The new ABO positions are assigned to Building Standards in the Buildings and Compliance division. This role is also the entry level for the Building Official positions, so it is important to succession planning and supports the overall building permit process as well as the minimum standards program.

The new positions were approved after the work plan for the capital budget for Municipal Fleet Expansion was finalized and approved. To date, staff have managed to provide the necessary vehicles due to vacancies, vacation leaves and borrowed units from Fleet surplus. With the end of summer vacation season and as vacancies are filled, there is a need to increase the fleet in order to ensure all field staff have access to a vehicle.

### **DISCUSSION**

Building Officials and Assistants ensure compliance with Building Codes and HRM By-laws related to construction projects and the minimum standard for residential occupancies. Each staff member is required to have a vehicle assigned to them to conduct field inspections. In addition, Building Standards staff cover the entire geography of the municipality. They are frequently required to drive on unploughed roads in winter and new or nearly completed dirt roads that are often muddy and very uneven, therefore they require All Wheel Drive (AWD) functionality in order to ensure they can access these sites all year long. Building Standards has 36 budgeted positions for Building Officials and Assistants. Cost centre (C430) generates approximately \$5M each year in building permit revenues.

Ideally, staff would attempt to purchase electric vehicles, however, currently, there are no fully electric AWD vehicles available for mainstream use. Information gathered by Corporate Fleet indicates there will be limited full electric vehicles (SUVs) available until late 2022 or into 2023. There may be some premium vehicles such as Cadillac, Audi or BMW available early next year.

Currently, HRM has limited infrastructure in place to charge fully electric vehicles at work locations or other sites within HRM. Therefore, it is recommended that staff focus their efforts on purchasing plug-in hybrids or hybrids should they be available in the time required for this ask. In keeping with HalifACT initiatives, these could be replaced under the electrification of the light duty fleet program by the 2030 horizon.

Planning and Development (P&D) is proposing a one-time transfer of reserve funds into capital to pay for the six (6) new vehicles. HRM continues to benefit from stronger than usual development activity and therefore Building permit revenues are much higher than budgeted. At Q2, the actual revenues have already reached budget levels for the entire year and staff expect that the overall surplus will exceed \$4M.

**FINANCIAL IMPLICATIONS**

In order to facilitate the acquisition of 6 new AWD vehicles, P&D is requesting a one-time transfer of reserve funds of \$300K from the General Contingency Reserve – Q421 to capital account CV210001 – Municipal Fleet Expansion. The exact cost of the vehicles will depend on the tender prices and the vehicles will be tendered once the funds are transferred into the capital account. Reserve funding availability has been confirmed by Finance.

The incremental cost of operating and maintaining the newly acquired vehicles will be approximately \$3,500 per vehicle or \$21,000 for all 6 vehicles. \$21,000 will be added to HRM’s Fleet operating budget as part of the 22/23 budget process to cover the operating cost of new capital.

<b>Budget Summary:</b>	<b><u>Capital Account CV210001 - Municipal Fleet Expansion</u></b>	
	Cumulative Available Balance	\$ 12,759
	Add: Approved transfer from Reserves	<u>\$ 300,000</u>
	Balance	\$ 312,759
	<b><u>General Contingency Reserve – Q421</u></b>	
	Opening Balance, Q2	\$17,585,451
	Less: Transfer to capital	<u>\$ 300,000</u>
	Remaining Balance	\$17,285,451

The 4- year estimated financial implications are summarized as follows:

<b>Fiscal Year</b>	<b>2022/23</b>	<b>, 2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Operating – Cost Centre R970</b>	\$21,000	\$21,000	\$21,000	\$21,000
<b>Capital – Order CV210001</b>	\$300,000	\$0	\$0	\$0

The remainder of funds will be used towards other fleet expansion vehicles approved by council.

**RISK CONSIDERATION**

If sufficient vehicles are not available for Building Officials to carry out their work, HRM will not be able to effectively enforce code compliance, support the building construction sector as a key economic driver of the local and provincial economy or meet key performance indicators for service delivery.

**COMMUNITY ENGAGEMENT**

There was no community engagement undertaken for this report.

**ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

**ALTERNATIVES**

The Audit and Finance Standing Committee could choose not to approve the recommendation and program the funds into the 2022/23 Capital budget process. This is not recommended as the vehicles support providing service to the construction industry and any delays in meeting HRM service standards would have a negative impact on the industry and its overall contribution to economic development.

**ATTACHMENTS**

No attachments.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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