



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

Item No. 15.2.2
Halifax Regional Council
December 7, 2021

TO: Mayor Savage and Members of Halifax Regional Council

- Original Signed -

SUBMITTED BY: Councillor Paul Russell, Chair, Audit and Finance Standing Committee

DATE: November 23, 2021

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

ORIGIN

November 17, 2021 meeting of the Audit and Finance Standing Committee, Item 12.2.3:

MOVED by Councillor Cleary, seconded by Councillor Deagle Gammon

THAT the Audit and Finance Standing Committee recommend that Halifax 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.

MOTION PUT AND PASSED.

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 (c) the amount withdrawn from a capital reserve fund under subsection 120(4).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; ...

RECOMMENDATION ON PAGE 2

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:

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 Halifax 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

A staff recommendation report dated September 28, 2021 pertaining to budgetary changes and funding increases for Capital Project CV210001 Phase 4 was before the Audit and Finance Standing Committee for consideration at its November 17, 2021 meeting.

For further information, please refer to the attached staff recommendation report dated September 28, 2021.

DISCUSSION

The Audit and Finance Standing Committee considered the request and approved the recommendations as outlined in the September 28, 2021 staff report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached September 28, 2021 staff report.

RISK CONSIDERATION

Risk considerations are outlined in the attached September 28, 2021 staff report.

COMMUNITY ENGAGEMENT

The agenda, reports, and minutes of the Audit and Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Environmental Implications are outlined in the attached September 28, 2021 staff report.

ALTERNATIVES

Alternatives are outlined in the attached September 28, 2021 staff report.

ATTACHMENTS

Attachment 1 - Staff recommendation report dated September 28, 2021 staff 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: Annie Sherry, Legislative Assistant, Office of the Municipal Clerk. 902.943.8741.



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Attachment 1
Audit & Finance Standing Committee
November 17, 2021

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Kelly Denty, Executive Director of Planning & Development

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: September 28, 2021

SUBJECT: Increase to Capital Account CV210001 – Municipal Fleet Expansion

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.

| | | |
|------------------------|--|-------------------|
| Budget Summary: | <u>Capital Account CV210001 - Municipal Fleet Expansion</u> | |
| | Cumulative Available Balance | \$ 12,759 |
| | Add: Approved transfer from Reserves | <u>\$ 300,000</u> |
| | Balance | \$ 312,759 |
| | <u>General Contingency Reserve – Q421</u> | |
| | 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:

| Fiscal Year | 2022/23 | , 2023/24 | 2024/25 | 2025/26 |
|-------------------------------------|----------------|------------------|----------------|----------------|
| Operating – Cost Centre R970 | \$21,000 | \$21,000 | \$21,000 | \$21,000 |
| Capital – Order CV210001 | \$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.

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: Philip Dugandzic, Manager of Building Standards, Buildings and Compliance 902.789.1763