

Re: Item No. 6

HALIFAX

2022/23 Multi-Year Base Capital Plan

Committee of the Whole on Budget

December 14, 2021

Overview



- Building the Budget
- Minimizing Total Cost of Ownership
- Maintaining Quality Service Delivery

Fiscal Framework

Three Key Themes Shaping 2022/23:

1. Substantial Population Growth
2. Winding Down the Pandemic
3. **Funding Strategic Initiatives**

Recommendation: 5.9% increase to partially fund the list of 24 Strategic Initiatives projects

...to be discussed January 28, 2022.

Strategic Initiatives: January 28, 2022

| Strategic Initiatives | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27- 2031/32 | 10-Yr Total |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Cogswell Interchange Redevelopment | \$ 16,030 | \$ 53,099 | \$ 26,744 | \$ 7,317 | \$ - | \$ 103,190 |
| Halifax Forum Redevelopment | - | 1,000 | 10,000 | 35,000 | 35,000 | 81,000 |
| Burnside Transit Centre Eco-Rebuild | 7,050 | 13,790 | 60,000 | 130,000 | 60,000 | 270,840 |
| STRATEGIC INITIATIVE - HalifACT Climate Action Plan | | | | | | |
| HalifACT - Climate Action Plan Account: | | | | | | |
| Municipal Building Deep Energy Retrofits | 2,810 | 10,700 | 22,270 | 23,740 | 97,980 | 157,500 |
| Electric Vehicle (EV) Strategy | 4,550 | 4,250 | 7,150 | 5,500 | 20,800 | 42,250 |
| Critical Infrastructure | 600 | 10,000 | 10,000 | 10,000 | 50,000 | 80,600 |
| Small Projects Bundle | 2,000 | 2,000 | 2,000 | 2,000 | 10,000 | 18,000 |
| Electric Bus Phase 1 (Ragged Lake) | 63,413 | 40,687 | - | - | - | 104,100 |
| Electric Bus Phase 2 (Burnside) | - | - | 7,098 | 57,849 | 277,531 | 342,478 |
| STRATEGIC INITIATIVE - Integrated Mobility Plan (IMP) | | | | | | |
| Expansion Buses (MFTP Phase 2) | - | - | - | - | 21,566 | 21,566 |
| IMP Land Acquisition | 5,000 | 16,400 | 32,800 | 4,340 | 17,360 | 75,900 |
| Major Strategic Multi Modal Corridors (Total 13 Corridors) | 500 | 7,450 | 4,900 | 5,750 | 84,800 | 103,400 |
| Mill Cove Ferry Service | - | 15,000 | 20,000 | 30,000 | 60,000 | 125,000 |
| Windsor Street Exchange | 2,665 | 1,900 | 24,200 | 16,025 | - | 44,790 |
| Total Strategic Initiatives Program | \$ 104,618 | \$ 176,276 | \$ 227,162 | \$ 327,521 | \$ 735,037 | \$ 1,570,614 |

Capital Plan vs Budget

Capital Plan

Multi-year scheduling of capital projects estimating required maintenance and replacement of assets.

Years 1-2 **Ready**

Years 3-4 **Planning**

Years 5-10 **Conceptual**

Capital Budget

The projects that have been allocated funding to proceed with implementation.

Year #1 **Authority to spend**

Yrs #2-4 **Approved in-principle to facilitate project preparation**

Base Plan vs. Strategic Initiatives

Base Plan

Reflects the rehabilitation and replacement asset activities required to continue municipal services being delivered as they exist today.

Value of HRM
Infrastructure
\$3.9 Billion

Strategic Initiatives

Reflects multiple, large and complex projects integrating significant redesign or growth in assets required to achieve the goals of a key strategic plan.



Asset Renewal vs. Service Growth

Asset Renewal

Investment to restore its optimal operating condition and extend its serviceable life.



Service Growth

Investment to significantly add to or enhance existing asset operations to improve quality, functionality or capacity.



2019 Asset Management Principles

Practicing Commitment to:

- Stable Renewal in Existing Assets vs. Over-Investing in Growth
- Prioritization evaluations; focussed investment aligning to Council's priorities
- Increasing investment value by maximizing impact to service and mitigating highest risk
- Expectations to deliver when planned
- Progress towards basing annual maintenance programs on evidence-based lifecycle plans

Building the Base Budget

| Base Program | Q2 Projected | | | | | Total 4Yr Budget |
|-------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Unspent by 22/23 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | |
| Annual Program | \$ 44,114 | \$ 133,758 | \$ 115,218 | \$ 133,747 | \$ 100,416 | \$ 483,139 |
| Contractual | 1,309 | - | 3,344 | 8,026 | 8,026 | \$ 19,396 |
| Work-in-Progress | 33,836 | 58,485 | 35,550 | 18,125 | 8,515 | \$ 120,675 |
| Total Base Budget Need | \$ 79,259 | \$ 192,243 | \$ 154,112 | \$ 159,898 | \$ 116,957 | \$ 623,210 |

86% of the 4yr funding targets are already committed

* In Thousands

Building the Base Budget

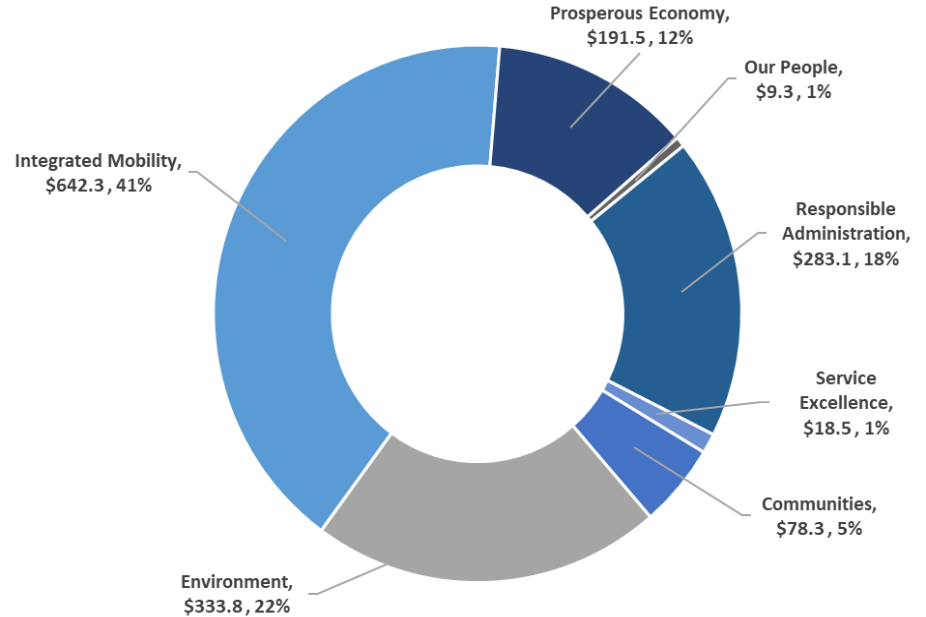
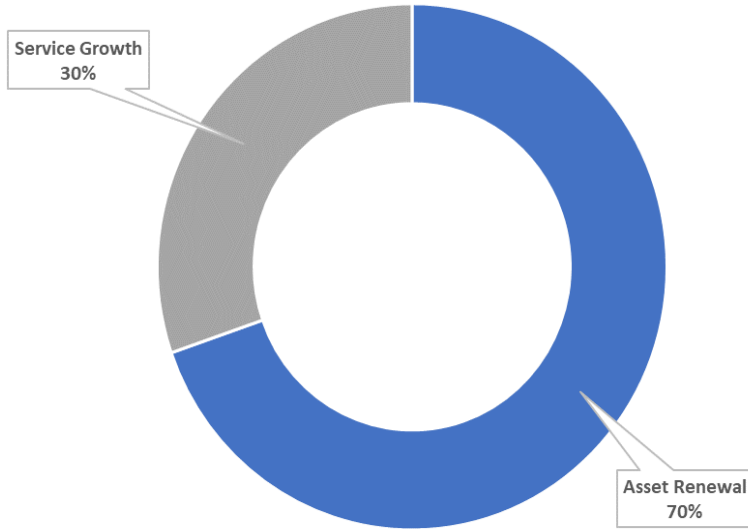
| New Projects Added to Base Budget | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total 4Yr Budget |
|---|-----------|-----------|-----------|-----------|------------------|
| City-Wide Support Services | \$ 1,300 | \$ 1,130 | \$ - | \$ - | \$ 2,430 |
| Business Systems | 200 | 1,130 | - | - | 1,330 |
| Vehicles, Vessels & Equipment | 1,100 | - | - | - | 1,100 |
| Environmental & Public Health | \$ 1,690 | \$ 1,590 | \$ - | \$ - | \$ 3,280 |
| Buildings/Facilities | 100 | - | - | - | 100 |
| Other Assets | 1,590 | 1,590 | - | - | 3,180 |
| Protective Services | \$ 1,270 | \$ 1,676 | \$ 3,290 | \$ 24,320 | \$ 30,556 |
| Buildings/Facilities | - | 500 | 2,750 | 21,350 | 24,600 |
| Business Systems | 350 | 906 | 300 | 20 | 1,576 |
| Vehicles, Vessels & Equipment | 920 | 270 | 240 | 2,950 | 4,380 |
| Recreation & Cultural Services | \$ 1,150 | \$ 3,225 | \$ 6,735 | \$ 15,545 | \$ 26,655 |
| Buildings/Facilities | 1,150 | 3,225 | 6,735 | 15,545 | 26,655 |
| Business Systems | - | - | - | - | - |
| Transportation Services | \$ 9,080 | \$ 6,900 | \$ 12,380 | \$ 6,700 | \$ 35,060 |
| Buildings/Facilities | 4,600 | 2,900 | 5,400 | 4,200 | 17,100 |
| Business Systems | - | - | - | 500 | 500 |
| Roads, Active Transportation & Bridges | 4,200 | 4,000 | 6,780 | 1,000 | 15,980 |
| Vehicles, Vessels & Equipment | 280 | - | 200 | 1,000 | 1,480 |
| Total New Projects | \$ 14,490 | \$ 14,521 | \$ 22,405 | \$ 46,565 | \$ 97,981 |

* In Thousands

Remaining 14% of Base Budget Funding Capacity allocated by evaluating:

1. Readiness
2. Risk
3. Impact to Service
4. Council Priorities

Four-Year Investment Focus



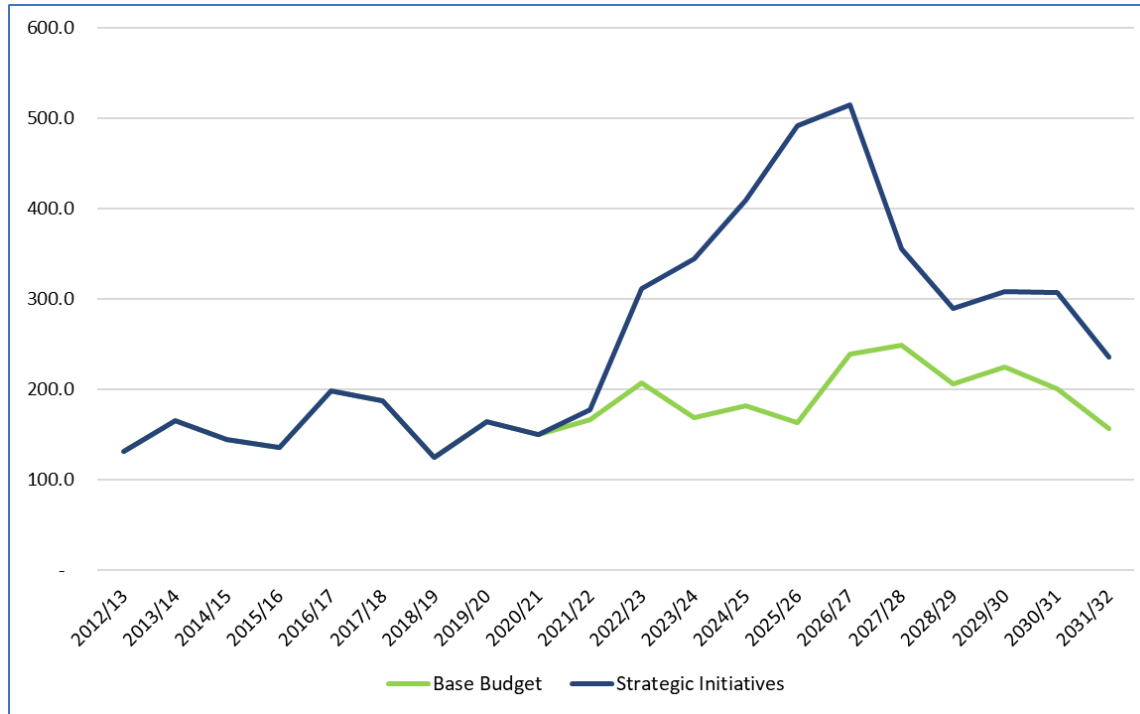
* In Millions

Four-Year Sources & Uses

| Asset Category | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 4-Yr Total |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Buildings/Facilities | \$ 53,361 | \$ 53,362 | \$ 51,201 | \$ 69,706 | \$ 227,630 |
| Business Systems | 16,324 | 9,110 | 7,159 | 5,554 | 38,147 |
| Outdoor Recreation | 8,800 | 7,750 | 10,050 | 10,250 | 36,850 |
| Roads, Active Transportation & Bridges | 66,545 | 67,115 | 60,770 | 52,350 | 246,780 |
| Traffic & Streetlights | 5,744 | 5,206 | 5,768 | 5,525 | 22,243 |
| Vehicles, Vessels & Equipment | 22,708 | 20,666 | 18,971 | 17,583 | 79,928 |
| Other Assets | 33,251 | 5,424 | 28,384 | 2,554 | 69,613 |
| Total Base Capital Plan | \$ 206,733 | \$ 168,633 | \$ 182,303 | \$ 163,522 | \$ 721,191 |

| Source of Funds | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 4-Yr Total |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capital from Operating | \$ 54,960 | \$ 62,189 | \$ 68,277 | \$ 77,254 | \$ 262,679 |
| Debt | 34,990 | 35,004 | 34,327 | 35,375 | 139,696 |
| Cda Community-Building Fund (Gas Tax) | 47,275 | 31,100 | 26,500 | 26,500 | 131,375 |
| Reserves | 50,704 | 19,890 | 37,884 | 13,106 | 121,584 |
| Cost Sharing Agreements | 18,804 | 20,450 | 15,316 | 11,287 | 65,857 |
| Total Base Program Funding | \$ 206,733 | \$ 168,633 | \$ 182,303 | \$ 163,522 | \$ 721,191 |

Capital Fiscal Stability Progress



Making Record Growth Sustainable



Key Drivers to the Capital Budget:

- Service Standards (expansion vs. levels)
- Needs Assessments
- Strategic Plans
- Impact to Future Operating Budgets
- Savings vs. Cost Avoidance

Recommendation



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

1. Approve the capital budget for 2022/23, and approve in-principle the 2023/24, 2024/25 and 2025/26 capital outlooks as per Attachments 1 and 2, subject to approval of external funding program applications;
2. Approve the schedule of 2022/23 advanced tender requests as per Attachment 3;
3. Approve the schedule of 2022/23 capital reserves withdrawals as per Attachment 4;
4. Approve the schedule of 2022/23 multi-year capital projects as per Attachment 5.

Approvals to Enable Project Work

1. **Advanced Tenders**

Provides approval to advertise and evaluate procurement tendering seasonal-dependent work to minimize work delays after April 1st budget finalization.

2. **Capital Reserve Withdrawals**

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

3. **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.



HALIFAX