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MEMORANDUM

TO: Mayor Savage and Members of Regional Council
CC: Jerry Blackwood, CFO, Executive Director, Finance & Asset Management
Caroline Blair-Smith, Deputy CAO, Corporate Services
Denise Schofield, Deputy CAO, Citizen Services
FROM: Jacques Dubé, Chief Administrative Officer
DATE: March 18, 2022

SUBJECT: Funding Option for Budget Adjustment List (BAL)

The purpose of this memo is to provide a recommendation, including funding options to Regional Council regarding the Budget Adjustment List (BAL) in advance of the March 23rd Budget Committee.

The BAL Council Report you received earlier today includes almost 50 briefing notes and verbal information requests that total \$9.3M. The Executive have reviewed each briefing note per attachment A in the staff report and classified them for context under the following categories:

- Growth
- Covid Recovery
- Risk Mitigation
- Community Interest

Important for context in this funding recommendation is our projected corporate surplus and deed transfer tax capacity. Our projected year end corporate surplus currently sits at \$19M. \$7M of this surplus has already been allocated in the 2022-23 operating budget, which leaves an estimated \$12M for one-time BAL costs. This can also provide additional fiscal capacity through reserve contributions to mitigate fuel and inflation exposure in 2022-23. Deed Transfer Tax revenue is currently projected at \$81M. As a result, and with the real estate market expected to remain strong for the upcoming year staff feel that there is some capacity to fund on-going items by increasing the Deed Transfer Tax Budget from \$80M to \$83M.

As part of the review, and in order to provide a fulsome recommendation, we have reviewed all the BAL items and have enclosed in the schedule those that staff feel best reflect council deliberations. Per the recommended BAL items in the schedule, staff are proposing to fund on-

going items at a total estimated cost of \$2.8M through a budget increase to deed transfer tax. The items that are one-time costs totalling \$5.2M are recommended to be funded through the year end corporate surplus.

This recommendation will keep the average tax bill increase at 4.6% per Council's January 28th direction on the updated fiscal framework, as well as provide approximately \$7M to mitigate financial risks associated with fuel and inflation in 2022-23.

It is important to note that staff are proposing to fund the new Art Gallery at \$700K for 2022-23 from the corporate surplus to keep the increase on the average tax bill at 4.6%. This contribution, while not the full annual ask of \$1.4M over 5 years, does show a commitment to the Province and the project, and enables staff more time to look at funding options to bring forward as part of next years budget.

I am confident that staff's advice and recommendation on the BAL addresses the critical items related to service delivery and the funding plan is fiscally responsible, Council is of course free to make whatever choices they deem appropriate.

Regards,

Funding Source	Grouping	BAL Items	Amount
Deed Transfer Tax	Risk Mitigation	HRP Budget (Approved March 11)	1,365,000
		JEM education and programming	55,000
		Wage adjustment for casual staff	568,000
	Growth	Additional Staff/Resources for permit application	924,700
		Discover Halifax	250,000
	Community Interest	Multi-Service Youth Centre Phase 2 in Spryfield	110,500
		Community Rink Insurance Grant	35,000
		Reaching Rural Communities (on-going portion)	130,000
		Board of Police Commissioners Staff	100,000
	Under Funding	Under Budget Options (ongoing)	(715,000)
Total Deed Transfer Tax Funding			2,823,200
Surplus Funding	COVID Recovery	Voiding tickets with proof of purchase	200,000
		Free or reduced rates (Alderney Gate, Bell/Sackville)	100,000
		“Welcome back Downtown” Marketing Campaign	50,000
		Transit COVID recovery - noon to end of day Friday bus and ferry	500,000
		Transit COVID recovery - Free Saturday ferry	75,000
		Library COVID Recpvery	250,000
		Activities & Event Grants	200,000
	Funding Growth	Art Gallery of Nova Scotia Funding Request	700,000
		Mill Cove Planning and Infrastructure Design	200,000
		By-law simplification	1,000,000
		Future Serviced Communities	1,500,000
	Community Interest	Governors Brook off leash area	40,000
		MDF subsidy request	160,000
Sidewalks - Staffing		220,000	
Risk Mitigation	Reaching Rural Communities (one-time portion)	170,000	
Risk Mitigation	Assistant Emergency Management Coordinator	75,000	
Under Funding	Under Budget Options (one-time)	(275,000)	
Total Surplus Funding			5,165,000
Included Approved Fiscal Framework	Growth	P&R Additional capital (included in 4.6% increase)	2,500,000