

## **Introduction**

HRM's infrastructure and major capital assets are key components in the delivery of municipal services, our future prosperity, economic development, competitiveness, public safety, and the overall quality of life for HRM's citizens. The long term sustainability of our infrastructure and corporate assets directly impacts the ability to provide quality service to the community.

Since amalgamation in 1996, our community has grown by approximately 30,000 dwelling units and demand for sustainable, efficient, and effective service delivery has increased. The resultant demand for service has grown at a pace that exceeds HRM's ability to fund. The gap is steadily growing between the demand for service and the ability to fund both maintenance of existing deteriorating infrastructure and acquisition and construction of new infrastructure. This "Infrastructure Gap" represents a significant challenge to HRM for the foreseeable future.

In 2006 Council adopted the Regional Plan to guide the development of the region. Infrastructure investments that are needed to support growth were a key consideration in both the recommended location and style of growth. Development based on the Regional Plan would see Transit friendly communities close to employment nodes supported by community-based initiatives such as Community Visions, the Cultural Plan, HRM by Design, the Active Transportation Plan, Sustainability Initiatives, HRM's Economic Strategy, and the Community Facility Master Plan.

The creation of the Infrastructure Council Focus Area provided staff with clear direction to address the "Infrastructure Gap". In response to this direction, the Infrastructure and Asset Management (IAM) business unit, solely dedicated to managing this important issue, was created in October of 2007. By working closely with Council, internal HRM business units, and all HRM's external business partners and stakeholders IAM develops prudent capital business plans and budgets and creates sound policy and long range plans focused on the financial, environmental, and social sustainability of the infrastructure and assets that support the delivery of municipal services to the residents of HRM.

In 2008, HRM Council directed that a higher percentage of HRM's capital budget be focused on reinvestment in our existing infrastructure and assets, and that some alternatives be developed to enable increased investment in infrastructure. This is consistent with the Economic Strategy objectives of a higher level of municipal investment in public infrastructure. HRM's Asset Management Project is well underway, and will provide information to refine and improve HRM's infrastructure planning and capital budgeting.

Addressing these competing infrastructure related demands is a matter of prudent choices, effective timing and taking strategic advantage of leveraging opportunities when they arise. This budget exercises prudent financial management by taking the initial steps in a multi-year strategy to deal with the infrastructure gap while maintaining a balanced

approach to meeting community needs as well as leveraging substantial funding opportunities from the Federal and Provincial governments.

The economic stimulus funding for infrastructure announced by the federal government in January 2009 was an unprecedented opportunity for municipalities to access funding for projects in need. The practical impact of this is that recapitalization programs are generally under-funded in 2010/11 and in 2011/12, and the benefit of the economic stimulus program will not be fully realized until beyond 2012.

There are several large infrastructure projects underway that are a result of the partnership between all three levels of government, including the Central Library. As the level of government closest to the citizen, municipalities are well-placed to advocate for local concerns and issues.

As the stimulus funding winds down and senior levels of governments turn their focus to eliminating deficits, communities will face ongoing infrastructure needs. After 2011/12 it is expected that the main federal funding program will be the Gas Tax Program, which will allow HRM to re-focus on recapitalization and renewal of existing infrastructure.

### **Tangible Capital Asset Policy Impact**

For fiscal year ending March 31, 2010, HRM is implementing PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital asset in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

In conjunction with the implementation of Section 3150, HRM has introduced a Tangible Capital Asset Policy whereby only assets meeting the tangible asset criteria in the policy will be budgeted as capital. As a result, certain projects are being transferred from the capital to the operating budget. These include grants/donations to various organizations for capital improvements to their assets, infrastructure project costs associated with Provincial or Halifax Water capital assets, general study costs, business park lot inventory costs and expenditures which would be more of a maintenance cost as opposed to a tangible capital asset cost.

These projects and the applicable funding will be transferred, therefore, no net impact on HRM's overall budget.

## The Long Term Project Plan

	2011	2012	2013	2014	2015
Buildings	25,841,000	20,650,000	20,700,000	19,825,000	20,550,000
Business Tools	727,000	2,000,000	2,000,000	2,000,000	2,000,000
Community & Property Development	4,405,000	4,582,000	4,933,000	5,527,000	5,290,000
District Activity Funds	1,495,000	1,495,000	1,495,000	1,495,000	1,495,000
Equipment & Fleet	9,305,000	12,035,000	9,506,000	8,950,000	9,250,000
Industrial Parks	3,707,000	-	-	-	-
Metro Transit	17,039,000	22,799,000	22,890,000	23,357,000	23,610,000
Parks and Playgrounds	5,200,000	5,900,000	6,000,000	6,000,000	5,950,000
Roads & Streets	17,460,000	19,575,000	19,975,000	21,983,000	22,661,000
Sidewalks, Curbs & Gutters	2,963,000	3,250,000	3,500,000	3,750,000	3,750,000
Solid Waste	-	-	-	-	-
Traffic Improvements	11,545,000	11,245,000	11,306,000	11,690,000	12,727,000
<b>Grand Total</b>	<b>99,687,000</b>	<b>103,531,000</b>	<b>102,305,000</b>	<b>104,577,000</b>	<b>107,283,000</b>
<b>Borrowing and Other Transfers</b>					
Capital from Operating	40,354,000	42,731,000	42,702,000	45,274,000	47,980,000
Capital Surplus	1,282,000				
Crespool	3,690,000	300,000	300,000	300,000	300,000
Debt	30,361,000	35,697,000	34,500,000	34,200,000	34,200,000
Gas Tax	24,000,000	24,803,000	24,803,000	24,803,000	24,803,000
<b>Total Funding</b>	<b>99,687,000</b>	<b>103,531,000</b>	<b>102,305,000</b>	<b>104,577,000</b>	<b>107,283,000</b>

The main changes in HRM's five (5) year Capital Plan relate to the expiry of infrastructure funding and the financing of projects approved in 2009/10 under various Federal and Provincial funding plans. HRM received Economic Stimulus Funding and Build Canada (Major Infrastructure Funding) in 2009/10, 2010/11 and again in 2011/12.