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Planning for NOW and for the
FUTURE.



Proposed HRM
Operating, Capital, Reserve
Budgets & Business Plans for
2008/09



Presentation Outline

1. Council Direction & Priorities for 2008/09
2. High Level Overview
3. Base Budget Overview: Operating / Capital / Reserves
4. Revenue & Taxation Overview
5. Risks
6. Next Steps





2008/09 Council Direction & Priorities

- Maintain Council Focus Areas
- Build the 08/09 draft budget & business plans based on the 07/08 service levels
- Provide implications of Options 1 & 3 as presented during the Fiscal Framework presentation
- Adjust Commercial Multiplier to contain residential assessment cap to residential taxpayers
- Proceed with proposed existing/new allocation for the 2008/09 Capital Budget.
- Any new capital \$ in 2008/09 over and above requirements of existing assets to new projects
- Investigate adding a growth factor to the Debt Policy
- Investigate creating a debt service fund to cover P&I of additional Capital program.

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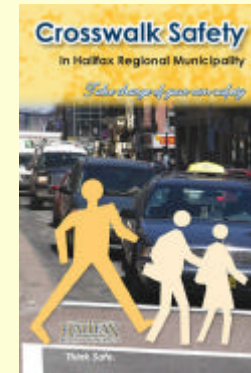
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Investing in... PUBLIC SAFETY

- 14 Additional Police Officers
- Provisions for Animal Control By-Law
- Consolidation of HRP Services
- Police Resourcing Study Findings
- Integration of Fire Services Delivery Standards
- Highfield Park Fire Station Expansion
- Youth Advocacy Program
- Enhanced Joint EMO



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Investing in... **INFRASTRUCTURE**

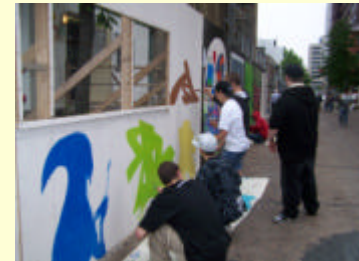
- Asset Management Project
- 5 yr Capital Plan
- Transit & Strategic Transportation Enhancements
- AVL in Municipal Operations
- Community Facility Master Plan
- Arena Capacity Study
- Increased Investment in Business Parks



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Investing in... **COMMUNITY DEVELOPMENT**

- **Community Development Framework**
- **Community Visioning**
- **HRM by Design**
- **Joint Public Lands Plan**
- **Youth Engagement**
- **Cultural Capital of Canada Application**



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Investing in... **TAX REFORM**



- The Committee has designed a Draft Tax Model for additional public feedback
- A series of public open houses will take place this Spring
- The Committee then expects to review and revise its Draft Tax Model and return to Regional Council

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Investing in... **PEOPLE** – Our Most Valuable Resource

- **Succession planning**
- **Further investment in training and education**
- **Recognize and reward our many volunteers**
- **Employee Engagement Survey**
- **Web Based Recruitment Tool**
- **Corporate Safety**



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Additional Initiatives

- Municipal Charter
- E-Democracy
- Major Events
- Harbour Treatment Plants
- Gateway
- Good Neighbours, Great Neighbourhoods

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Budget Summary

	2007/08 Budget	2008/09 Proposed Budget	% Change
Operating			
Total	\$649,640	\$677,459	4.3%
Municipal	\$523,217	\$547,759	4.7%
Capital			
Gross Adj. *	\$124,283	\$143,419	15.4%
Net	\$84,511	\$88,201	4.4%

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Net Operating Budget Summary by Business Unit

	2007-08	2008-09	Increase	% Change
	Net Budget	Net Budget	(Decrease)	
	(Restated)*			
CAO	9,369,159	9,797,900	428,741	4.6%
Environmental Management Services	137,800	0	(137,800)	-100%
Fire & Emergency Services	48,940,055	50,747,370	1,807,315	3.7%
Finance	3,531,967	3,736,100	204,133	5.8%
Human Resources Services	3,863,031	4,086,800	223,769	5.8%
Legal Services	2,074,730	2,134,400	59,670	2.9%
Transportation & Public Works	108,842,950	119,376,003	10,533,053	9.7%
Infrastructure & Asset Management	7,691,326	7,866,675	175,349	2.3%
Community Development	18,426,012	18,749,300	323,288	1.8%
Regional Police	58,893,908	61,667,236	2,773,328	4.7%
Outside Police BU (RCMP)	18,158,600	18,884,900	726,300	4.0%
Business Planning & Information Mgmt	17,514,992	18,412,200	897,208	5.1%
Library	13,592,000	14,417,800	825,800	6.1%
Totals	331,036,530	329,876,684	18,840,154	

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Operating Budget Changes (000's)

2007/08 Approved Budget (Net Municipal Expenditures)	\$ 523,217
Per Barrel Oil assumption increase from \$65 to \$100	2,700
Electricity adj; Solid Waste & other	4,200
Reserves various increases and decreases	(4,200)
Fiscal Services adj's	3,300
Wages & Benefits	10,700
Operating costs of capital	4,500
Reduction in debt service costs (amalgam. & debt)	(5,300)
Increase to capital from operating (pay as you go)	5,500
Service increases (Grants, Animal By-law, Mellor Ave, Hfx. Forum)	1,400
Other Business unit adjustments	1,742
2008/09 Projected Net Expenditures	\$ 547,759

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Revenue Projection

- Total Residential Assessment up 6.1% compared to 10.5% last year
- On the average existing home, uncapped the increase was 10.4% - after the cap it was 3.1%
- New properties, Apartments and others not eligible for the cap account for the other 3%
- Residential Revenues up 8.8%
- Total Commercial assessment increased 11.1% - 8% on existing properties and 3.1% from new.
- Commercial Revenues up 11.8%

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Tax Approach

- Determine desired level of expenditures
- Balance against impact on tax rates
 - Option 3..hold rate...gap of \$9 m to balance
 - **Option 2**..increase rate 2.6%..existing services – this is the base case for the Proposed budget
 - Option 1..increase rate above 2.6% for new services
- Base budget assumption is a 2.6% increase over 2007/08 tax rates

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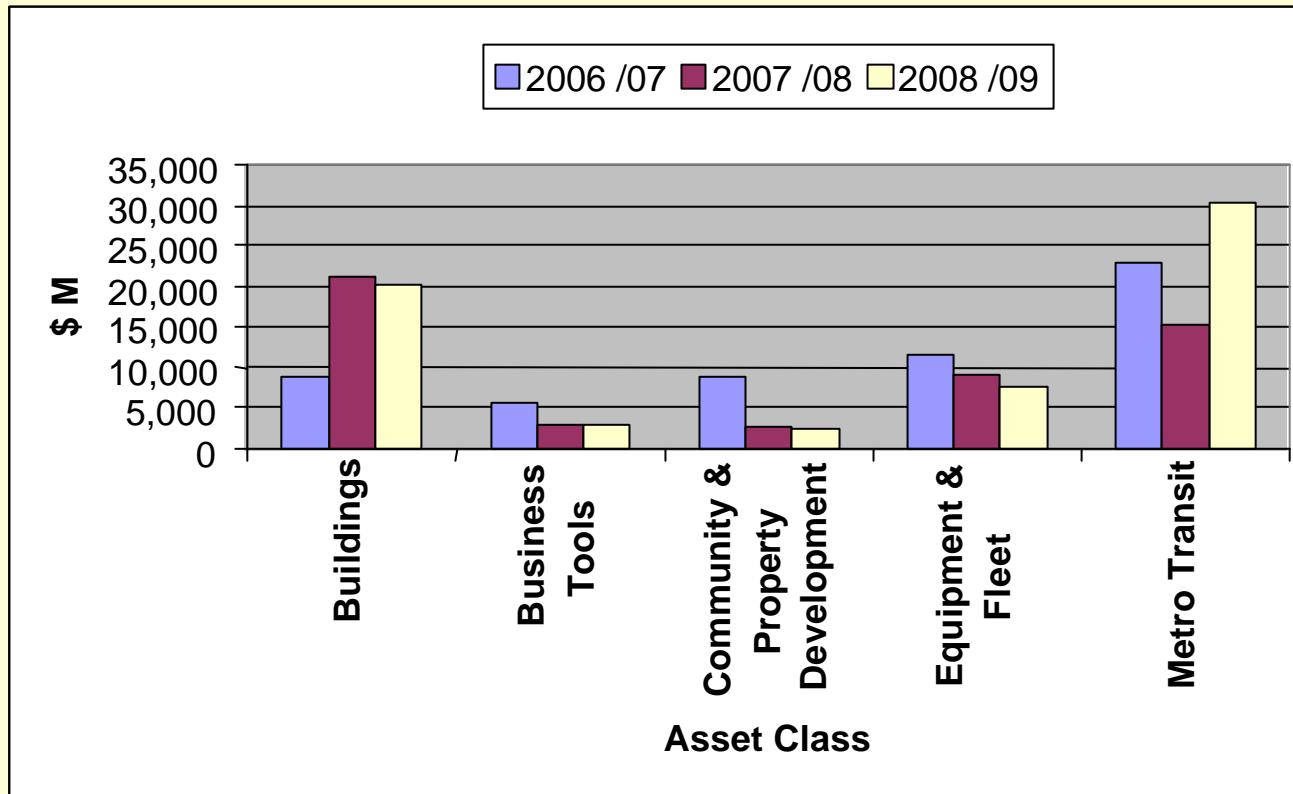
Proposed Gross Capital Budget

	07/08	08/09	Increase (Decrease)	% Change
Buildings	21,028,000	20,147,000	-881,000	-4%
Business Tools	3,119,000	2,947,000	-172,000	-6%
Community & Property Development	2,695,000	2,496,000	-199,000	-7%
District Activity Funds	1,495,000	1,495,000	0	N/A
Equipment & Fleet	8,930,000	7,518,000	-1,412,000	-16%
Industrial Parks	21,075,000	6,050,000	-15,025,000	-71%
Metro Transit	15,314,000	30,260,000	14,946,000	98%
Parks & Playgrounds	8,450,000	5,628,000	-2,822,000	-33%
Roads & Streets	23,593,000	26,010,000	2,417,000	10%
Sidewalks, Curbs & Gutters	4,694,000	5,149,000	455,000	10%
Solid Waste	3,172,000	20,113,000	16,941,000	534%
Stormwater & Wastewater	89,719,000	9,534,000	-80,185,000	N/A
Traffic Improvements	10,718,000	15,606,000	4,888,000	46%
Total	214,002,000	152,953,000	-61,049,000	-29%

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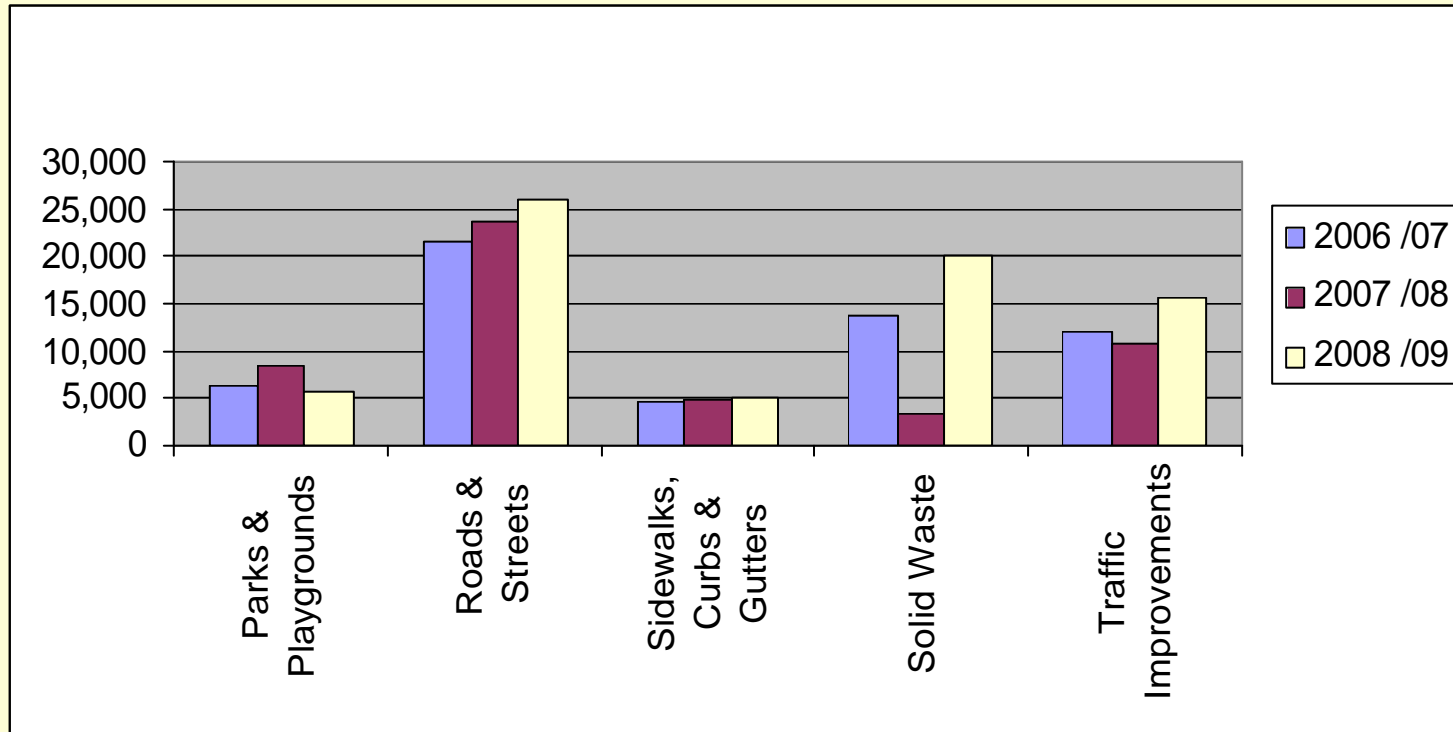


Gross Capital Trends



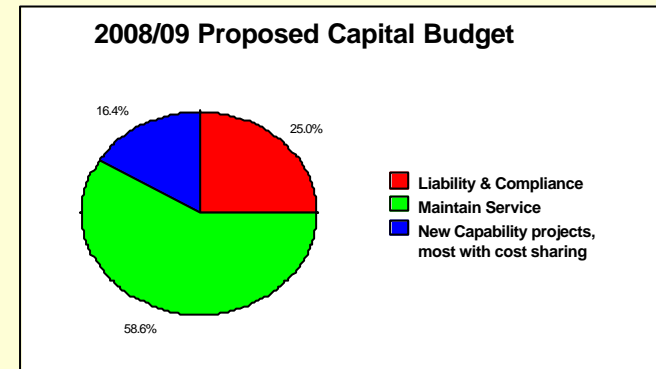
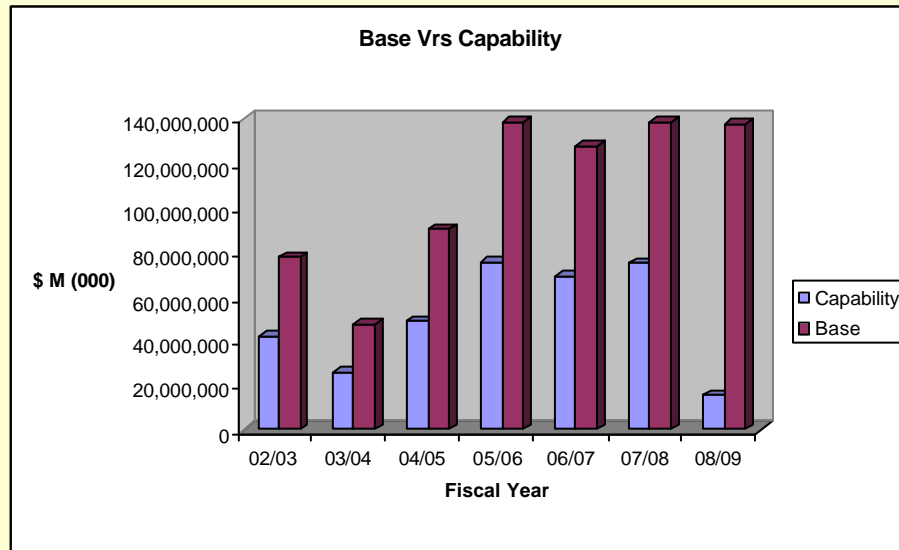
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Gross Capital Trends



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Positive Steps Forward



- A higher proportion of the gross capital budget is going to maintaining our existing assets than in previous years.
- Based on the direction Council gave on February 19th, there is a significant commitment to taking care of our existing assets.

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Commitment to Re-Capitalization

07/08	%	08/09	%	
75,092,600	35%	24,360,000	16%	Capability
<u>138,907,400</u>	<u>65%</u>	<u>128,593,000</u>	<u>84%</u>	Base
214,000,000		152,953,000		

The percentage allocation to take care of our existing assets has increased in 08/09 from previous fiscal years, where it has generally been in the 60/40 range, spending on existing assets, versus spending on new assets. (Base versus Capability projects)

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Summary of direction from COW re: capital & financing

The matter has been referred to
Committee of the Whole Budget
Debate



Option 2: Base Case Risks

- Fuel costs- uncertainty
- Snow & Ice Program – no budget adjustment
- Unanticipated operating budget impacts
- VOSR
- Police Study recommendations
- Additional Night Courts
- Year-End Deficit



Options 3 Implications

Option3	Amount	
Non-Tax Revenues	\$1-3 m	Increased costs for residents and users
Business unit reductions – targeted at lower priority services	\$1-3 m	Reduce service standards or services
Reserve contributions (Capital / Operating – SGR, VOSR, SNIC)	\$3-5 m	May impact capital budget & Increase pressure on future years - caution

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Implications of Option 1

- Option 1 represents total expenditure increase of \$13M – impact is 5.9% increase in rate
- Actually Council may increase total expenditures by any amount over the base budget or not at all
- An additional \$1M in expenditures will require an extra 0.26 percent increase for a total of 2.86% (example)



Option 1

\$15M additional resources requests from staff to address service pressures:

- 24 HRP Officers, 10 RCMP
- 16 Firefighters
- Employer of Choice Initiatives (recruitment, training, support)
- Call Centre Staffing and Language Translation
- 3 Senior Development Technicians
- Support to Community Operated Facilities
- Expanded Library Hours (additional staff)

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Option 1 Table

Options	Rate Increase over 2007/08
Base budget	2.6%
Add \$1M	2.9%
Add \$5M	4.0%
Add \$10M	5.3%

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Summary

- The Proposed 2008/09 Budget, as directed by Council on Feb 19th ensures that existing initiatives can be implemented and provides for moderate increases to services, primarily through the capital budget to address serious infrastructure needs
- Tax rates would increase by 2.6% or approx. \$78 increase for the average residential taxpayer

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Approval Process

- April 2 – 12 Staff consultations and open houses
 - April 7 (Mon) Public Safety
 - April 9 (Wed) Community Development
 - April 10 (Thu) Infrastructure & Service Delivery

- April 15 – 17 Council Debate
- April 29 Council Approval

- Budget for Area Rates will be presented to Council in June 2008

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Approval Process

- Informal discussions with staff via any communication channel
 - Phone, E-mail, In-Person, etc.
- Open Houses are full-day, senior staff present
- Written Budget Amendments are appreciated by 4 pm. Friday, April 11th
- Shorter debate anticipated, structured by Council amendments (not by staff presentations)
- Questions: Marc Scarfone (1453) / Brad Anguish



Summary

- Safer, Stronger, Better
- Building on planning of prior years

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