



many initiatives that Council has put in place in recent years, plus some new enhancements or expansions including:

- An additional \$5M in Capital from Operating (pay as you go)
- \$500k Provision for Animal Shelter services
- \$300K Increases to low-income and non-profit organizations
- Adjustments to provide for costs from actuarial reports on retiring allowances
- \$215K Rationalize Police space
- \$1.5m Snow and Ice reserve contribution
- \$1.3M Adjustments to better provide for electricity costs

Although the emphasis on this operating budget has been to ensure that staff are able to implement what Council has directed be done in prior years, there are a number of enhancements included.

Council directed that we treat the residential assessment cap in a consistent manner to the BOT elimination, preventing any impact on commercial taxpayers. This is essential to continuing our support of the Economic Strategy, and make HRM an attractive place to do business.

Council also asked staff to examine ways to further enhance the capital program being respectful of the success of the existing debt policy, while balancing future costs and benefits. Staff were also directed to investigate the cost implications of continued deferral of recapitalization, along with the implications of various growth options applied to the existing Debt Policy.

In 2008/09, work will get underway to update the Multi Year Financial Strategy consistent with the objectives of the Regional Plan and other Corporate Strategies.

## Introduction

Your Worship, Members of Council, I am pleased to table for your future review and deliberation, the draft Operating and Capital Budgets and Business Plans for the Fiscal Year 2008/09.

## Council Priorities

Council has provided clear direction on what it has heard are the priorities in our community. This helps us to align the appropriate policies and programs as well as create capacity for enhanced investment in the Council Focus Areas to see that the needs of the community are met each year.

Council agreed that there should be an emphasis on investing in existing assets. Council further agreed that where the needs of existing assets have been met, any new dollars identified in 2008/09 for capital should be used for new assets – what we have described as “capability” projects.

You directed that the base budget be prepared based on Option 2 - In accordance with Council's directive, staff are presenting a proposed budget plan which maintains, and in some cases enhances existing service levels. For the most part the 2008/09 draft budget allows staff to continue to implement the

## 2008/09 Budget Theme

The theme for the 08/09 fiscal year is “**Safer, Stronger, Better...Planning for now and for the future.**”

In order to achieve this, the focus for 08/09 will be three fold:

1. **Strengthening the base** – our foundation of assets, financial planning and our people
2. **Effective delivery of services** – ensuring adequate resources for success
3. **Strategically selecting new services** based on Council Focus Areas, specified criteria and corporate strategies.

As you know, a great deal of coordination goes into creating an annual budget and business plan. As a result of Council setting the priorities mentioned earlier, staff are better able to identify the needs in the coming year.

### Council Focus Area: Safety

Council has been very clear with staff that Public safety is more than just police and fire. It includes youth programs, bylaw enforcement, emergency measures operations and other initiatives that make our streets, schools and communities safer.

We anticipate the addition of 14 Additional Police Officers on the street (pending approval of the Provincial Budget) - resulting in increased police visibility, in our schools and communities as well as more emphasis on investigation and enforcement in other areas. This will further support the community response model and the Safe Streets Act. We are also awaiting information from a federal program and are hopeful that 5 to 6 additional officers will be provided through that program.

As directed, staff have made provisions in this year's budget for additional sheltering services. This is a place holder, and we expect Council will provide further direction at the conclusion of the public hearings on this matter.



HRP has created further efficiencies by the consolidation of some of their functions at the new Melor Avenue location in Burnside Park.

The Police Commission expect to be tabling the results of the Police Resourcing Study within the next 4 to 8 weeks. This will lay out the framework for future policing resource requirements over the next number of years.

Fire and Emergency Services will continue with the integration of rural, suburban and urban delivery standards into one service delivery protocol:

1. To have a standard for response coverage in place for all Fire Service
2. To have the technology in place to monitor and evaluate service delivery.
3. To realign existing resources and shift schedules to create efficiencies in service delivery.

The Highfield Park Fire Station Expansion will be expanded to provide training and equipment for the Urban Search and Rescue Team. This is the only USAR team east of Toronto.

Staff will be implementing the Youth Advocate Program. Funded federally through the National Crime Prevention Centre, it is intended to create a sustainable anti-gang program in selected communities throughout HRM. This is a significant investment in the amount of 1.9 million from our federal partners as part of our joint commitment to creating safer streets and communities.

Council may be aware of the fact that, at the March 20<sup>th</sup> meeting, the Police Commission directed Police Administration to provide information on the cost implications of adding additional officers and making provisions for additional night court sittings. They have not been included in the draft budget since this was not council's direction. I expect a board member will add this item for consideration once the debate starts. In the mean time, Finance staff will complete the analysis and communicate to council so you have the advantage of that information at the April 7 Police Open House.

### **Council Focus Area: Infrastructure**

Although HRM's capital budget has been steadily increasing each year, like many municipalities across Canada, we face infrastructure challenges because a great deal of our assets are over 40 years old and are in need of major improvements and maintenance. In an effort to address these challenges, staff will over the coming year:

1. Complete the Asset Management Project which will move past the inventory stage, into the condition analysis and valuation phase. This will improve HRM's infrastructure planning and capital budgeting and allow us to comply with national accounting standards for tangible capital assets.
2. Develop a long term capital plan identifying all major new project requirements and develop a Capital Project Evaluation

matrix for approval by Council

3. Continue to increase our investment in public transit. This year we will be replacing 10 of our older buses and take delivery of 15 new units for service expansion. We will also introduce the first spine of the Rural Transit and deliver on the first of a number of transit terminal improvements as well as fulfilling our commitment to make our transit service safer for both our employees and our transit riders.
4. See a full year of implementation in 08/09 of the Automatic Vehicle Locator tool. This continues to create efficiencies in areas such as our snow and ice program, equipment usage, anti-idling and work performance and customer service.
5. Deliver the Community Facility Master Plan which will provide an effective tool for further development and rationalization.
6. Update Arena Capacity Study and identify future needs and recommended facility locations. The results of the RFP will be before Council in 08/09. We have also made provision in the budget to assist the Halifax Forum with the development of a long term site plan.
7. Increase our investment in Business Park service land in Burnside, in support of the Gateway program, allowing expansion of the logistics park.

### **Council Focus Area: Community Development**

Staff are in the process of building a comprehensive community development framework for supporting its communities. Specifically, the framework will facilitate healthy and sustainable communities so that they are better equipped and skilled to tackle their individual challenges and to relate positively with other communities. All programs and services will be

delivered on the basis of a 3 tiered framework focusing on capacity building, enhanced service delivery and community engagement.

Work continues on the Regional Plan's Functional Plans with a number completed and others slated for completion in 2008/09. Three more communities have been identified for the visioning exercise and will be completed in this business cycle.



We will complete HRMbyDesign project for the Halifax downtown area in 2008 and the rest of the Regional Centre by 2011. 2008 will also see the development of the Cogswell Master Plan and you will recall that you recently approved the Barrington Street Heritage District Grant Program. These along with other initiatives will have a significant positive impact on our Capital District, making it a more vibrant place to live, invest and enjoy.

We also hope to conclude the joint public lands discussions with the province very shortly. Staff will be before Council seeking direction relative to this matter.

Council has recognized the importance of giving youth a forum in which to profile their accomplishments and the many positive impacts they make on their communities. Working with Heartwood, a strategy will be developed to create a more positive public image for youth. This initiative as well as the Youth Committee of Council will strengthen the engagement and ensure youth have a

voice in their community.



HRM is still waiting on the results of our application to the Culture Capital of Canada Fund which will assist us in meeting some of the goals of our Cultural Plan.

### **Council Focus Area: Tax Reform**

This exciting initiative will provide residents and then Council options for an improved tax system that is more equitable, stable and transparent.

As work on tax reform progresses, additional resources will be provided to support the work of the committee and the community consultation process.

### **Investing in Our People**

On the people side; our greatest resource, we will be developing effective succession plans, make a further investment in training and education and recognizing and rewarding our many volunteers.

Attraction and retention continues to be a major risk for HRM, due to the number of impending retirements and labour shortages. It is critical for HRM to invest in the development of our future leaders through training and education opportunities, as pending retirements will impact at the executive level, and across all levels of the organization. A large number of our employees have met or exceeded their earliest retirement date.

To achieve organizational goals both now and into the future, leaders need to engage employees. A recent study by the Conference board of Canada noted that fewer than one in five employees consider themselves fully engaged and this statistic has slipped over the past three years. Therefore, my office with assistance from HR will be undertaking a corporate survey to measure employee engagement.

Reflecting best practices, HRM will be introducing a web based recruitment tool in 2008. This will make HRM more accessible and create efficiencies in the processing of over 6,000 applications annually.

A work environment that is safe and free from harassment makes us more efficient and effective and creates a place where people want to work. We are renewing our commitment to corporate safety and we will be working with our partners, such as the unions, Workers Compensation Board and our staff to ensure our legislative and moral requirements are met.



Together, these are a few of the important steps required for us to become an Employer of Choice

**Additional Initiatives:**

Other initiatives which will assist in making our community safer, stronger and better include:

1. The creation of an HRM Municipal Charter allowing us to be more flexible in responding to the needs of the community.
2. We are working to create Nova Scotia's first electronic voting capacity for elections, council chamber upgrades and a document management process will move us to a paperless council, and we will have a plebiscite tool at our fingertips.
3. Major events this year will include the World Hockey Championships, the Concert on the Common, as well as a variety of festival and events. Preparations will begin in earnest for the 2009 World Canoe Championships and the 2011 Canada Winter Games.
4. The two remaining wastewater treatment plants will open this year.
5. Staff are delivering on Council's Gateway priority by creating an action plan for implementation.
6. We will publicly launch "Good Neighbours, Great Neighbourhoods", our social marketing program.

**Summary**

In summary your worship and Members of Council, this proposed budget provides for a total Operating budget of \$677 million, an increase of \$27.8 million over last year.

Proposed Municipal Operating expenditures are \$547.7 million, an increase of \$24.5 or 4.7% over 2007/08. The increased cost of providing existing services is approximately \$22 million. Staff have already taken specific steps to reduce or offset these cost pressures including reducing some contribution to reserves where this can be done without impacting short-term requirements. As a result the reduced cost to provide our existing services is \$17.5 million, an increase of 3.3%.

In addition to increased costs to deliver existing services this year, this proposed budget includes \$7 million of new services or enhancements over last year. These include \$5.5 million in increased “pay as you go” funding. Council will now have the opportunity to provide direction on whether this \$5.5 million is going to be used to create a debt service fund to support an expanded capital program for the coming year. This \$5.5 million in additional spending will have a significant impact in our communities in the coming year or so.

This draft Capital budget provides for a gross capital investment of \$152 million. If you exclude Stormwater/Wastewater and Harbour Solutions, HRM’s capital budget has actually increased by 15%, or \$19 million dollars.

The capital budget you have been provided, has several detailed presentations outlining the current infrastructure situation and making specific recommendations as a follow-up to the Feb 19<sup>th</sup> Fiscal Framework meeting.

The Municipal Price Index is up 4% since 2006. There has been 23% construction inflation since 2003 (March 2008 PMI Institute). Operating support has not kept pace with new capital investments. We have deferred maintenance on many of our assets. We are now at a critical juncture.

This budget focuses on supporting what is needed to build a community which is safer, stronger and better utilizing the Council Focus Areas as the guiding principles.

Balancing public expectations and needs with the efficient and effective management of municipal

resources is the direction this budget is taking. The proposed budget ensures we are able to maintain our existing services. HRM is building on the strong foundation established in previous years to ensure success well into the future.

*Further information on the proposed 08/09 budget can be found at [www.halifax.ca](http://www.halifax.ca) by clicking on the 2008/2009 proposed budget icon on the home page or by calling the Corporate Call Centre at 490-4000*



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