

# BUDGET ADJUSTMENT LIST

Committee of the Whole on Budget  
March 23, 2022

## PROCESS

Currently there are 38 items included on the Budget Adjustment List (BAL) for a total of \$9.3M:

- Each option has its budget impact included
- Options can be one-time, ongoing or multi-year impact
  - Items are ongoing/multi-year will impact the tax rate in 2023/24
    - For example, the sidewalks item will cost \$7.5M in 2023/24 (1.1 cent tax impact)
  - Transit COVID Recovery option is listed once, but is a matrix of 12 options
- Items that are not included on the recommended BAL list can be added during the debate
- Budget Committee can package items together and vote once

**Following BAL approval, staff will return on April 12<sup>th</sup> for Regional Council Budget Approval**

## RISKS

Going into the 2022/23 Fiscal Year, the municipality faces several significant risks:

### **Inflation**

- Gas/diesel fuel have seen significant increases following budget assumptions
  - Prices are still moving - there is a risk of \$2M - \$8M budget shortfall
- Price Inflation on Capital Projects triggered by increased fuel prices and input costs

### **Deed Transfer Tax (DTT)**

- Although strong in the past, there is no guarantee that it will continue
- Is a function of the housing market
  - Risk of cooling in future
  - Any reduction to future DTT would require a general rate increase to offset it

### **Surplus Funding**

- Any funding from the surplus will not repeat in 2023/24
  - Surplus funding of multi-year items will need to be made up through taxes or service reductions

## OPPORTUNITIES

There are several opportunities that have come up that could help mitigate some risk:

### **Surplus**

The 2021/22 surplus is expected to be nearly \$19M

- \$7M has already been used in the 2022/23 Budget to manage the tax increase
- \$12M can be used toward BAL and risk mitigation

### **Deed Transfer Tax**

- Currently Projected at \$81M in 2021/22
- 2022/23 proposed budget has \$80M
- Some room for 2022/23 to fund ongoing BAL items

### **External Funding**

There are some early indications that other levels of government may provide some funding

- Still too early to predict the funding that would be provided

## RECOMMENDATION

Staff recommendation to Budget Committee provides funding to 25 of the BAL Overs and uses 4 of the Unders:

- The recommendation categorizes the BAL into 4 groups:

### Funding Growth:

- Additional Staff for Permits
- Discover Halifax
- Art Gallery of NS
- Future Serviced Communities
- Bylaw Simplification

### Community Interest:

- Multi-Service Youth Centre Phase 2
- Reaching Rural Communities (Library)
- BOPC Position
- MDF Subsidy

### COVID Recovery:

- Free Transit Options
- Parking relief
- Arts Grants & Library Programs

### Risk Mitigation:

- HRP Budget
- Casual Wage Increases
- Fire Positions

## FUNDING RECOMMENDATION

Staff are recommending the following funding:

- Increase Deed Transfer tax by \$3M to \$83M to fund ongoing costs
- Use \$5.2M to fund one-time & multi-year costs
- Retain \$7M to mitigate financial risks from fuel & inflation

Suggested Funding	
<b>Ongoing</b>	
Risk Mitigation	1,988,000
Growth	1,174,700
Community Interest	375,500
Under Funding	(715,000)
<b>Total Deed Transfer Funding</b>	<b>2,823,200</b>
<b>One-time/Multi Year</b>	
COVID Recovery	1,375,000
Funding Growth	3,400,000
Community Interest	590,000
Risk Mitigation	75,000
Under Funding	(275,000)
<b>Total Surplus Funding</b>	<b>5,165,000</b>