



2019-2020

BUDGET AND BUSINESS PLANS



HALIFAX

April 16, 2019

Recommendation

That Budget Committee recommend that Halifax Regional Council:

- Adopt the Resolution for Approval of Operating and Capital Budgets and Tax Rates for Fiscal 2019-20 as set out in Schedule 1 of the staff report dated April 16, 2019; and
- Direct staff to develop the budget and business plan for 2020-21, consistent with the 2017-21 Multi-Year Budget Process, along with a four-year outlook that balances Regional Council priorities with economic indicators and establish financial policy consistent with forecasted economic conditions.

Current Environment

Growing Economy

- Economic outlook is solid
- Personal income per capita up 2.5%

Increased Investments

- Additional capital investment of \$35M or 27.5%

Fiscal Responsibility

- Residential tax rate reduced 0.3%, commercial rate up 2.1%
- Residential assessment growth of 2.6%, commercial growth 0.2%
- Average residential and commercial tax bill up 2.3%
- Municipal expenditures increased 4.3%
- Debt and debt servicing costs continue to fall

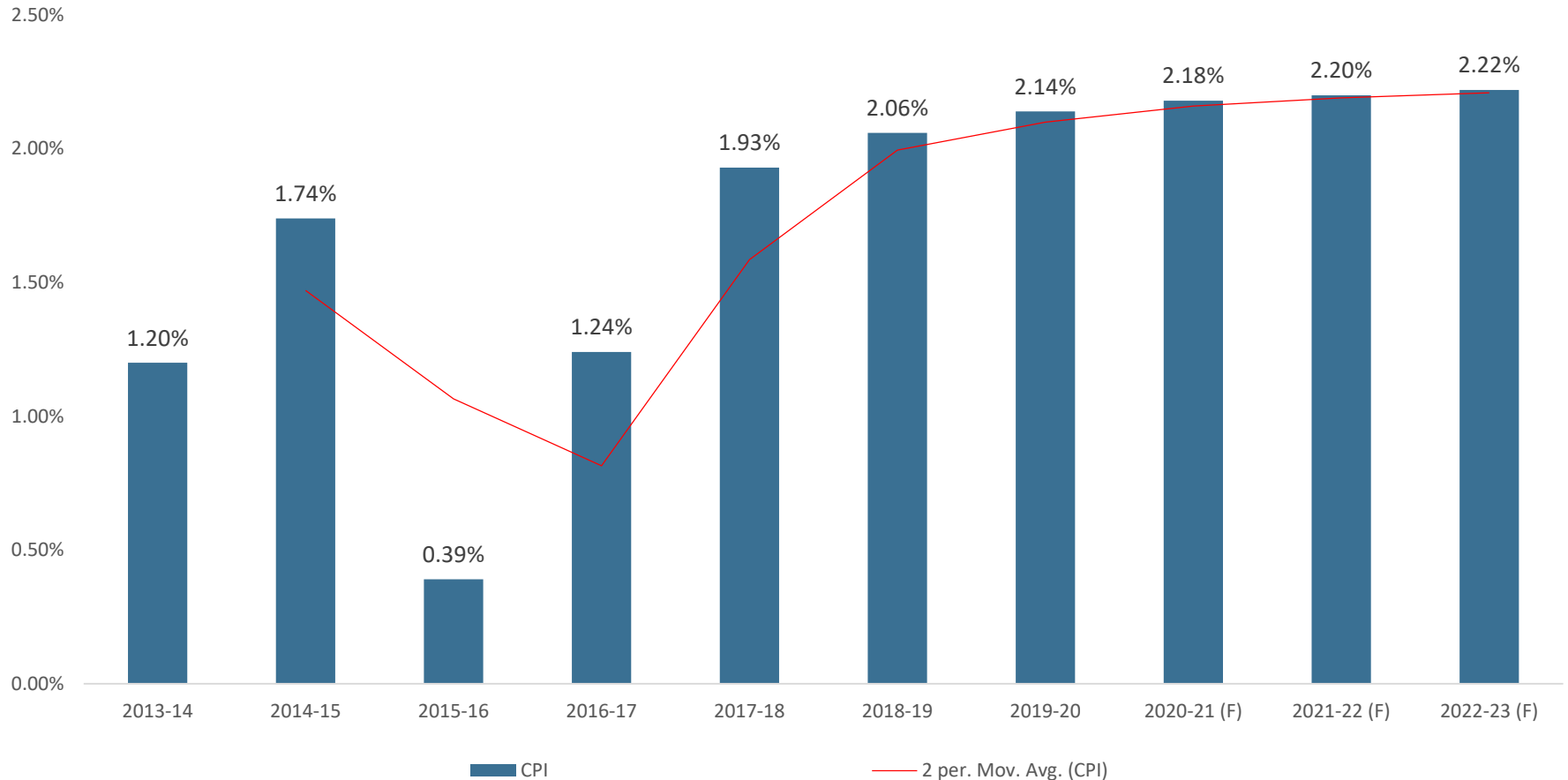
Growing Economy

Economic Assumptions

	2018-19	2019-20 (F)	2020-21 (F)	2021-22 (F)	2022-23 (F)
Real GDP Growth	1.7%	1.2%	1.3%	1.7%	1.8%
Personal Income per Capita	45,032	46,179	47,350	48,661	50,032
Percent Change	-	2.5%	2.5%	2.8%	2.8%
Inflation (CPI)	2.0%	2.1%	2.2%	2.2%	2.2%
Population (000s)	438	444	449	455	460
Dwelling Units	195,529	197,887	200,199	202,464	204,706
Percent Change	-	1.2%	1.2%	1.1%	1.1%

Source: Canmac Economics, Conference Board of Canada, Autumn 2018.

HRM Inflation Rates



Sources: Statistics Canada, Conference Board of Canada, Canmac Economics MACRO Model Outlook
2 per. Mov. AVG means 2 period moving average

Increased Investments

2019-20 Spending Highlights

Transit and Moving Forward Together Plan

- Expansion vehicles **\$7.6M**
- Incremental operating investment **\$700K**
- Conventional bus replacement **\$15.4M**
- Rural transit funding **\$220K**

Integrated Mobility Plan

- Transit Priority Measures, Land and Facility Investment **\$7.5M**
- Active transportation projects **\$7.6M**
- Parking technology **\$1.7M**

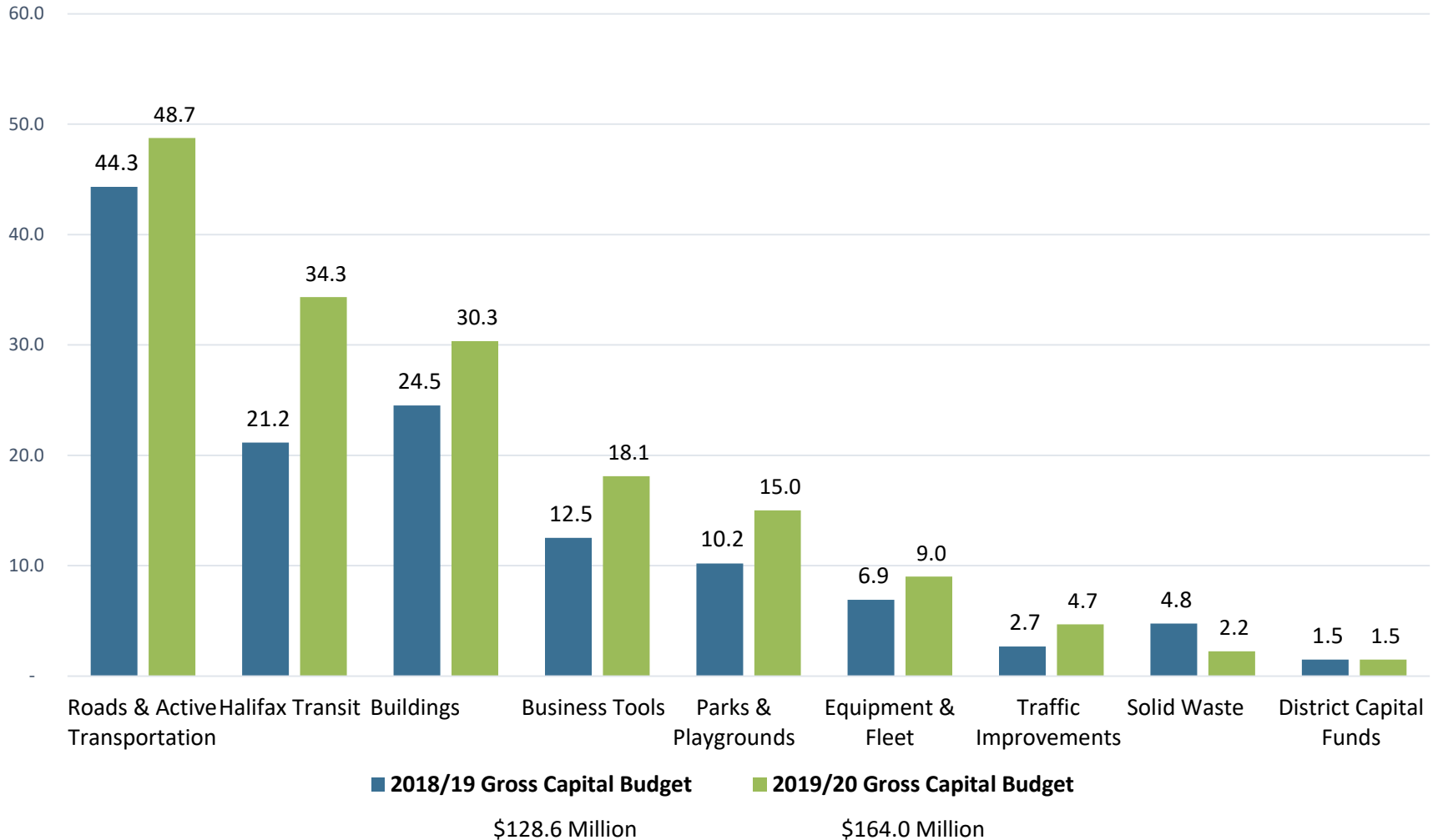
Safe Communities

- Bridge and street improvements **\$36.1M**
- Enhanced fire safety presence in Fall River **\$400K**
- Senior Snow Program **\$100K**
- Water quality monitoring **\$150K**

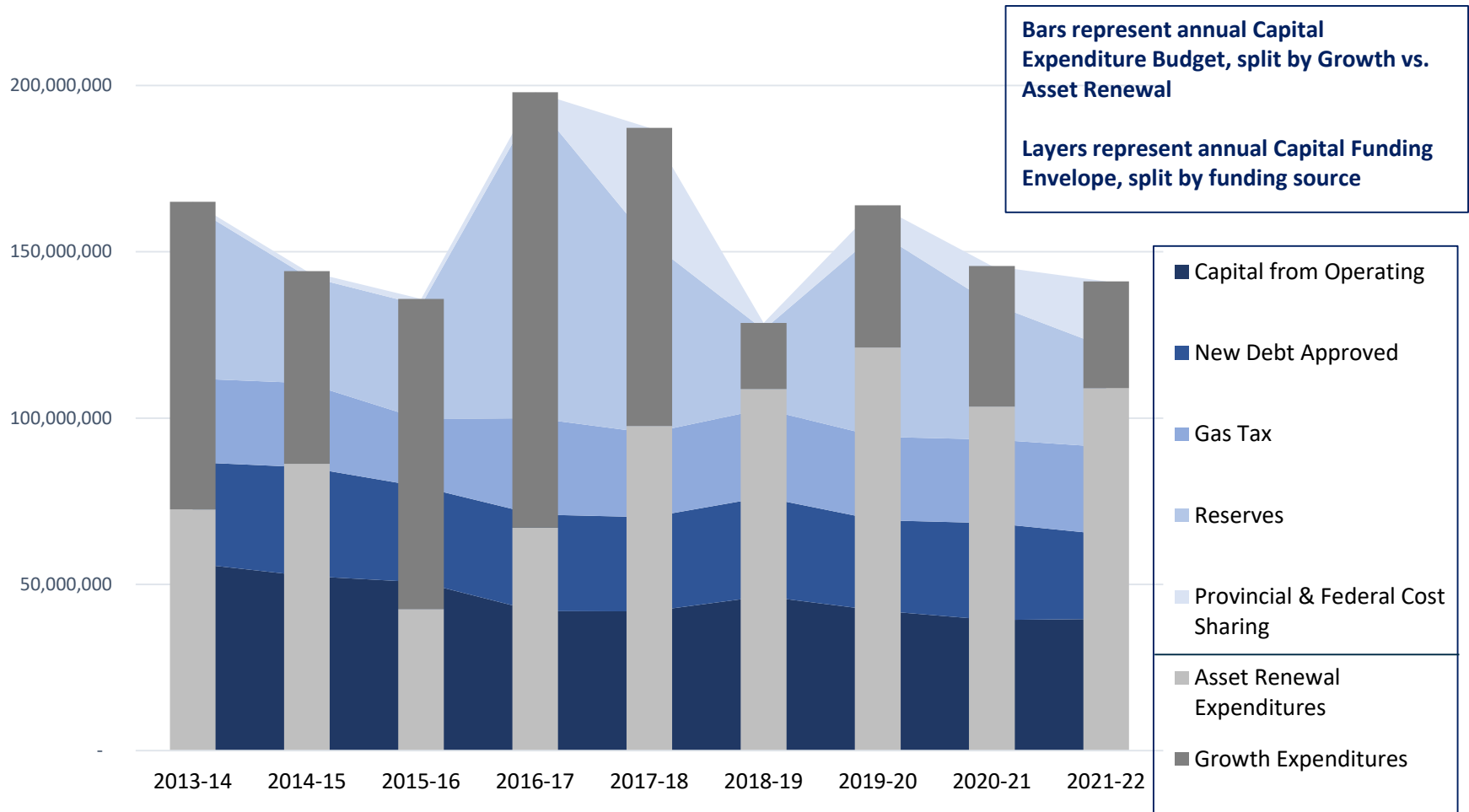
Innovation & Culture

- Investing in innovation with Volta **\$125K**
- Arts Halifax **\$75K**

Two Year Capital Budget Comparison

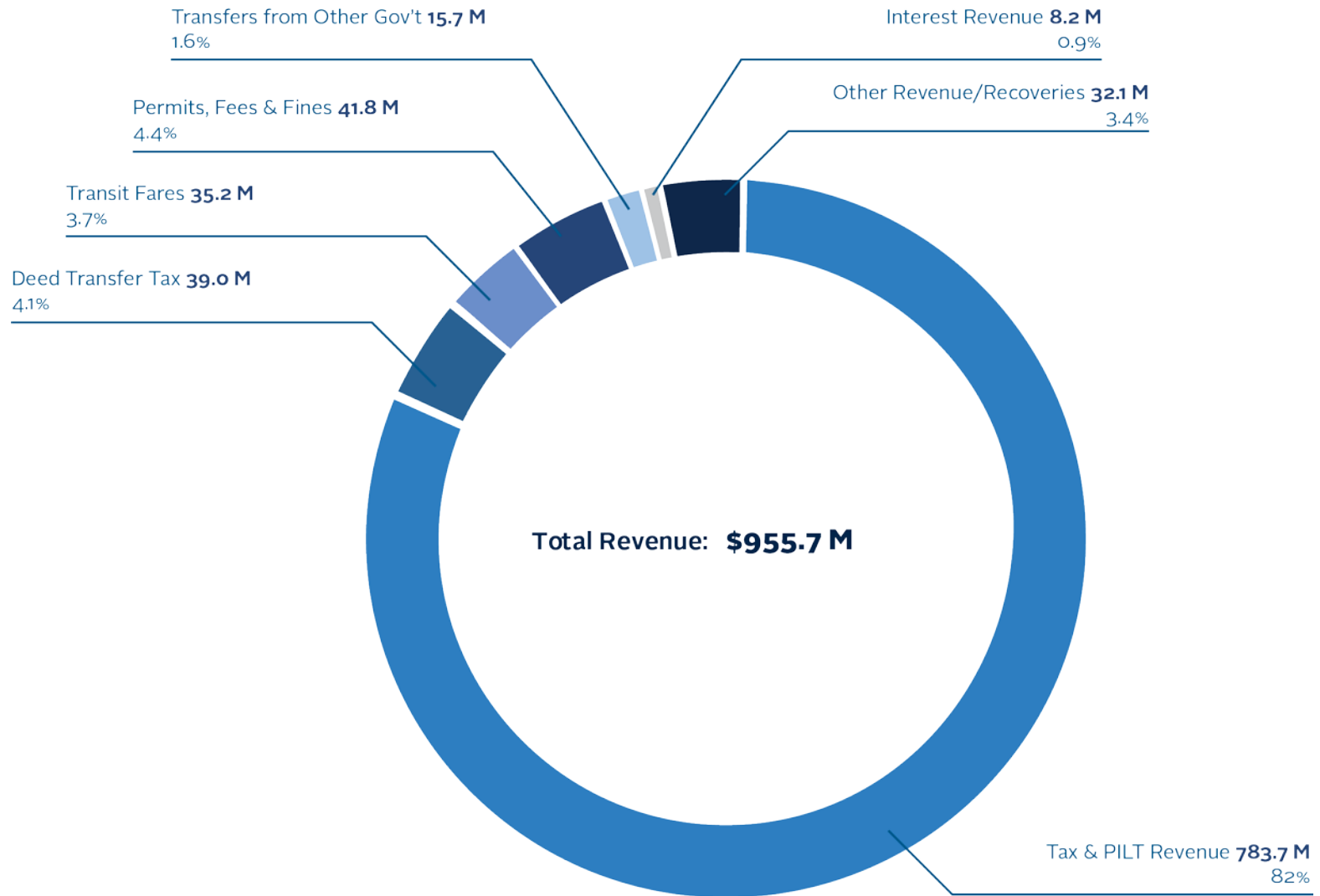


Capital Funding vs. Cost Trends



Fiscal Responsibility

Revenue 2019-20

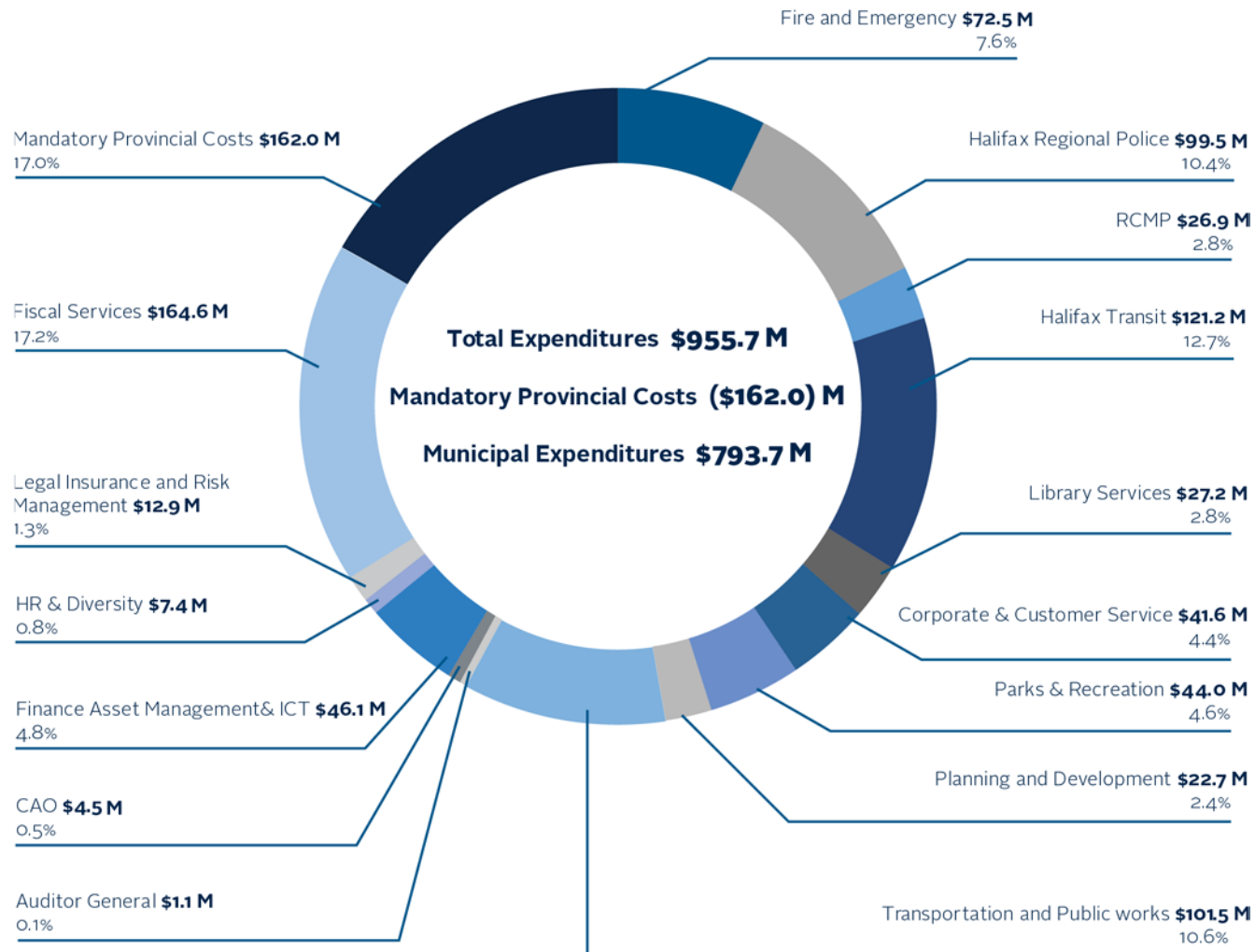


Revenue 2019-20

Revenue (\$ Millions)	2018-19	2019-20	\$ change	% change
Residential Taxes	\$250.0	\$259.3	\$9.30	3.7%
Commercial Taxes	\$222.1	\$234.1	\$12.0	5.4%
Payment in Lieu of Taxes	\$39.2	\$41.6	\$2.4	6.1%
Deed Transfer Tax	\$37.0	\$39.0	\$2.0	5.4%
Transit Fares	\$33.2	\$35.2	\$2.0	6.0%
Area Rate Revenues	\$229.6	\$235.7	\$6.1	2.7%
Fee Revenue	\$39.6	\$41.8	\$2.2	5.6%
Other	\$68.1	\$69.0	\$0.9	1.3%
Total Revenue	\$918.8	\$955.7	\$36.9	4.0%

Numbers may not add due to rounding

Operating Expenditures (\$ Millions)



Spending by Category 2019-20

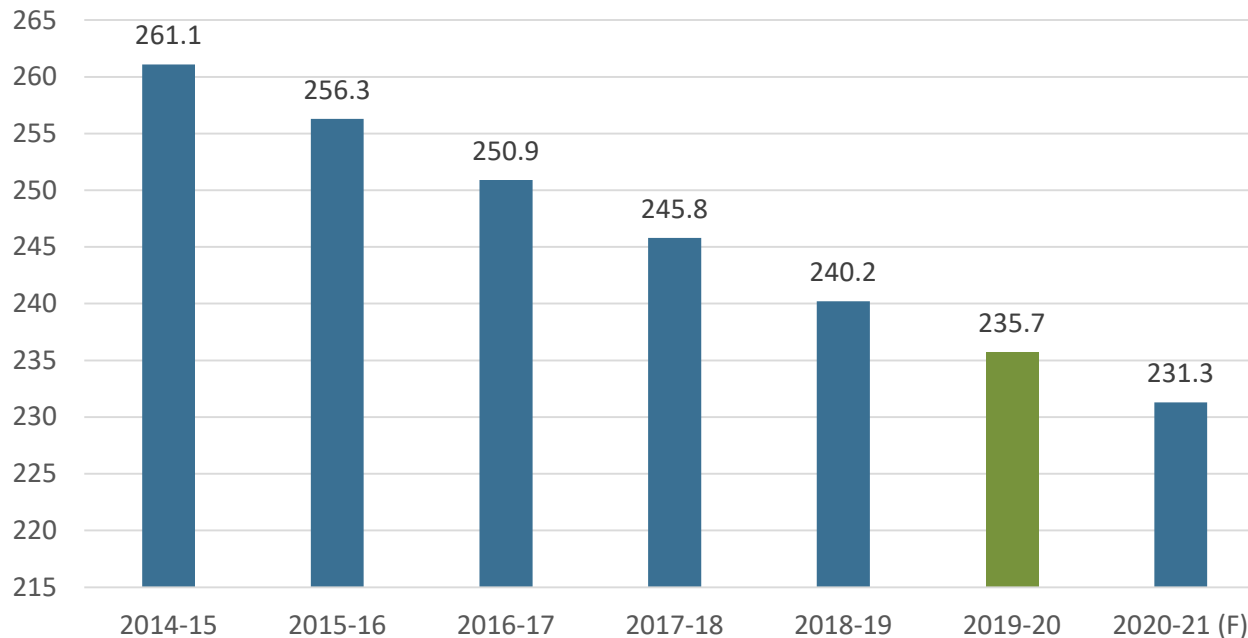
Expenditures (\$ Millions)	2018-19	2019-20	\$ change	% change
Compensation and Benefits	\$387.5	\$403.2	\$15.7	4.1%
External Services	\$114.8	\$118.0	\$3.2	2.8%
Vehicle Expense	\$24.5	\$29.4	\$4.9	20.0%
Building Costs	\$20.0	\$19.3	(\$0.7)	(3.5%)
Other Expenses (Materials, Office, Communications, Other Goods/Services)	\$53.1	\$57.1	\$4.9	7.3%
Debt Service	\$49.1	\$46.5	(\$2.6)	(5.3%)
Fiscal (Transfers, Cap from Operating, Insurance, Other)	\$111.9	\$120.2	\$8.3	7.4%
Total Municipal Expenditures	760.9	793.7	32.7	4.3%

Full detail in the municipal budget: <https://www.halifax.ca/city-hall/budget-finance/budget>

Numbers may not add due to rounding

Debt

- Lower debt servicing costs allows for spending flexibility
- Well-positioned to fund infrastructure into the future



Amounts are for Tax Supported Debt as of March 31st year-end. It includes capital funding that is approved but not yet spent or issued.

Reserves

Three main categories of municipal reserves:

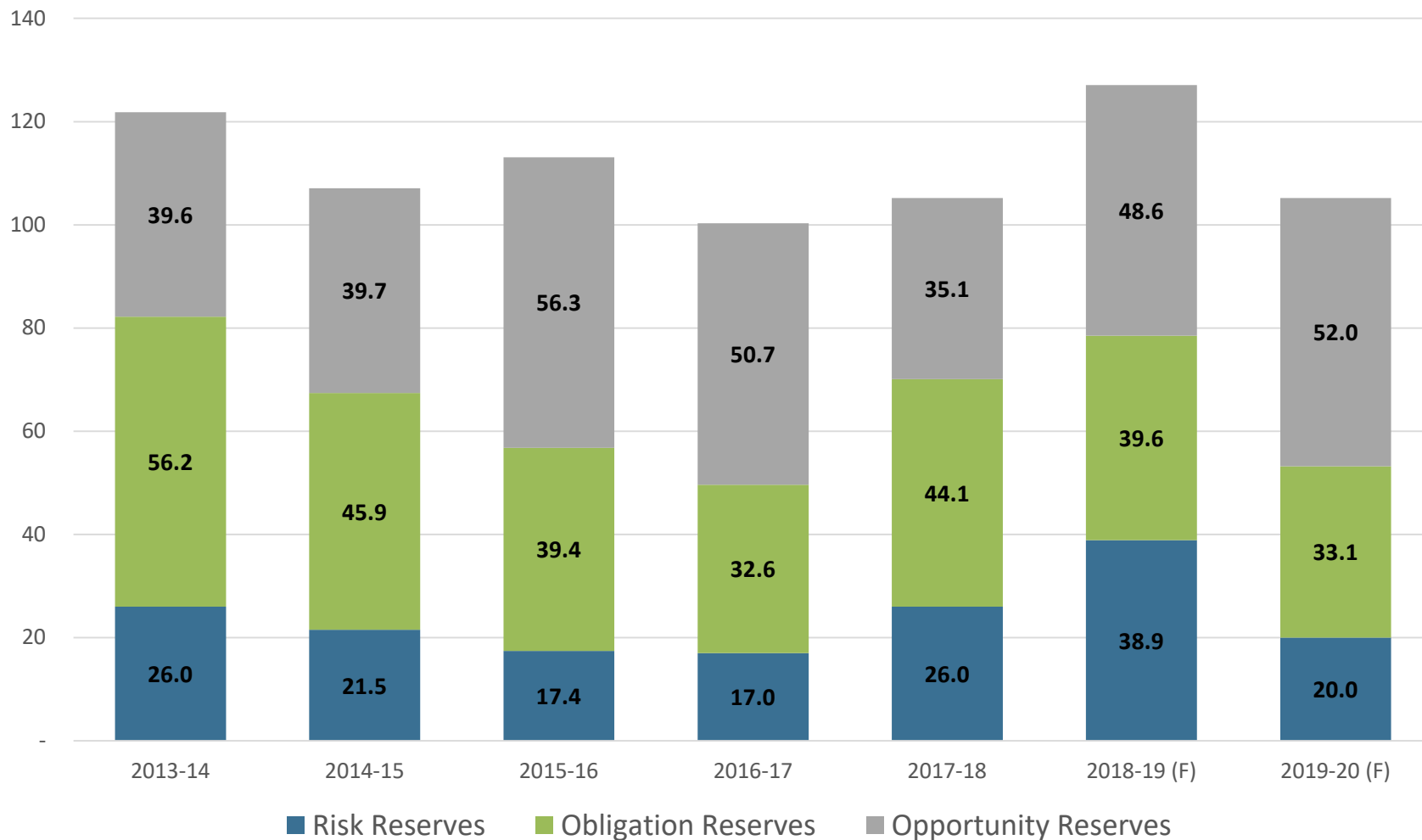
- Risk – **\$20M**
- Obligations – **\$33.1M**
- Opportunities – **\$52M**

Municipal reserve balances are relatively robust

- Expected balance of **\$105.1M** as of March 31, 2020

Net Reserve Balances (as of March 31st)

\$ Millions



Residential Tax Rate Declines 2019-20

Average tax bill for a single-family home: **\$1,967**

Average tax bill for a business: **\$42,029**

Taxes on Average Home:

Home value up	2.6%
Tax rate down	(0.3%)
Tax bill up	2.3%

Taxes on Average Business:

Business value up	0.2%
Tax rate up	2.1%
Tax bill up	2.3%

Positioned for Success

Growing Economy

- Projected economic growth is relatively strong
- Continued commercial development
- Inflation is steady and forecasted to remain so
- Increased population growth
- Innovation districts & university sector very strong

Increased Investments

- Investments in technology to become a Digital City
- Additional capital investment of \$35M or 27.5%

Fiscal Responsibility

- Prudent fiscal policies
- Healthy reserve balances
- Debt servicing costs remain low