

HALIFAX

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Item No. 3
Budget Committee
September 20, 2019

TO: Chair and Members of Budget Committee
(Standing Committee of the Whole on Budget)

SUBMITTED BY:

Original Signed by 

Jane Fraser, Director of Finance, Asset Management & ICT/CFO

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: September 10, 2019

SUBJECT: Long-term Capital Strategy

ORIGIN

May 21, 2019 Halifax Regional Council Item 15.1.2 motion: THAT Halifax Regional Council direct the Chief Administrative Officer to schedule Budget Committee meetings, as outlined in the Discussion section of the staff report dated April 24, 2019, to provide guidance for the 2020/21, 2021/22, and 2022/23 capital budget deliberations.

LEGISLATIVE AUTHORITY

Pursuant to the Halifax Charter, section 35(1), the Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that Budget Committee:

1. Validate the planned and potential projects listed in the Strategic Capital Funding Strategy report dated June 5, 2014;
2. Direct staff to add any additional desired Signature or Significant Business Unit projects to the capital planning portfolio.

BACKGROUND

In 2017/18 the Halifax Regional Municipality (HRM) began to deliver multi-year budgets in response to Regional Council's 2016 request for staff to take a broader view of underlying assumptions and the capacity to undertake service enhancements. In 2018/19 HRM began to integrate enterprise asset management practices into the capital planning process to continue efforts to meet Council's request for a more predictable, strategic and sustainable approach to infrastructure investment and service delivery.

Staff are drafting an asset management strategy which will define how we are going to maximize HRM's asset value to enable the delivery of service performance objectives set by Regional Council. Instead of focusing separately on capital and operating budgets, an asset management strategy will guide the organization on how staff should integrate the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, and disposal of municipal assets.

The broad cradle-to-grave visibility of infrastructure requirements provides line of sight into how the municipality may choose to address critical drivers in business planning. These drivers include adequate lead times to onboard appropriate resourcing for key projects, resiliency programs to mitigate risk, sufficient fiscal resourcing plans to minimize tax rate fluctuations, and increased understanding of service delivery capacity. Central to this approach is the need to adequately plan for large and complex capital projects that are beyond the ability of the organization to deliver within the traditional capital budgeting process.

In July 2014 staff presented Planned and Potential Strategic capital projects for Council consideration. These projects were identified as major capital investments required due to existing infrastructure being at end-of-life, or opportunities for city building as defined by municipal strategic plans. Planned projects had previously received direction from Regional Council for staff to begin the planning phase, whereas Potential projects were not approved and only in conceptual phase. The details of these projects were included in the July 29, 2014 Regional Council agenda item no. 11.2.1 iv, "Strategic Capital Funding Strategy" (see attachment 1).

DISCUSSION

With an annual ten-year capital outlook in recent years which continues to exceed available funding, staff have considered how to differentiate the various infrastructure streams to create a long-term capital strategy that fulfills the goal of predictable, resilient and sustainable investment and at the same time invest in significant city building projects. There are two key streams within infrastructure asset planning:

1. manage current asset inventories cost effectively to meet existing service targets, such as establishing targets for asset renewal versus growth investment (<http://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/190716bc3.pdf>), and creating asset lifecycle management plans, and
2. design and acquire new infrastructure required to support service increases or expansion. This includes signature projects, as well as, large and complex (significant) projects for assets requiring major rehabilitation or replacement.

The strategy to cost-effectively manage current infrastructure includes creating an optimized program which coordinates both operating and capital activities over the full life of the assets. Staff have begun preliminary work to create these asset lifecycle management plans.

Within the current work to develop a long-term capital strategy, staff believe it will be beneficial to distinguish two categories for major infrastructure projects. Apart from large rehabilitation or replacement projects for existing infrastructure occurring in the regular course of business, categorized as Significant projects staff have identified that some large Growth projects require a different governance process and discussion. These projects of distinction should be categorized as Signature projects.

Signature Projects

A Signature project would be defined as iconic placemaking infrastructure, supporting Halifax's place as the economic regional centre of Atlantic Canada. These projects would extend beyond basic service delivery infrastructure requirements with a more strategic design integration with community planning visions, incorporating both land use and infrastructure components. Projects should exemplify city building with real impact for the community and as a destination. The municipality may decide to own the infrastructure or participate as a significant partnership.

Generally, when we discuss public infrastructure, the focus is on fundamental form and technical requirements to support municipal services. However, the foundation of healthy and vibrant communities includes city planning beyond basic function. Halifax is the capital of Nova Scotia and the key economic region of Atlantic Canada. To achieve the vision of making Halifax a destination of choice, the municipality must join the community in designing iconic placemaking infrastructure that brings people together for experiences which sets this destination apart from others.

Planning Process for Signature and Significant Business Unit Projects

There are key drivers which trigger capital projects that are different in planning from standard renewal projects. Key drivers include: Council-directed service level increases, service expansion or growth, signature projects, and significant infrastructure rehabilitation or replacement.

In a growing municipality, there are high expectations from the community to increase service levels, update service delivery design, and have big-city amenities. These operational drivers trigger infrastructure investment which is generally large and complex. As an example, as HRM realizes its goals under the Integrated Mobility Plan with a shift from people travelling in cars to public transit, Halifax Transit will require an investment in a new transit facility. A facility of this size is in the range of \$70 - \$100 million; this is beyond the scope of standard asset renewal for capital planning. Similarly, a Police Headquarters replacement in response to changing service delivery models and standards requires a significant investment in infrastructure over regular maintenance.

Staff are incorporating changes into the long-term capital strategy to improve the effectiveness of these significant asset investment decisions. One change is to improve the governance process for a more inclusive and collaborative project plan resulting in more partnerships, synergies, and sustainable lifecycle costs.

Governance changes for these major asset investment decisions require a focus on specific considerations depending on the driver for the new infrastructure. Growth capital projects proposing the acquisition of new infrastructure needs to focus on rationalization of technical requirements, impact to the service, and strategic alignment. The purpose for this is to ensure investment value is maximized, when the list of service improvement requests is much greater than the available resources. Signature projects should additionally incorporate extensive community involvement in both the design.

These significant and signature initiatives are required as a standard part of delivering municipal service to the community and are expensive. As work on the long-term capital strategy evolves and matures, staff will look to Council for direction on how we should plan for infrastructure requirements aligned with economic growth.

Project Delivery

The increased complexity of these large projects, along with the present focus on improving effective and sustainable asset planning, has made it apparent that the municipality would benefit from having dedicated project management resources for these Signature and Significant projects.

The concept would include establishing a dedicated project office to negotiate and deliver major infrastructure projects. Existing asset managers would continue to assess the overall infrastructure inventories to create the long-term capital plan and oversee ongoing project activities. However, the more complex and time-consuming projects would be handled by the dedicated project office to allocate a higher level of oversight in advancing the projects more quickly. An example of this model is being utilized for the Cogswell Redevelopment project and Windsor Street Exchange Redevelopment project.

Planned and Potential Strategic Projects

In July 2014, a report and presentation were put before Regional Council regarding Planned and Potential Strategic Projects. The list of large projects had originated from the Regional Plan, the Long-term Arena Strategy, and the Regional Economic Growth Strategy. The Planned Strategic Projects had more developed business cases and funding plans. The Potential Strategic Projects were in the conceptual phase. Council directed that one cent be added to the general tax rate beginning in 2015/16 with the proceeds to be placed in the Q126 Strategic Growth reserve account to assist with funding the Potential Strategic Projects.

To better align this list of planned and potential strategic projects with staff's present work to create a long-term capital strategy, it is recommended that the list be revised to meet the updated categories for large projects as described in this report and updated with anticipated current direction.

The July 29, 2014 Halifax Regional Council meeting approved the following project lists:

2014 Project Name	2014 Category	Present Status	Proposed Category
Halifax Multi-pad (Forum Redevelopment)	Planned strategic project	Conceptual	Significant Business Unit project
Dartmouth Multi-pad (RBC Centre)	Planned strategic project	Complete	N/A
Dartmouth Sportsplex (Zatzman Sportsplex)	Planned strategic project	Complete	N/A
Cogswell Redevelopment	Planned strategic project	Underway	Signature project
\$50, 5 Year Downtown Investment	Planned strategic project	Discounted as a Signature project when federal cost sharing did not materialize	N/A
Police Station Renewal	Potential strategic project	Conceptual	Significant Business Unit project
Fire Services Training Facility	Potential strategic project	Planning	Significant Business Unit project
Stadium	Potential strategic project	Partnership proposal under investigation	Signature project
Library Facilities' Plan	Potential strategic project	Underway	Several standard capital planning projects

Capital initiatives to be approved by Council as an outcome of a Cultural Spaces Plan (originally Performing Arts Centre)	Potential strategic project	Conceptual	Signature project
Commuter Rail / Fast Ferry	Potential strategic project	Commuter Rail cancelled / Fast Ferry conceptual	Significant Business Unit project

It is staff's opinion that the Cogswell Interchange Redevelopment, Stadium, Cultural Spaces Plan, and Fast Ferry be designated as Signature projects. The remaining projects on the list meet the criteria for large asset rehabilitation or replacement projects.

In addition to the Signature projects compiled in 2014, there are some other projects that have since been identified through strategic service plan discussions. These include:

- Scotiabank Centre Replacement
- Bus Rapid Transit (BRT) Network
- Long term aquatic strategy

In addition to the work that was carried out in 2014, staff have carried out a preliminary review of the types of signature infrastructure projects found in Canadian municipalities.

	Kitchener - Cambridge -											
	Halifax	Waterloo	Quebec City	Regina	St. John's	Victoria	London	Montreal	Winnipeg	Boston	Cleveland	Austin
Population Estimate	430,512	567,740	817,408	257,337	212,501	395,523	532,984	4,255,541	832,186	4,836,531	2,058,844	2,115,827
Aquarium			X							X	X	X
Convention Centre	X	X			X	X	X	X	X	X	X	X
Stadium				X				X	X	X	X	X
Art Gallery	X	X	X	X	X	X	X	X	X	X	X	X
Museums	X	X	X	X	X	X	X	X	X	X	X	X
Ballet									X			X

Notes:

Population estimates for Canadian Cities are based on Statistics Canada CMA Pop. Estimates as of July 1, 2018.

United States cities/regions are based on most current Census Bureau Data.

Regional Municipality of Waterloo, Quebec City, Regina, St. John's Victoria and London are comparator cities as defined by the Halifax Partnership.

Stadiums in peer cities are on university campuses, and not directly funded by municipal entities. All university stadiums are below 12,000 persons.

Regina is notable exception given CFL franchise presence.

Regional Municipality of Waterloo Convention Centre is privately owned, but is a member of the regional tourism organization. No evidence of municipal funding.

Staff have also reviewed the Downtown I'm In report from June 2014 to see if there were suggestions from the public that would fit the definition of a Signature project. A number of the projects suggested, such as bike lanes and AT trails, are being addressed through other strategies and the standard capital planning process.

Staff is looking for Council direction as to whether the Signature and Significant projects identified above are still relevant for moving forward in the long-term capital plan, and whether there are other projects missing from the list.

FINANCIAL IMPLICATIONS

Funding for specific, non-routine large capital projects has traditionally come from various reserve accounts and federal infrastructure programs. The work to create a long-term capital strategy will affect and inform

the longer-term fiscal strategy, as it relates to partnerships, changes to debt strategy, potential Capital Cost Contributions, or tax increases. The financial implications associated with the recommendation would be reflected in the longer-term capital outlook. As projects develop robust planning details and meet corporate prioritization requirements, they will be assessed using the capital funding framework and incorporated into appropriate budgets.

RISK CONSIDERATION

Implementing a longer-term strategic capital plan will mitigate the enterprise risk associated with owning and maintaining HRM's large infrastructure inventory. Risk is now formally evaluated for each capital project annually, as part of the capital prioritization framework.

Establishment of a dedicated project management office for large and complex capital projects would mitigate project delivery risk and provide the opportunity for a higher level of community engagement and partnership.

COMMUNITY ENGAGEMENT

Halifax Regional Council meetings are open to public attendance, and a live webcast is provided of the meeting. The agenda, reports, minutes, and meeting video are posted on Halifax.ca. As signature projects are advanced there would be community engagement and input to the project.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications directly associated with the recommendation of this report. A more strategic capital plan should allow for greater consideration of environmental resiliency in municipal infrastructure.

ALTERNATIVES

1. Budget Committee may recommend retaining the original 2014 Planned and Potential Strategic projects' lists without any changes.
2. Budget Committee may recommend stopping any planning activities on existing named Signature projects and defer further discussion to nominate Signature projects until after the Municipal visioning exercise planned for 2020/21.

ATTACHMENT

Attachment A - Strategic Capital Funding Strategy Report – Regional Council Item No. 11.2.1 iv
July 29, 2014

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Crystal Nowlan, Manager, Asset Management 902.237.8768

Item No.11.2.1 iv

Audit and Finance Standing Committee

June 5, 2014

June 18, 2014

Regional Council July 29, 2014

TO: Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director, Finance and ICT

DATE: May 26, 2014

SUBJECT: Strategic Capital Funding Strategy

ORIGIN

Capital Budget presentation from February 26, 2014 Committee of the Whole.

LEGISLATIVE AUTHORITY

Pursuant to the Halifax Charter:

- Section 35 (1), the Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.
- Section 83 (1) The Municipality may borrow to carry out an authority to expend funds for capital purposes conferred by this Act or another Act of the Legislature.
- Section 93 (1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.
- Section 120 (1) The Municipality shall maintain a capital reserve fund.
 - (2) The capital reserve section of a special reserve fund in existence, on the coming into force of this Act, is a capital reserve fund.
 - (3) The capital reserve fund includes
 - (a) funds received from the sale of property
 - (b) the proceeds of insurance resulting from loss or damage of property that is not used for replacement, repair or reconstruction of the property;
 - (c) any surplus remaining from the sale of debentures that is not used for the purpose for which the debentures were issued;
 - (d) the surplus remaining in a sinking fund when the debentures for which it was established are repaid;

Recommendations on pages 2 and 3...

- (e) any capital grant not expended in the year in which it was paid;
- (f) proceeds received from the winding up of a municipal enterprise as defined in the Municipal Finance Corporation Act;
- (g) the current fiscal year's accrual for landfill closure and post closure costs; and
- (h) amounts transferred to the fund by the Council.
- (4) A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for
 - (a) capital expenditures for which the Municipality may borrow;
 - (b) repayment of the principal portion of capital debt; and
 - (c) landfill closure and post closure costs.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend to Halifax Regional Council:

1. Approve the use of the Capital Reserves Q101 Sale of Assets; Q126 Strategic Growth; Q139 Central Library Repayment Reserve; and Q145 Regional Facility Expansion Reserve to fund the **Planned Strategic Projects** and the **Potential Strategic Projects** should they proceed.
2. Dedicate the net proceeds from the sale of Bloomfield, 3rd Queen Street Site, Red Cross Building, Bayne Street and St. Pat's Alexandra to fund the **Planned Strategic Projects** should they proceed.
3. Dedicate the net proceeds from the potential sale of St. Pat's High, Alderney and Ochterloney lot, Lyle Street and the arenas made surplus by the Long Term Arena Strategy for interim financing of **Planned Strategic Projects** and funding of **Potential Strategic Projects**
4. Approve amending the Multi-Year Fiscal Plan to permit up to \$100,000,000 of debt financing above the limits set by that plan for the **Potential Projects**.
5. Approve adding 1 cent to the general tax rate as determined by the 15/16 budget. The proceeds are to be placed in the Q126 Strategic Growth reserve to fund **Potential Strategic Projects**.
6. Approve adding the Library Facilities Plan to the scope of work for the Community Facility Master Plan review so the timing and placement of these potential facilities can be considered in context with other HRM facilities.
7. Direct staff to recommend funding in the 15/16 Capital Budget to:
 - a. Complete feasibility study, business case and Class C costing for the Police Station Renewal and Fire Services Training Facility

Recommendations continued on page 3...

- b. Develop business model and partnerships for a stadium and supporting infrastructure for presentation to the Executive Committee in June 2014.
 - c. Perform a needs assessment, feasibility study and identify potential partners and service delivery model for a Performing Arts Centre
8. Approve the **Planned Strategic Projects** referenced in these recommendations as: Halifax Multi-pad; Dartmouth Multi-pad; Dartmouth Sportsplex; Cogswell and the \$50 million, 5 Year Downtown Investment.
 9. Approve the **Potential Strategic Projects** referenced in these recommendations as: the Police Station Renewal; Fire Services Training Facility; Stadium; Library Facilities Plan; Performing Arts Centre or Commuter Rail / Fast Ferry.

BACKGROUND

During the budget presentation on Capital on February 26, 2014, staff identified the need for a plan to address the large capital projects in various stages of the decision making process, and a funding plan to address them. As the funding plan will rely heavily on amounts in capital reserves and proceeds from the sale of high value properties, Council will need to decide if this funding is to be held for these projects or applied elsewhere. Also, as the investment in these projects will be over a decade or more, staff needs direction from Council regarding the priority and timing of these projects.

In suggesting the priority and timing of these projects, staff have considered links to Council priorities, relationships between projects, partnerships, and spending for impact.

The current funding level for capital, as detailed in the 3 year capital plan, is only sufficient to fund that plan, and in fact may not be sufficient to cover all emerging pressures. Staff do not anticipate being able to redirect funding from the capital plan to these projects.

DISCUSSION

The following five of these **Planned Strategic Projects** are in the planning stage. They have all been before Council. They are:

- **Long Term Arena Strategy – Peninsula**
 - **Idea**
 - **Consolidate arenas with new multi-pad facilities on the Peninsula**
 - **Close old arenas and Forum**
 - **Rationale**
 - **It is better to replace than refurbish very old arenas**
 - **Multi-pad is the most efficient way to operate**
 - **Council**
 - **Part of LTAS approved August 14, 2012**
 - **Cost**
 - **Approximately \$33.8M**
 - **Recovery sale of Forum site**

- **Impact**
 - **RP+5 : Increase residential density on the peninsula by releasing forum land for development**
- **Opportunity**
 - **Partnership with Canadian Forces Base Halifax and potentially Dal and SMU**
- **Long Term Arena Strategy – Dartmouth**
 - **Idea**
 - **Consolidate arenas with new multi-pad facilities on Dartmouth**
 - **Close old arenas**
 - **Rationale**
 - **It is better to replace than refurbish very old arenas**
 - **Multi-pad is the most efficient way to operate**
 - **Council**
 - **Part of LTAS, approved by Council August 14, 2012**
 - **Cost**
 - **Approximately \$43M**
 - **Impact**
 - **RP+5 : Stadium, Transit, achieve walkable, complete communities and density**
 - **Opportunity**
 - **With a future stadium, seed development in Shannon Park, and seed creation of a Ferry Terminal at Shannon Park**
- **Dartmouth Sportsplex Upgrade**
 - **Idea**
 - **Modernization and expansion of the Dartmouth Sportsplex**
 - **Rationale**
 - **Improve impact for the community**
 - **Improve revenue opportunities**
 - **Council**
 - **Approved as a strategic project for consideration by AFSC, April 15, 2014**
 - **Cost**
 - **Approximately \$22M**
 - **Impact**
 - **Ability to consolidate services and focus on the community**
 - **Opportunity**
 - **RP+5 complete communities, Transit**
 - **Potential for facility rationalization**
- **Cogswell Interchange**
 - **Idea**
 - **Demolish the Cogswell Street Interchange repurpose the land for mixed-use development and public amenities**
 - **Rationale**
 - **Interchange is nearing end of useful life**

- **It is not needed, and the land can be put to better use**
 - **Council**
 - **Council approved issuing an RFP for developing Master Plan in 2009**
 - **Cogswell Lands Plan endorsed by Executive Standing Committee, April 28, 2014 and Regional Council, May 13, 2014**
 - **Cost**
 - **NO net impact. Costs should be recovered from development**
 - **Impact**
 - **Centre Plan**
 - **Downtown Development**
 - **Opportunity**
 - **Transit Hub and Parkland**
 - **Integrate Downtown with North End Gateway/Halifax North**
- **\$50M, 5 year Downtown Investment**
 - **Idea**
 - **Leverage funds from the Provincial and Federal Governments to make needed investments in the downtown**
 - **Rationale**
 - **Help drive downtown development**
 - **Council**
 - **Project list endorsed by Council February 11, 2014**
 - **Funds set aside in Project Budget, from Reserves, for 2014/2015 – 2018/2019**
 - **Cost**
 - **Approximately \$50M, although 2/3 share from other levels of Government**
 - **Impact**
 - **Centre Plan**
 - **Downtown Development**
 - **Convention Centre**
 - **Opportunity**
 - **To revitalize downtown through investing in key areas**
 - **Partnerships with other levels of government as well as private developers**

The following six **Potential Strategic Projects** are in the conceptual phase. They have been discussed at various levels, but have not received approval to proceed. These potential projects require more work before they can be considered for approval by Council.

- **Police Station Renewal**
 - **Idea**
 - **Need identified for a new facility**
 - **Rationale**
 - **The current facility is old and not meeting needs**
 - **If retained, will require an investment of \$15M to replace cells**

- Council
 - 2014/2015 budget accommodates a Strategic Plan that includes facilities review
- Cost
 - Estimate \$60M
 - Suitable for Debt financing
- Impact
 - Centre plan
 - Safe Communities
 - RCMP
- Opportunity
 - Land at existing site will be made more valuable by Cogswell project
 - Police structure / provincial force
- Fire Services Training Facility
 - Idea
 - Need identified for a training facility
 - Rationale
 - Existing facility (non-HRM) is at end of life
 - Council
 - Business Case is a deliverable of the 2014/2015 FES Business Plan
 - \$1M in the Capital plan for land acquisition in 2015/2016
 - Cost
 - Estimate \$30M
 - Impact
 - Safe Communities
 - Opportunity
 - This is a province wide need so there may be potential partners from the Province, other municipalities, Federal Government and HIAA
- Stadium
 - Idea
 - There is a desire for a multi-use stadium.
 - Rationale
 - Halifax is now large enough to support a stadium
 - Council
 - Although Council rejected the idea in March 2012, they directed staff to monitor and potentially revisit
 - Cost
 - Estimate \$60M
 - Suitable for Debt financing
 - Impact
 - Centre Plan, Transit
 - Opportunity
 - With a multi-pad arena, seed development in Shannon Park, and seed creation of a Ferry Terminal at Shannon Park
 - Will need cost sharing from other levels of Government and the private sector

- **Library Facilities Plan**
 - **Idea**
 - **The Library Board has submitted a multi-year plan for future facilities**
 - **Rationale**
 - **Modern libraries need a regional infrastructure**
 - **Council**
 - **Library Board developed multi-year facilities plan**
 - **Cost**
 - **Estimate \$60M**
 - **Impact**
 - **Healthy Communities**
 - **Opportunity**
 - **Co-location with other facilities**

- **Performing Arts Centre**
 - **Idea**
 - **Halifax is now large enough to have a 2,500-3,000 seat performing arts centre**
 - **Rationale**
 - **There is no venue for attractions too large for the Cohn, but not appropriate for Metro Centre**
 - **Council**
 - **Approved a grant to performing arts society towards an arts venue feasibility study, June 25, 2013.**
 - **Cost**
 - **Estimate \$60M**
 - **Suitable for Debt financing**
 - **Impact**
 - **Arts and Culture**
 - **Opportunity**
 - **Partnership with Universities, NGOs and the private sector**

- **Commuter Rail / Fast Ferry**
 - **Idea**
 - **Halifax needs to more efficiently move people from the commuter shed to their workplace**
 - **Establish commuter rail on existing rail corridors to downtown**
 - **Rationale**
 - **Rail is used elsewhere to achieve this.**
 - **The harbour is a resource that could be leveraged**
 - **Council**
 - **Approved funds in 2012 for Commuter Rail Feasibility Study**
 - **Cost**
 - **Rough estimate \$31M from Feb 2011**
 - **Impact**
 - **Integrated Transportation Plan**
 - **Transit**

- Parking Strategy
 - Opportunity
 - Existing rail lines
 - Harbour

The four major Capital Reserves have \$30,694,702 available:

- Sale of Assets: -\$1,351,394
- Strategic Growth: \$21,065,732
- Central Library: -\$302,105
- Regional Facility Expansion: \$11,282,375

In addition, the operating budget includes a \$5,000,000 annual contribution to the Strategic Growth Reserve and a \$1,000,000 annual contribution to Regional Facility Reserve. The accumulated funds from the major capital reserves over a 7-year period are expected to be \$76,444,000.

There are five major properties planned for disposal in 14/15 that should yield \$33,296,000. The properties for planning purposes are:

- Bloomfield
- 3rd Queen Street Site
- Red Cross Building
- Bayne Street
- St. Pats Alexandra

*Estimates are conservative and subject to market at the time of sale.

In addition, the potential sales of St Pat’s High, Alderney and Ochterloney lot, Lyle Street, and the sale of 4 arenas in Halifax, Dartmouth, and Bedford after the completion of the Long Term Arena Strategy could yield \$31,290,000.

In summary:

Funding:	
Reserves (over a 7-year period)	\$76,444,000
14/15 Land Sales	\$33,296,000
Potential Land Sales	\$31,290,000
Subtotal:	\$141,030,000
Planned Projects	-\$97,467,000

Net	\$43,563,000
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Using funding from the sale of land, reserve balances and contributions to capital reserves for 7 years, the planned projects can be funded without debt. The \$43 million balance remaining is available for potential projects in the conceptual stage. There will be a need for interim financing to a maximum of \$25,000,000 until the Cogswell lands are sold.

The table below provides an approximate timing of the projects in the planning stage, and the projected cash flow.

Project	Total	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Funding	162,059	70,605	95,967	60,626	36,105	19,310	(10,473)	(20,436)	50,435
Halifax Multipad	15,800	-	23,000	10,800	(18,000)	-	-	-	-
Dartmouth Multipad	43,000	-	-	-	23,000	20,000	-	-	-
Dartmouth Sportsplex Renewal	22,000	2,000	20,000	-	-	-	-	-	-
Cogswell Street Interchange	-	-	-	17,860	17,860	15,650	12,630	(64,000)	-
50 Million 5 Year	16,667	-	3,333	3,333	3,333	3,333	3,333	-	-
Closing Balance	64,592	68,605	49,633	28,633	9,912	(19,673)	(26,436)	43,564	50,435

The recoveries shown for the Halifax Multipad and the Cogswell Street Interchange are conservative and subject to market at the time of sale.

The \$43 million remaining after 7 years will not be sufficient to fund all of the potential projects currently being considered. Budgeted contributions to capital reserves in years 8-15 will contribute \$50.9 million including interest.

Similar to the strategy used to fund the Harbour Solutions Project, to minimize debt a Strategic Capital Tax Surcharge of 1 cent on the general tax rate would generate \$4 million per year, or \$56 million over the 15 year plan, assuming a start in 15/16. This is \$22 on the average household, and \$138 on the average commercial account.

HRM has low debt, and there is capacity to borrow above the multi-year fiscal limits. An additional \$100 million would cost \$5.74 million per year. This is the equivalent of 1.5 cents on the general tax rate, and would increase debt servicing costs by 0.8% of revenue. How much of this \$100 million that would be needed is dependent on which of the potential projects proceed, and the degree of partnering involved.

These three sources of funding would yield up to \$250 million.

The funding plan is designed to address the projects identified with the financial resources available. Additional projects, or the allocation of these financial resources to other initiatives, will require modification of the plan by dropping a project or projects from the plan, or reducing spending elsewhere in the City's budget to free up funding.

Some of these projects will make existing infrastructure redundant. It is important, and will be identified in the individual business cases, that the redundant facilities be declared surplus and disposed of. Expedient disposition of old facilities allows the related operating funding to be redirected to new facilities, and avoids maintenance on aging, dilapidated facilities.

FINANCIAL IMPLICATIONS

There is no financial implication for this report. Decisions on whether to proceed with any specific project, when to proceed, and the amount of debt financing, will be made on a project by project basis.

COMMUNITY ENGAGEMENT

Community engagement will be a component of each project submission.

ENVIRONMENTAL IMPLICATIONS

Environmental implications will be a component of each project submission.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Greg Keefe, Director of Finance & ICT, 490-6308
Original Signed

Financial Approval by: _____
Greg Keefe, Director of Finance & ICT, 490-6308
