



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.2.1
Halifax Regional Council
May 27, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Councillor Cathy Deagle Gammon, Chair, Audit and Finance Standing Committee

DATE: May 21, 2025

SUBJECT: 2025/26 Capital Budget Adjustments

ORIGIN

May 21, 2025 meeting of Audit and Finance Standing Committee, Item 13.1.2.

RECOMMENDATION

The Audit and Finance Standing recommends that Halifax Regional Council:

1. The increase to four 2025/26 capital project budgets, as detailed in the Financial Implications section of the staff report dated April 14, 2025, for new contribution agreements awarded after budget approval with no net increase from HRM funding;
2. The transfer of funding between approved 2025/26 capital project budgets, as detailed in the Financial Implications section of the staff report dated April 14, 2025.
3. The budget increase to the HRFE - Sheet Harbour Fire Station project CB210018 and PR – Sheet Harbour Rec Centre (ESLC) project CB000080 to be funded by debt financing, as detailed in the Financial Implications section of the staff report dated April 14, 2025.
4. The amendment to the 2025/26 Multi-Year Capital Projects schedule, as per Attachment 1 to the staff report dated April 14, 2025.

BACKGROUND

Audit and Finance Standing Committee received a staff recommendation report dated April 14, 2025 to consider 2025/26 capital budget adjustments to recognize new sources of funding for projects that require budget increases to proceed.

For further information refer to the attached staff report dated April 14, 2025.

DISCUSSION

Audit and Finance Standing Committee considered the staff report dated April 14, 2025 and approved the recommendation to Halifax Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached staff report dated April 14, 2025.

RISK CONSIDERATION

Risk consideration is outlined in the attached staff report dated April 14, 2025.

COMMUNITY ENGAGEMENT

Meetings of the Audit and Finance Standing Committee are open to public attendance and members of the public are invited to address the Standing Committee for up to five (5) minutes during the Public Participation portion of the meeting. Meetings are live webcast on Halifax.ca. The agenda, reports, video, and minutes of the Standing Committee are posted on Halifax.ca.

For further information on Community Engagement refer to the attached staff report dated April 14, 2025.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are outlined in the staff report dated April 14, 2025.

ALTERNATIVES

Alternatives are outlined in the attached staff report dated April 14, 2025.

LEGISLATIVE AUTHORITY

Legislative Authority is outlined in the attached staff report dated April 14, 2025.

Administrative Order One, *Respecting the Procedures of the Council Administrative Order*, Schedule 2 Audit and Finance Standing Committee Terms of Reference, subsection 8(f) provides:

Other Duties and Responsibilities

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:
...
(f) increases in project budget due to cost sharing

ATTACHMENTS

Attachment 1 – Staff recommendation report dated April 14, 2025.

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Item No. 13.1.2
Audit and Finance Standing Committee
May 21, 2025

TO: Chair and Members of Audit & Finance Standing Committee

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: April 14, 2025

SUBJECT: 2025/26 Capital Budget Adjustments

ORIGIN

Staff initiated report.

EXECUTIVE SUMMARY

Subsequent to the 2025/26 capital budget recommendation, four external cost sharing agreements were received which requires adjustments to Council's ratified projects to formally recognize the new sources of funding. In addition, there are four projects which require budget increases in order to proceed with the required scope of planned work over the summer construction period. Two projects can have their smaller increases covered by transfers from other existing approved budgets without impact to the overall capital plan. One project, the Eastern Shore Lifestyle Centre, which requires a \$9.5M increase should be funded by debt financing.

RECOMMENDATION

It is recommended that Audit & Finance Standing Committee recommend that Halifax Regional Council approve:

1. The increase to four 2025/26 capital project budgets, as detailed in the Financial Implications section of this report, for new contribution agreements awarded after budget approval with no net increase from HRM funding;
2. The transfer of funding between approved 2025/26 capital project budgets, as detailed in the Financial Implications section of this report.
3. The budget increase to the HRFE - Sheet Harbour Fire Station project CB210018 and PR - Sheet Harbour Rec Centre (ESLC) project CB000080 to be funded by debt financing, as detailed in the Financial Implications section of this report.
4. The amendment to the 2025/26 Multi-Year Capital Projects schedule, as per Attachment 1 to this report.

BACKGROUND

The 2025/26 Capital Plan was approved by Budget Committee on February 7, 2025, with final ratification at Regional Council on April 8, 2025. When staff finalized the draft capital plan recommendation in early January 2025 for Budget Committee, total project budgets were based on confirmed and received funding, along with staff's best judgement for project scheduling and cost assumptions. Since that date, various projects have received notification of cost sharing awards and new information has arisen to impact project assumptions, requiring adjustments to their budgets before work can proceed. The related terms of the contribution agreements dictate project work to begin in 2025/26 and therefore Regional Council will need to amend the ratified capital budget to amend project budgets before staff are able to proceed.

DISCUSSION

New External Cost Sharing Awards

Accurate record keeping for each capital project includes a Council-approved budget which reflects total estimated cost reflective of the defined scope of work, as well as the matching total from various funding sources. It is HRM practice to recommend a capital budget to Regional Council for project costs with confirmed funding. Occasionally an exception is made for capital project costs where a funding application has been submitted to another order of government and there is a level of confidence that the application will be approved. In those cases, the associated risk of not receiving the funding is highlighted in the report to Council, and phrasing of budget recommendation is such that Council's approval to begin project implementation is contingent upon receipt of the contribution agreement award.

The contribution agreements awarded include:

1. \$1M agreement signed between the Province of Nova Scotia's Department of Communities, Culture, Tourism and Heritage and HRM for new cricket facility, with work to be completed by December 31, 2028. The development of a new cricket field has been identified within the municipality's Playing Field Strategy and business plan. Potential sites are being evaluated and the provincial funding would contribute to the overall capital costs for the field, which would be outlined in future reports to Regional Council.
2. \$75K agreement signed between the Province of Nova Scotia's Department of Communities, Culture, Tourism and Heritage and HRM to replace the Bennett Park playground equipment with a focus on inclusion and accessibility for children of all ages.
3. \$50K grant agreement from CN Rail's EcoConnexions Partnership Program in collaboration with Tree Canada awarded to HRM to plant 50 trees on urban parkland. No matching contribution from HRM required as a condition of the grant.
4. \$660K contribution agreement from the Gun and Gang Violence Action Fund (GGVAF) signed between the Province of NS and HRM to create a Forensic Firearms Laboratory with Halifax Regional Police (HRP), with work to be completed by March 31, 2026. These funds will purchase forensic technology and integrate with a national database for the lab, for use by all law enforcement agencies in Nova Scotia.

Capital Budget Transfers & Increase

When an increase was needed in the IT Infrastructure Recapitalization account CI200003, staff determined that the increase could be funded by existing projects with surplus budget availability. The three IT projects to be reduced in order to fund the IT Infrastructure Recap account are detailed in a table of the Financial Implications section to this report.

The Strategic Mobility Corridor project for Dutch Village Road requires a \$1.9M increase to its previously approved 2025/26 budget, which was previously known during the budget preparation process however could not be finalized in due time. Staff have determined that there is an opportunity to transfer funding from three other transportation projects due to delays in work originally planned, primarily the Burnside

Dr/Commodore Drive Intersection. The details by project are described in a table of the Financial Implications section to this report.

The Eastern Shore Lifestyle Centre project, comprised of two accounts, PR - Sheet Harbour Rec Centre (ESLC) CB000080 and HRFE - Sheet Harbour Fire Station CB210018 was issued for public tender on February 14, 2025, and closed on April 9, 2025, with an estimated construction cost of \$28.3M. Two bidders submitted qualifying bids, both of which would result in a project cost in excess of approved budget. This is likely due to evolving inflation, economic uncertainties and the existing tariff war with the United States. Staff have assessed that a value engineering exercise to reduce the design scope within the current approved budget, and still provide the necessary facilities, is not viable. A \$9.5M budget increase is required, which can be funded within HRM's debt financing capacity. Due to the amount needed, staff cannot identify sufficient funding from other capital projects in the 2025/26 portfolio to transfer.

The project cannot be further delayed as HRM has a Contribution Agreement with both the provincial and federal governments. The original agreement signed in October 2020 under the Investing in Canada Infrastructure Program – Community, Culture and Recreation stream (ICIP) has already been amended to delay the required project completion date from 2023 to 2027. The combined contribution to HRM under this agreement is \$6,599,700 and only payable when the facility is completed within the agreed upon timeframe. The current approved budget for PR - Sheet Harbour Rec Centre (ESLC) CB000080 is \$20.085M.

Although not included in the ICIP agreement, the Sheet Harbour Fire Station (project CB210018) with approved budget of \$12.4M, is being constructed on the same location site as the Eastern Shore Lifestyle Centre.

2025/26 Multi-Year Capital Projects Schedule Amendment

The amended 2025/26 Multi-Year Capital Projects schedule in Attachment 1 of this report adds two additional projects which require staff to enter into multi-year procurement agreements for the projects, however, the budget is represented each fiscal year based on anticipated cashflow of expenditures. The addition to the schedule is a result of updated assumptions in planned work.

FINANCIAL IMPLICATIONS

The signed contribution agreements have committed HRM to complete the four projects listed below within a specified timeframe and accountability reporting for the funds when spent. Funds contributed from external sources are for the initial eligible capital investment only. HRM will be responsible to fund the operation, maintenance and eventual replacement of these new assets.

The projects listed below for budget transfers result in no net change to the 2025/26 capital budget. Funding being reallocated from three IT projects were determined to no longer be required to complete the project scopes of work. The funding being reallocated from the three transportation network projects are available due to new assumptions which will defer work originally planned for 2025/26.

The \$9.5M budget increase for the Eastern Shore Lifestyle Centre (comprised of two project accounts CB000080 PR – Sheet Harbour Rec Centre and CB210018 HRFE – Sheet Harbour Fire Station), split over two fiscal years, will be funded by debt.

New External Cost Sharing Awards				
Acct #	Project Name	Approved 2025/26 Budget	Cost Share Increase	Adjusted 2025/26 Budget
CP210013	Park Development - New	\$ 1,100,000	\$ 1,000,000	\$ 2,100,000
CP200001	Park Recapitalization	\$ 8,200,000	\$ 75,000	\$ 8,275,000
CA250001	Urban Forest Mgmt Plan Implementation	\$ -	\$ 50,000	\$ 50,000
CE250004	HRP Forensic Firearms Lab	\$ -	\$ 660,000	\$ 660,000

Capital Budget Transfers				
Acct #	Project Name	Available 2025/26 Budget	Budget Adjustment	Adjusted Available 2025/26 Budget
CI200003	IT Infrastructure Recap	\$ 2,054,000	\$ 800,000	\$ 2,854,000
CI990020	CRM Software Replacement	\$ 650,000	(90,000)	\$ 560,000
CI240004	Cyber Security Program AG Recommendations	\$ 1,469,000	(35,000)	\$ 1,434,000
CI240002	Telus Elements Transitions	\$ 675,000	(675,000)	\$ -
CT200003	Strategic Mobility Corridor: Dutch Village Rd	\$ 10,088,000	1,900,000	\$ 11,988,000
CT190006	Road Safety Improvement	\$ 6,610,000	(750,000)	\$ 5,860,000
CR200001	Active Transportation	\$ 8,320,000	(400,000)	\$ 7,920,000
CR200003	Bridges	\$ 4,665,000	(750,000)	\$ 3,915,000

Capital Budget Increases				
Acct #	Project Name	Approved Budget	Budget Increase	Adjusted Budget
CB210018	HRFE - Sheet Harbour Fire Station 2025/26	\$ 9,000,000	4,500,000	\$ 13,500,000
CB000080	PR - Sheet Harbour Rec Centre (ESLC) 2026/27	\$ 10,100,000	5,000,000	\$ 15,100,000

The addition of these project accounts to the Multi-Year Capital Projects schedule does not represent any budget increase. The added projects are:

1. Park Recapitalization CP200001
2. Park Development - New CP210003

Other projects identified in the tables above which were previously included in the Multi-Year Capital Projects schedule have been updated to reflect the recommended budget adjustments.

RISK CONSIDERATION

Staff have assessed risk associated with each project in terms of ability to meet the stated criteria and conditions prior to signing each funding contribution agreement. Staff manage risk as per standard project management process.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified for this report. Project-specific implications will be assessed as part of each project plan.

ALTERNATIVES

Audit & Finance Standing Committee could choose to recommend that Regional Council to amend or not approve the recommendations. Implications to signed contribution agreements, and/or ability to complete planned project scopes would need to be considered.

LEGISLATIVE AUTHORITY

On December 11, 2012 Halifax Regional Council directed that all reports related to budget increases be presented to the Audit and Finance Standing Committee prior to submission to Regional Council.

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39 provides:

Section 93(1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year;

Section 79 The Municipality may spend money for municipal purposes in accordance with this section;

Section 35(2)(d)(i) The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy;

Section 120(6) The Municipality may maintain other reserve funds for such purposes as the Council may determine;

Halifax Regional Municipality Policy on Changes to Cost Sharing for Capital Projects: Changes requiring Council approval.

Halifax Regional Municipality Reserve Policy: No reserve funds will be expended without the CAO's recommendation and Council approval

ATTACHMENTS

Attachment 1 - 2025/26 Capital Multi-Year Projects (AMENDED)

ATTACHMENT 1 AMENDED

2025/26 Capital Multi-Year Projects

Project #	Project Name	Total Previous Yrs' Gross Budget	2024/25 Capital Budget	2025/26 Capital Budget	2026/27 Capital Budget	2027/28 Capital Budget	2028/29 Capital Budget	2029/30 - 2034/35 Capital Budget	Grand Total
Discrete Projects									
CT000007	Cogswell Interchange Redevelopment	71,040,000	43,170,500	20,450,000	3,500,000	-	-	-	\$ 138,160,500
CT190003	Dartmouth Infra Renewal-Sullivan Daylighting	884,285	2,873,000	1,750,000	3,100,000	-	-	-	\$ 8,607,285
CI250004	Fuel Management Software Replacement	-	-	500,000	2,500,000	930,000	-	-	\$ 3,930,000
CZ230400	HalifACT - Shore Rd Resilience Improvements	850,000	435,000	4,825,000	60,000	60,000	60,000	120,000	\$ 6,410,000
CB190003	HPL - Halifax North Memorial Library Reno	5,325,000	-	-	10,000,000	15,000,000	6,500,000	-	\$ 36,825,000
CB200014	HRFE - Headquarters and Station 1	16,391,085	12,000,000	5,000,000	7,100,000	-	-	-	\$ 40,491,085
CB210018	HRFE - Sheet Harbour Fire Station	900,000	-	13,500,000	2,500,000	-	-	-	\$ 16,900,000
CR000007	HT - Wrights Cove Terminal	244,485	350,000	3,725,000	920,000	-	-	-	\$ 5,239,485
CV210013	Mill Cove Ferry Service (Construction)	7,900,000	11,000,000	-	40,000,000	50,000,000	60,000,000	100,000,000	\$ 268,900,000
CB220004	Mumford Terminal Interim Accessibility Expansion	100,000	100,000	50,000	2,000,000	600,000	-	-	\$ 2,850,000
CB210021	PR - BLT Recreation Centre Recap	4,500,000	9,500,000	8,000,000	1,210,000	-	-	-	\$ 23,210,000
CB190013	PR - Halifax Forum Redevelopment	2,900,000	-	-	4,200,000	7,200,000	31,000,000	65,100,000	\$ 110,400,000
CB000080	PR - Sheet Harbour Recreation Centre (ESLC)	1,685,000	-	500,000	15,100,000	7,800,000	-	-	\$ 25,085,000
CB240003	PR - St. Mary's Boat Club	-	500,000	-	350,000	400,000	7,000,000	9,000,000	\$ 17,250,000
CT200002	Strategic Mobility Corridor: Bayers Road	8,305,043	-	-	13,000,000	3,170,000	-	-	\$ 24,475,043
CT190008	Strategic Mobility Corridor: Bedford Highway	250,000	-	750,000	800,000	200,000	200,000	72,000,000	\$ 74,200,000
CT190005	Strategic Mobility Corridor: Herring Cove Road	-	-	750,000	200,000	200,000	3,500,000	41,800,000	\$ 46,450,000
CT200006	Strategic Mobility Corridor: Robie Street/Young Street	2,274,736	-	1,400,000	1,600,000	800,000	22,200,000	55,900,000	\$ 84,174,736
CT190010	Windsor Street Exchange	6,865,000	-	22,100,000	43,900,000	45,000,000	32,135,000	-	\$ 150,000,000
Subtotal Discrete Projects		130,414,634	79,928,500	83,300,000	152,040,000	131,360,000	162,595,000	343,920,000	\$ 1,083,558,134
Ongoing Programs									
CM200001	Access-A-Bus Replacement	-	1,980,000	1,180,000	2,250,000	2,570,000	-	-	\$ 7,980,000
CR200001	Active Transportation	-	12,011,048	3,000,000	8,600,000	8,500,000	-	-	\$ 32,111,048
Transit24	Articulated Conventional Bus Replacement	-	-	-	18,820,000	24,200,000	-	-	\$ 43,020,000
CR200003	Bridges	-	2,900,000	2,900,000	5,045,000	5,700,000	-	-	\$ 16,545,000
CQ220002	Burnside & City of Lakes Industrial Park	-	5,000,000	11,000,000	24,000,000	22,000,000	-	-	\$ 62,000,000
CB190011	Corporate Accommodations	-	2,000,000	2,700,000	2,300,000	2,800,000	-	-	\$ 9,800,000
CB250002	Ferry Terminal Upgrades	-	-	500,000	1,000,000	-	-	-	\$ 1,500,000
CV240003	Fire Fleet Expansion	-	3,900,000	1,250,000	1,500,000	3,300,000	-	-	\$ 9,950,000
CV240004	Fire Fleet Replacement	-	10,509,645	-	7,500,000	28,150,000	-	-	\$ 46,159,645
CZ230600	HalifACT - Critical Infrastructure	-	7,600,000	350,000	6,000,000	8,000,000	-	-	\$ 21,950,000
CZ230300	HalifACT - Fleet Electrification	-	1,850,000	-	6,500,000	5,500,000	-	-	\$ 13,850,000
CZ230100	HalifACT - Municipal Building Retrofits	-	6,000,000	5,000,000	12,000,000	20,000,000	-	-	\$ 43,000,000
CZ230200	HalifACT - Public Charging Infrastructure	-	2,200,000	-	-	500,000	-	-	\$ 2,700,000
CB000088	HRFE - Facility Recap	-	1,000,000	1,500,000	1,500,000	2,500,000	-	-	\$ 6,500,000
CV240002	Municipal Fleet Replacement	-	6,861,000	12,630,000	8,700,000	4,000,000	-	-	\$ 32,191,000
CR200004	Other Road Related Works	-	1,000,000	1,475,000	2,500,000	3,000,000	-	-	\$ 7,975,000
CP210003	Park Development - New	-	2,500,000	2,100,000	2,000,000	2,000,000	-	-	\$ 8,600,000
CP200001	Park Recapitalization	-	5,385,000	8,275,000	8,500,000	10,000,000	-	-	\$ 32,160,000
CB190007	PFE - Alderney Gate Recapitalization	-	500,000	925,000	2,000,000	600,000	-	-	\$ 4,025,000
CB190009	PFE - Environmental Remed./Bldg. Demo	-	200,000	-	250,000	-	-	-	\$ 450,000
CV240006	Police Fleet Replacement	-	4,890,000	4,755,000	2,020,000	1,870,000	-	-	\$ 13,535,000
CB200008	PR - Scotiabank Centre	-	5,500,000	5,250,000	600,000	400,000	-	-	\$ 11,750,000
CR200007	Regional Centre AAA Bikeways	-	3,552,620	5,420,000	15,650,000	19,200,000	-	-	\$ 43,822,620
CR200002	Sidewalk Renewals	-	2,000,000	1,045,000	2,500,000	3,000,000	-	-	\$ 8,545,000
CR200006	Street Recapitalization	-	60,909,626	52,355,000	58,500,000	67,200,000	-	-	\$ 238,964,626
Subtotal Ongoing Programs			150,248,939	123,610,000	200,235,000	244,990,000			\$ 719,083,939
Grand Total 2025/26 Multi-Year Projects		\$ 130,414,634	\$ 230,177,439	\$ 206,910,000	\$ 352,275,000	\$ 376,350,000	\$ 162,595,000	\$ 343,920,000	\$ 1,802,642,073

This list supercedes the 2025/26 Multi-Year Projects schedule approved in Attachment 4, April 8, 2025

Discrete projects full costs are disclosed and approval in principle is sought for the 2025/26 through 2028/29 fiscal years to facilitate multi-year procurement.

Ongoing program three-year requests are shown and approval in principle is sought for the 2025/26 through 2027/28 fiscal years to facilitate multi-year procurement and/or long order lead times.