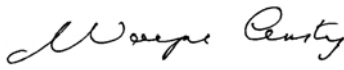


**Halifax Regional Council
August 12, 2008**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Wayne Anstey, Acting Chief Administrative Officer

DATE: July 28th, 2008

SUBJECT: **Heritage Gas Easement - HRM Open Space Corridor Along
Barrington Street Halifax**

ORIGIN

Request from Heritage Gas to locate pipeline on an HRM open space corridor adjacent to Barrington Street.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. authorize the Mayor and Municipal Clerk to enter into an Easement Agreement between HRM and Heritage Gas for the purpose of developing their natural gas pipeline along the Open Space Corridor along Barrington Street as per the terms and conditions of this report.
2. authorize an increase to Capital Account CPX01032 Regional Trails Active Transportation for \$170,971 as per the budget implications section of this report.

BACKGROUND

In March of 2007, Heritage Gas approached HRM with respect to finding a location for a new Regulating Station to service the Halifax Peninsula section of their distribution network. As part of those discussions they also looked at an opportunity to locate a substantial section of their main pipeline on the HRM open space corridor lands along Barrington Street, between North Street and Cornwallis Street. The new regulating station that is to be developed on the northern section of these HRM lands, and was the subject of an earlier Council report, requires a new section of pipeline to connect to the rest of the gas system in the area. The new line, and previously discussed regulating station, are required to allow Heritage Gas to increase gas pressure and volumes within the Halifax distribution network. This technical change is necessary in order to service large scale users such as the various hospital complexes and universities. This corporate commitment by Heritage Gas to the various large scale customers is intended to provide the required infrastructure to be in place during the 2008 and 2009 construction season.

As part of the negotiations with Heritage Gas for a pipeline Easement the topic of compensation and value for the Easement centred around having Heritage Gas continue work on the Active Transportation (AT) Trail. Thus the use of “work in kind” for the easement value was considered as advantageous to both parties and will be the basis of this approval.

The increased ability of Heritage Gas to service large scale customers in Halifax has benefits in a number of areas. The key element of course will be the burning of the cleaner natural gas in a number of major facilities within the community core. This will create a lessening of the carbon footprint and the obvious environmental benefits that go with that. In order to achieve this, HRM has the opportunity to provide Heritage Gas with an excellent location for their required pipeline to complement the Regulating Station proposed for this area (this was the subject of a report that went to Regional Council on August 5th, 2008). This location provides a technically sound base and doesn't have any impacts on the future use of the site by HRM.

DISCUSSION

Since the negotiations commenced in the Spring of 2007, a number of locations were reviewed for the new regulating station in the Barrington Street area. With the site selected for the regulating station, as recommended under the August 5th Council report, the discussions then where enhanced to deal with the placement of the required pipeline component for this area. During those initial discussions with Heritage Gas it was determined that the development of the AT Trail was advantageous. The current open space corridor along Barrington Street has been identified in the past for the AT Trail and also for potential expansion of the Macdonald Bridge access ramp. The site has been reviewed by staff in respect to future HRM use of the lands and no issues arose in this respect. The design drawings developed in conjunction with Heritage Gas have allowed HRM staff to ensure all the Municipality's future needs are addressed. The location **does not** negatively impact the proposed AT Trail for the area, nor does it impede the development of an extension to the Macdonald Bridge ramp access lane.

The proposed pipeline is to be developed in an area where the natural topography will be shaped and regraded by imported materials in a cut and fill process that will not create any negative visual impacts. The direct relationship with the AT Trail will ensure a professional finish. A physical barrier between the trail and street users will be incorporated in the design. Heritage Gas has provided detailed drawings for the pipeline, associated regulating station, and the HRM AT Trail.

Heritage Gas offered to commence the development of the AT Trail through “work in kind”. This partnership was proposed as a means of capitalizing on construction work they are doing on the Halifax Peninsula. As they are installing pipelines in other locations they can bring non impacted excavated fill from those locations to this site and utilize these materials in the shaping and grading of the proposed AT Trail. This is advantageous to Heritage Gas as they reduce trucking costs, the trail project gains the advantage by receiving the fill, and more work gets done for the value being provided. The trail will be constructed under the Heritage Gas work to a standard that provides the established base of the future traveled surface graded and stabilized to HRM required standards. The surface will have a crusher dust top and will be ready to accept final grading and asphalt finish in 2009. Leaving the base work to sit through a winter season will allow material to settle through a “freeze-thaw” providing a more stable surface for application of the asphalt. The final asphalt surface, protective fence, and detailed landscaping applications will be the responsibility of HRM and Real Property Planning will be submitting a separate budget request to conduct this work in the next fiscal year. The opportunity to gain direct value from these lands from any other source because of their location are very remote. The partnership with Heritage Gas allows the AT Trail project to commence in the summer of 2008 and results in a significant start to this important HRM project without any incurred costs during the current fiscal year.

The proposed pipeline work will pose less disruption to traffic flow on Barrington Street because of the location within the open space corridor. Heritage Gas has the ability, under a previously negotiated agreement with HRM, to install the pipeline in the street right of way but this would be a more disruptive approach. This approval will bring additional value to HRM outside the right of way agreement and the cost savings that Heritage Gas obtains by avoiding work in the right of way will be applied to the AT Trail development work. In addition, both HRM and Heritage Gas are working with DND owners of the adjacent lands for direct access to the surrounding sites to bring fill materials onto the site, and this should also help with respect to construction impacts in area.

KEY BUSINESS TERMS AND CONDITIONS OF TRANSACTION	
Property Address	Barrington Street (portions of several properties as shown on Attachment “A”)
Site Area	2889 sq.m (31,098 sq. ft.)
Zoning	P-zone- Park and Institutional
Grantor of Easement	Halifax Regional Municipality
Grantee of Easement	Heritage Gas
Market Value	\$170,971 (\$59.18 per sq. m) *
Payment for Easement	\$170,971 work in kind plus Engineering design work for Trail
Deposit	N/A
Special Conditions	<ul style="list-style-type: none">– Heritage Gas will provide Engineering design for entire Active Transportation Trail along the open space corridor in this area.– a program of soil testing is to be implemented to ensure that all materials meet required environmental guidelines.– once materials are placed, erosion and stabilization methods must be implemented.– Heritage Gas is responsible for obtaining all required permits for the construction and must ensure that all construction practices meet required standards.
Execution of Easements	August 14 th , 2008 (anticipated)

* Easement value was calculated utilizing recent appraisal values from the area and a transaction from the immediate area recently completed by HRM.

BUDGET IMPLICATIONS

The Value of the easement here, as noted earlier of \$170,971, is calculated on market values established for these lands through an appraisal done for a land transaction with DND. The proceeds for this transaction would normally flow into the Sale of Lands Reserve Account Q101; however, the development of the AT Trail by Heritage Gas will be “work in kind” payment for this easement. Heritage Gas will be responsible to pay any HST if deemed applicable in this transaction. In addition Heritage Gas will pay legal and other associated costs.

If approved there is no cash impact on the Sale of Capital Asset Reserve Q101 for a work in kind for value easement. The fair value of the easement in the amount \$170,971 which would normally

flow into the Reserve would be offset by a withdrawal equal to the fair value of the work in kind and engineering design for the Active Trail.

Budget Summary: Account CPX01032 Regional Trails Active Transportation

Cumulative Unspent Budget	\$450,000
Add: Budget increase funded through non cash proceeds that would normally flow through reserve Q101	
- Easement for purpose of developing natural gas pipeline	\$170,971
- Easement for purpose of developing natural gas regulating station	\$121,319 **
Less: Work in kind & Engineering design for Trail	(\$292,290)
Balance	\$450,000

**** As Per August 5, 2008 Regional Council Report Easement - Heritage Gas - Regulating Station Barrington Street Halifax**

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

If approved this report will increase the gross capital budget.

ALTERNATIVES

1. Council could choose not to approve the easement. This is not recommended as it will impact the provision of natural gas service to large users on the Peninsula. The pipeline within the easement is to connect to the regulating station this is the location that met HRM criteria and Heritage Gas technical requirements.
2. Council could request a cash payment for the easement and have the funds deposited to the Sale of Land Reserve account Q-101. Staff do not recommend this approach as the "work in kind" will achieve more actual development of the Active Transportation Trail as Heritage Gas is working in the area and will have fill material and equipment available.


ATTACHMENTS

Attachment "A" - Site Plan

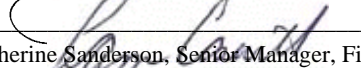
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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

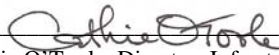
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Report Approved by: 
Michael Labrecque, Director, Transportation & Public Works 490-4855


Cathie O'Toole, Director, Infrastructure & Asset Management 490-4825



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40450702	00148049	00148296	40450256	40450025	

7,198m² (1.78 ACRES) 77,481 sq ft.

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-Location of Future
Regulating Station

Approximate Location of New AT Trail

Attachment "A"
Site Plan
Gas Pipeline Easement
Along Open Space Corridor