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Item No. 5

**Halifax Regional Council
September 30, 2008**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Paul Fleming, Manager, Budget and Financial Analysis

DATE: September 30, 2008

SUBJECT: Gas Tax Funding Allocation

INFORMATION REPORT

ORIGIN

On December 13, 2005, the Gas Tax Agreement between Halifax Regional Municipality and the Province of Nova Scotia was signed. This agreement provides for the transfer of federal gas tax revenues to the municipality. Under the terms of the agreement, HRM must submit, each year, a list of capital projects selected for funding under the program, along with a list of all capital projects eligible for funding.

Gas Tax funding was included in the 2008-09 Capital Budget and five year Capital Plan, but funding was not allocated to specific projects at the time. It does not represent additional funding. All projects selected here to receive gas tax funding were approved as part of the capital budget and 5 year plan.

BACKGROUND

On September 23, 2005, the Province of Nova Scotia and the Government of Canada signed a bilateral agreement to transfer a portion of federal gas tax revenue to municipalities. On December 13, 2005, HRM signed a municipal funding agreement with the Province. That agreement formalized the eligibility criteria, the reporting requirements and the responsibilities of each party.

Under the terms of the agreement, gas tax funds must be directed at environmentally sustainable municipal infrastructure such as public transit, water and wastewater systems, community energy systems, solid waste management, rehabilitation of roads and bridges, and capacity building.

On May 15, 2007, Council approved a list of projects for the three years 2007-08, 2008-09, and 2009-10. The list must now be revised in keeping with HRM's 2008-09 Capital Budget and 5 yr Capital Plan.

Gas Tax Agreement Highlights

The following is a brief summary of terms and conditions contained within the Municipal Funding agreement.

Municipal Requirements:

- funds must result in net incremental capital spending on environmentally sustainable infrastructure from April 1, 2005 to March 31, 2010
- funds will not claw back any current capital funding
- average annual capital spending on Municipal infrastructure will not fall below \$58 m
- to provide access to records related to funded projects as requested
- to comply with the communications protocol outlined
- to retain title to the resulting infrastructure for at least 10 years
- to invest any funds received in advance of the Municipality incurring and paying Eligible Costs in accordance with Section 100 of the Municipal Government Act

Eligible Projects include:

- public transport (rapid transit, transit buses, tracking systems, etc.)
- water (drinking water supply, distribution, metering)
- wastewater (wastewater and stormwater)
- solid waste (diversion, recovery facilities, organics management, landfills, etc.)
- community energy systems (co-generation, district heating)
- active transportation infrastructure (bicycle lanes, local roads, bridges, tunnels)
- capacity building (collaboration, knowledge, integration)

Eligible Costs include:

- capital costs
- fees to professionals
- environmental assessments
- integrated community sustainability plans

Ineligible Costs include:

- services normally provided
- land
- leasing equipment
- routine repair and maintenance

Reporting:

- HRM will provide an integrated multi-year capital investment plan and an integrated community sustainability plan
- HRM will provide a capital budget, including a list of proposed capital projects, with eligible projects identified prior to fund transfer
- HRM will provide a summary of actual expenditures on other capital projects
- an annual expenditure report will be provided each year by July 31, which must include a report on the amounts held at year end by the Municipality to be spent on eligible projects.
- HRM will provide an outcomes report by March 31, 2009, highlighting investments made and the degree they contributed to program objectives - cleaner air, cleaner water, reduced greenhouse gas emissions

Communications:

- all communications acknowledge federal contributions
- permanent signage at the location of projects receiving investment

Capital Investment Plan

Infrastructure Canada and Service Nova Scotia Municipal Relations (SNSMR) requires that municipalities submit a five year Capital Investment Plan by October 1, 2008. The Council's approval of the operating and capital budgets on April 29, 2008 and endorsement of the 5-year capital plan substantially meets the requirements of the Capital Investment Plan. To fulfill the project-ranking requirements of the Capital Investment Plan, the Capital Steering Committee will use the same evaluation criteria outlined in the April 29, 2008 Committee of the Whole report entitled, "2008/09 Budget Parking Lot Report". These criteria are:

1. Liability or regulatory compliance issues
2. Projects necessary to maintain the current level of service
3. Projects where secured cost sharing exists
4. Projects with a strong linkage to the Regional Plan, or a strategic priority approved by Council.

Staff will be seeking Council approval of a more detailed project evaluation matrix at a future date. A draft was presented to Council in April 2008. For information purposes, the draft presented to Council in April is attached. Upon formal adoption of an evaluation matrix by Council; all projects in the 5 year capital plan will be reviewed and assessed on an annual basis as part of the budget and business planning process.

DISCUSSION

The estimated gas tax revenue has been included in HRM's 2008-09 Capital Budget and five year capital plan as block funding and was not allocated to specific capital projects. The purpose of this report is to identify which specific projects staff recommends for funding. HRM received \$7.2 million in 2005/06; \$7.6 million in 2006/07; and \$10.2 million in 2007/08. Project spending for those three years is shown in Attachment B. HRM is expecting to receive approximately \$113 million over the next 5 years, broken down as follows: \$12.7m in 2008/09, \$25.5m in 2009/10; \$25.0m in 2010/11; \$25.0m in 2011/12; and \$25.0m in 2012/13.

BUDGET IMPLICATIONS

The 2008-09 capital budget, as approved by Council, includes projected revenue of \$12.7 million under the Gas Tax Agreement of which \$5.1 million was approved to be transferred to Halifax Regional Water Commission projects. The remaining \$7.6 million is available to be allocated within HRM's eligible projects.

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.

ATTACHMENTS


Attachment A: Capital Projects Selected for Gas Tax Funding 2008-09

Attachment B: Capital Projects Funded in 2005/06; 2006/07; and 2007/08

Attachment C: Capital Projects Eligible for Gas Tax Funding

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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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Approved by : 
Cathie O'Toole, Director of Infrastructure Asset Management, 490-4825

Attachment A

Gas Tax Funding Allocation 2008-09

| Project Number | Project Description | 2008-09 (000' \$) | 2009-10 (000' \$) | 2010-11 (000' \$) |
|---|--|------------------------------|------------------------------|------------------------------|
| Buildings | | | | |
| CBX01097 | Energy Efficient Projects | \$ 500 | \$ 500 | \$ - |
| Community & Property Development | | | | |
| CDV00721 | Watershed Environmental Studies | 300 | 300 | 300 |
| Metro Transit | | | | |
| CBT00432 | Bus Stop Accessibility | - | 125 | 125 |
| CBU00938 | 200 Ilsley Avenue - Safety Upgrades | - | 340 | 360 |
| CBX01057 | Transit Facilities Upgrades (Bundle) | 218 | 339 | 400 |
| CBU00959 | Ferry Terminal Pontoon Protection(Bundle) | - | 350 | 350 |
| CIU00875 | Scheduling Software Upgrades | 560 | 130 | 136 |
| CV300751 | Harbour Link | - | 4,809 | - |
| CMU00981 | MetroLink | 3,000 | - | 5,100 |
| CVD00434 | Conventional Transit Bus Expansion | - | - | 7,000 |
| Parks & Playgrounds | | | | |
| CPX01032 | Trails & Active Transportation | 450 | 400 | 450 |
| CPX01027 | Regional Trails Development (Bundle) | 250 | 200 | 200 |
| CPX01033 | Walkways-HRM Wide Program (Bundle) | 125 | 125 | 125 |
| Roads & Streets | | | | |
| CRU01077 | Bridge Repair Program | 1,500 | 2,500 | 1,500 |
| CRU01080 | New Paving of HRM Owned Subdiv. Sts | - | 464 | - |
| CXU00585 | New Paving Subdivision St's outside core | - | 2,500 | 2,500 |
| Sidewalks, Curbs & Gutters | | | | |
| CJU01083 | New Sidewalks | 485 | 2,500 | - |
| Solid Waste | | | | |
| CWU01063 | Additional Green Carts | - | 435 | 435 |
| CWI00782 | Construction of Cell 5 - Otter Lake | - | - | - |
| CWU01068 | Enviro Monitor. Site Work 101Landfill | - | 210 | 154 |
| CWI00966 | Half Closure of Cell 4a - Otter Lake | - | 2,999 | 2,069 |
| CWU01069 | Half Closure of Cell 4b - Otter Lake | - | - | 2,896 |
| Stormwater & Wastewater | | | | |
| | Greenhead Road Pumping Station | 500 | | |
| | Roach's Pond Pumping Station | 2,000 | | |
| | Bedford Sackville Trunk Sewer | 700 | | |
| | Fairfield Holding Tank | 200 | | |
| | Studies/Investigations - Various Locations | 100 | | |
| | Wellington WWTF Upgrade | 600 | | |
| | North Dartmouth Trunk Sewer | 400 | | |
| | Dingle Tower Pumping Station & Upgrade | 600 | | |
| | Stormwater & Wastewater Projects | - | 5,100 | - |

Attachment A

(continued)

Gas Tax Funding Allocation 2008-09

| Project Number | Project Description | 2008-09 (000' \$) | 2009-10 (000' \$) | 2010-11 (000' \$) |
|-----------------------------|---------------------------------------|------------------------------|------------------------------|------------------------------|
| Traffic Improvements | | | | |
| CTU00886 | LED Traffic Signal Conversion Project | 250 | 250 | - |
| CTR00908 | Transportation Demand Management Prog | - | 400 | 400 |
| CTU00420 | Bikeway Master Plan Implementation | - | 500 | 500 |
| | Total | <u>\$12,738</u> | <u>\$25,476</u> | <u>\$25,000</u> |

Attachment B

Capital Projects Funded in 05/06, 06/07 and 07/08

| Project | 2005-06 | 2006-07 | 2007-08 |
|--|------------------------|------------------------|-------------------------|
| Number Project Description | (000' \$) | (000' \$) | (000' \$) |
| Metro Transit | | | |
| CHA00160 Vehicle Tracking & Communication | \$ - | \$ 1,493 | \$ - |
| CVD00434 Conventional Transit Expansion | 3,223 | | |
| Parks & Playgrounds | | | |
| CPG00954 Trails & Active Transportation | 42 | | 600 |
| CPU00936 Regional Trails Development (Bundle) | | | 150 |
| CPU00937 Walkways-HRM Wide Program (Bundle) | | | 100 |
| Stormwater & Wastewater | | | |
| CGU00688 Greenhead Rd. PS | 6 | 50 | |
| CGU00579 Crescent Ave. PS | 3 | 50 | |
| CSI00762 Frame Subdivision STP | | 50 | |
| CGI00617 Street Drainage - Various Locations | | | 100 |
| CGI00614 Eastern Passage WWTF Upgrade | | | 2,200 |
| CGI00914 Nightingale Dr. - Sanitary Sewer | | | 400 |
| CGU00461 Sewer Laterals Replacement | | | 500 |
| CGU00575 Uplands Park - Sanitary & Storm Sewers | | | 550 |
| CGI00915 Old Oakes Road - Drainage Improvements | | | 50 |
| CGI00916 Rowe Ave - Scot St. - Sewer Separation | | | 200 |
| CGI00958 Elliot St. - Dartmouth - Sewer Renewal | | | 100 |
| CSI00768 SCADA Study & Upgrade | | | 500 |
| CGU00458 Crescent Ave - Storm Sewer Rehabilitation | | | 500 |
| Solid Waste | | | |
| CWI00965 Half Closure of Cell 3 - Otter Lake | | | 1,694 |
| CWI00446 Otter Lake - Cell 4 | 3,943 | | |
| CWI00782 Otter Lake - Cell 5 | | 6,000 | |
| Roads & Streets | | | |
| CRU00684 Bridge Repair Program | | | 1,000 |
| CXU00715 New Paving Inside Core Area | | | 735 |
| Traffic Improvements | | | |
| CTR00908 Transportation Demand Management Prog | | | 400 |
| CTU00420 Bikeway Master Plan Implementation | | | 400 |
| Total | <u>\$ 7,217</u> | <u>\$ 7,643</u> | <u>\$ 10,179</u> |

Attachment C

Capital Projects Eligible for Gas Tax Funding

| Project Number | Project Description | 2008-09 Total Gross | 2009-10 Total Gross | 2010-11 Total Gross | 2011-12 Total Gross | 2012-13 Total Gross |
|---|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Buildings | | | | | | |
| CBX01097 | Energy Efficiency Projects | 500 | 500 | 500 | 500 | 500 |
| Community & Property Development | | | | | | |
| CDG00271 | Downtown Streetscapes | 1,100 | 2,100 | 2,180 | 2,099 | 2,195 |
| CDV00721 | Watershed Environmental Studies | 300 | 300 | 300 | 300 | 300 |
| Metro Transit | | | | | | |
| CBX01034 | 200 Ilsley Avenue-Safety Upgrades | 320 | 340 | 360 | 0 | 0 |
| CVD00430 | Access-A-Bus Replacement | 440 | 440 | 440 | 450 | 450 |
| CVD00429 | Access-A-Bus Vehicle | 0 | 0 | 440 | 0 | 0 |
| CVD00436 | Ferry Refit | 550 | 470 | 500 | 450 | 470 |
| CBT00437 | Bus Shelters-Replacement | 0 | 105 | 105 | 105 | 105 |
| CBT00432 | Bus Stop Accessibility | 0 | 125 | 125 | 125 | 125 |
| CVD00434 | Conventional Transit Bus Expansion | 6,000 | 0 | 7,000 | 7,000 | 7,500 |
| CVD00435 | Conventional Transit Bus Replacement | 3,000 | 2,500 | 3,200 | 4,400 | 7,200 |
| CMU00974 | Downtown Shuttle | 1,200 | 0 | 0 | 2,916 | 0 |
| CBX01044 | Ferry Term. Pontoon Protection (Bundle) | 350 | 350 | 350 | 0 | 0 |
| CV300751 | Harbour Link | 1,000 | 10,000 | 5,000 | 0 | 0 |
| CMU00981 | MetroLink | 3,000 | 0 | 5,100 | 5,100 | 0 |
| CVD00431 | Midlife Bus Rebuild | 620 | 655 | 655 | 655 | 655 |
| CMX01123 | New Conventional Ferry | 200 | 0 | 0 | 0 | 0 |
| CMX01109 | New/Expanded Transit Stations | 0 | 750 | 1,000 | 3,082 | 1,373 |
| CMU00975 | Peninsula Transit Corridor | 800 | 3,714 | 0 | 0 | 0 |
| CMX01104 | Rural Community Transit | 445 | 2,100 | 1,000 | 0 | 1,500 |
| CB200427 | Satellite Garage Facility | 16,600 | 3,400 | 0 | 0 | 0 |
| CIU00875 | Scheduling Software Upgrades | 560 | 130 | 136 | 137 | 140 |
| CVD00433 | Service Vehicle Replacement | 60 | 60 | 60 | 60 | 60 |
| CMU00982 | Transit Security | 100 | 362 | 413 | 0 | 0 |
| CMU01095 | Transit Strategy | 280 | 0 | 0 | 0 | 0 |
| CBX01057 | Transit Facilities Upgrades (Bundle) | 667 | 339 | 400 | 425 | 450 |
| CMU01124 | Woodside Ferry Midlife Rebuild | 0 | 0 | 0 | 2,000 | 0 |
| Parks & Playgrounds | | | | | | |
| CPU00936 | Regional Trails Development (Bundle) | 250 | 200 | 200 | 250 | 200 |
| CDG00983 | Regional Trails: Maintenance | 216 | 200 | 200 | 200 | 200 |
| CPX01032 | Trails Active Transportation | 450 | 400 | 450 | 450 | 450 |
| Sidewalks, Curbs & Gutters | | | | | | |
| CJU01083 | New Sidewalk | 2,725 | 2,500 | 2,500 | 2,500 | 3,000 |
| CKU01084 | Sidewalk Renewals | 2,424 | 2,250 | 2,136 | 2,235 | 2,275 |
| CPX01033 | Walkways - HRM Wide Program (Bundle) | 125 | 125 | 125 | 135 | 125 |

Attachment C**(continued)****Capital Projects Eligible for Gas Tax Funding**

| Project Number | Project Description | 2008-09 Total Gross | 2009-10 Total Gross | 2010-11 Total Gross | 2011-12 Total Gross | 2012-13 Total Gross |
|--|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Roads & Streets | | | | | | |
| CRU01077 | Bridge Repair Program | 1,500 | 2,500 | 1,500 | 1,500 | 1,500 |
| CYU01076 | Curb Renewals | 1,110 | 600 | 800 | 800 | 800 |
| CRU01078 | Main Artery Patching | 1,825 | 1,200 | 1,500 | 1,500 | 1,500 |
| CXU00585 | New Paving Subdivision St's outside core | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| CRU01080 | New Paving of HRM Owned Subdiv.Streets | 2,770 | 1,500 | 1,500 | 1,500 | 1,500 |
| CRU01079 | Other Related Road Works (D&C) | 950 | 700 | 700 | 714 | 750 |
| CYU01081 | Paving Renewal Program | 5,260 | 4,750 | 4,750 | 4,750 | 5,000 |
| CZU01082 | Resurfacing Program | 13,710 | 11,000 | 10,849 | 11,400 | 12,771 |
| Solid Waste | | | | | | |
| CWU01063 | Add'l Green Carts for New Residents | 435 | 435 | 435 | 435 | 735 |
| CWU01064 | Biolac System Hwy 101 Landfill | 220 | 0 | 0 | 0 | 0 |
| CWU01065 | Burner Installation Hwy101 Landfill | 0 | 30 | 0 | 0 | 0 |
| CWU01066 | Cell 6 Construction - Otter Lake | 0 | 0 | 0 | 18,500 | 0 |
| CWI00782 | Construction of Cell 5 - Otter Lake | 15,600 | 0 | 0 | 0 | 0 |
| CWU01067 | Contaminated Soil Management Strategy | 50 | 0 | 0 | 0 | 0 |
| CWU01092 | Dredging of Siltation Pond | 0 | 0 | 0 | 0 | 120 |
| CWU01068 | Enviro Monitor. Site Work 101 Landfill | 125 | 210 | 338 | 813 | 139 |
| CWI00966 | Half Closure of Cell 4a - Otter Lake | 1,758 | 2,999 | 2,069 | 0 | 0 |
| CWU01069 | Half Closure of Cell 4b - Otter Lake | 0 | 0 | 2,896 | 3,827 | 2,069 |
| CWU01062 | Structural Assessment WSF Otter Lake | 25 | 1,000 | 0 | 0 | 0 |
| Stormwater & Wastewater | | | | | | |
| CSE00386 | Harbour Solutions Project | 9,534 | 0 | 0 | 0 | 0 |
| Traffic Improvements | | | | | | |
| CTU00420 | Bikeway Master Plan Implementation | 0 | 500 | 500 | 500 | 500 |
| CTU00884 | Functional Transportation Plans | 100 | 100 | 100 | 100 | 100 |
| CTX01116 | Herring Cove Road Widening | 0 | 0 | 0 | 0 | 1,800 |
| CTV00725 | Lacewood 4 Lane/Fairview Interchange | 0 | 1,000 | 0 | 750 | 2,800 |
| CTU00886 | LED Traffic Signal Conversion Project | 250 | 250 | 250 | 250 | 250 |
| CTX01112 | Mount Hope Ave Extension | 1,920 | 0 | 0 | 6,000 | 0 |
| CTR00906 | Pedestrian Safety & Access Program | 50 | 50 | 50 | 50 | 50 |
| CTX01130 | Road Oversizing - Russell Lake CCC | 0 | 252 | 0 | 0 | 0 |
| CTX01126 | Road Oversizing -Bedford South CCC | 0 | 1,323 | 19 | 97 | 0 |
| CTU01006 | Roadway Oversizing - Bedford West CCC | 1,760 | 4,000 | 0 | 0 | 0 |
| CTV00732 | Rotary Conv/Chebucto Reversing Lane | 1,700 | 0 | 0 | 0 | 0 |
| CTR00908 | Transportation Demand Mgmt Program | 0 | 400 | 400 | 400 | 400 |
| CTR00529 | Various Traffic Related Studies | 50 | 0 | 50 | 0 | 50 |
| Total Eligible Capital Projects | | 107,484 | 71,714 | 66,081 | 91,960 | 64,607 |

