



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

Item No. 11.3.3
Halifax Regional Council
October 7, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: September 29, 2014

SUBJECT: Write-off of Provincial cost sharing – Bus Rapid Transit

ORIGIN

September 17, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.4

LEGISLATIVE AUTHORITY

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance. In particular, Section 3.2.6 of the Audit and Finance Standing Committee's Terms of Reference shall 'Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee'.

RECOMMENDATION

It is recommended to Halifax Regional Council by the Audit and Finance Standing Committee that the capital recovery in the amount of \$706,000 as per general revenue account 00400445, Nova Scotia Transportation and Infrastructure Renewal, be formally written out of the books of accounts

BACKGROUND

The HRM Charter requires that all accounts considered uncollectible and which are to be permanently removed from the accounts of the HRM be approved by Council. Administrative Order 18, The Revenue and Collections Policy, section 5(g) requires staff to provide Council with a write-off report at least once per year.

A staff report dated July 29, 2014 was before the Audit & Finance Standing Committee pertaining to a request to write-off funds that have not been received by the Province of Nova Scotia for the Bus Rapid Transit System. For further information please see the attached staff report dated July 29, 2014.

DISCUSSION

The Committee requested further information from staff regarding the nature of the write-off of the provincial commitment of funds for the Bus Rapid Transit System approved by Council in July 2004.

Staff advised that the Nova Scotia Department of Infrastructure Renewal is not willing to pay the outstanding cost sharing due to the fact that there was never a contribution agreement negotiated with HRM once the program was approved by Transport Canada, it has been over 10 years since the letter of commitment was sent, and their funding is no longer available.

In reviewing this matter, the Audit and Finance Standing Committee approved the staff recommendation as outlined in the recommendation section of this report.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated July 29, 2014

COMMUNITY ENGAGEMENT

All meeting of the Audit & Finance Standing Committee are open to the public. The agenda and reports are posted online in advance of the meetings.

ENVIRONMENTAL IMPLICATIONS

There are no Environmental Implications associated with this report.

ALTERNATIVES

The Audit & Finance Standing Committee did not discuss alternatives.

ATTACHMENTS

1. Staff report dated July 29, 2014

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902-490-6521



P.O. Box 1749
Halifax, Nova Scotia
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Attachment 1

**Audit & Finance Standing Committee
September 17, 2014**

TO: Councillor Bill Karsten, Chair, and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director of Finance and Information, Communication and Technology / CFO

DATE: July 29, 2014

SUBJECT: Write-off of Provincial cost sharing – Bus Rapid Transit

ORIGIN

Staff and HRM Charter requirement.

LEGISLATIVE AUTHORITY

Section 42 of the Halifax Regional Municipality (HRM) Charter requires that;

The Treasurer shall promptly advise Council of:

- (a) all moneys due to the Municipality that the Treasurer considers cannot reasonably be collected after pursuing all reasonable avenues of collection; and,
- (b) the reasons for the belief that such moneys cannot be collected, and the Council may write off the amounts determined to be uncollectible.

RECOMMENDATION

It is recommended that

1. The Audit and Finance Standing Committee forward this report to HRM Regional Council for approval; and,
2. The capital recovery in the amount of \$706,000 per general revenue account 00400445, Nova Scotia Transportation and Infrastructure Renewal, be formally written out of the books of account.

BACKGROUND

In November 2003, Transport Canada announced that HRM's proposal for the \$13.3 million Bus Rapid Transit system was one of several projects across the country to receive funding under the Urban Transportation Showcase Program. Funding Contributions included \$8.4 million from the Halifax Regional Municipality; \$4.1 million from the Government of Canada; \$786,000 from the Province of Nova Scotia; and \$25,000 from the Ecology Action Centre. Premier John Hamm said "By working together to make commuting a more attractive, convenient option, we're making a significant impact on the environment and our quality of life in Nova Scotia."

The Province of Nova Scotia agreed to cost share in a letter dated June 20, 2003. Of the \$786,000 they committed, \$80,000 was to come from the Nova Scotia Department of Energy and \$706,000 was to come from the Nova Scotia Department of Infrastructure Renewal. The letter stated that they agreed to contribute to the project should the Contribution Agreement between the Government of Canada and the Halifax Regional Municipality be approved and that funding would be available over two fiscal years - \$40,000 in 2003/04 and \$746,000 in 2004/05.

In July 2004, the Contribution Agreement between The Government of Canada and the Halifax Regional Municipality was approved. The term of the agreement commenced on July 21, 2004 and ended on March 31, 2008.

DISCUSSION

Upon a review of open projects in April 2013, it was discovered that the Nova Scotia Department of Energy paid \$80,000 to HRM in fiscal year 2003/04, without an invoice being sent, and the \$706,000 committed by the Nova Scotia Department of Infrastructure Renewal had never been received. Final payment from Transport Canada occurred in fiscal year 2007/08.

An invoice was sent to the Nova Scotia Department of Infrastructure Renewal in April 2013 and correspondence took place between HRM and the Province. The end result is that the Nova Scotia Department of Infrastructure Renewal is not willing to pay the outstanding cost sharing due to the fact that there was never a contribution agreement negotiated with HRM once it was approved by Transport Canada and that since it has been over 10 years since the letter of commitment was sent, their funding is no longer available.

As the Province has refused to pay the invoice, we are asking for approval to write off the Accounts Receivable.

FINANCIAL IMPLICATIONS

Each year the provision for losses on accounts is budgeted in the operating fund as mandated by the HRM Charter. The HRM Charter section 93(1) – (2b) requires that:

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

(2) The estimates shall include the probable revenue from all sources other than taxes for the fiscal year and make due allowance for

(a) the abatement and losses that might occur in the collection of the taxes; and

(b) taxes for the current fiscal year that might not be collected.

This provision is accumulated each year in the valuation allowance account in order to offset on the balance sheet the value of the receivables recorded in the books of account. In this way, and in accordance with legislation and with generally accepted accounting practices, there is recognition that not all accounts billed will be collectible.

The amount proposed for write-off in this report has been 100% provided for in the annual valuation allowance expense, general ledger account number 2524 – Allowance Capital Charges. The balance in g/l 2524 is currently -\$1,995,620.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

None.

ATTACHMENTS

Appendix 1: Letter from the Province of Nova Scotia dated June 20, 2003

Appendix 2: Correspondence between HRM and the Province (6 letters)

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

Report Prepared by: Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Lisa Martin, Service Delivery Analyst, 490-3329

Original Signed

Report Approved by:

Louis de Montbrun, CA, Manager of Financial Reporting, 490-7222

Original Signed

Financial Approval by:

Greg Keefe, Director of Finance & ICT/CFO, 490-6308



Transportation and
Public Works
Deputy Minister's Office

1672 Granville Street
PO Box 186
Halifax, Nova Scotia
B1J 2N2

Bus: 902 424-4030
Fax: 902 424-2014
Cur File Number

June 20, 2003

Mr. George McLellan
Chief Administrative Officer
Halifax Regional Municipality
P.O. Box 1749
Halifax, NS
B3J 3A5

Dear Mr. McLellan:

This is in response to your May 29, 2003 letter to myself and Dan McFadyen, Deputy Minister of Energy, regarding HRM's Urban Transportation Showcase Proposal. We have reviewed your proposal titled "Innovation towards Integrated Bus Rapid Transit," dated May 16, 2003, and have agreed to contribute \$786,000 to the following project elements, should your proposal be approved by Transport Canada:

Widening on provincially-owned roadways	\$135,000
Signal hardware on provincially-owned roadways	85,000
Other roadway widening/signalization/bikeways	175,000
Station and parking	<u>391,000</u>
Total	\$786,000

The funding will be available over two fiscal years – \$40,000 in 2003/2004 and \$746,000 in 2004/2005 – and will be disbursed as needed based on the progress of the project over the entire fiscal year. Further details of disbursement will be addressed by staff at a later date.

Yours truly,

Original Signed

Brian Stonehouse, P.Eng.
Deputy Minister

lm

cc: Dan McFadyen, Deputy Minister, Department of Energy
Greg Keefe, Deputy Minister, Service Nova Scotia & Municipal Relations

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Nova Scotia Government Web Site
<http://www.gov.ns.ca>



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

April 5, 2013

Mr. David Oxner
Executive Director, NS Gateway Secretariat
Economic and Rural Development and Tourism
P.O. Box 2311
Halifax, Nova Scotia
B3J 3C8

Subject: HRM's Urban Transportation Showcase

Dear Mr. Oxner:

We have been reviewing our projects for outstanding cost sharing. During our review, we discovered an agreement with the Province of Nova Scotia to fund \$786,000 of the HRM's Urban Transportation Showcase project. To date, HRM has only received \$80,000 from the NS Department of Energy. A copy of the commitment letter from the Province has been attached for your easy reference.

As the project has been completed for some time, we have attached an invoice for the remaining \$706,000.

We understand that you were with the NS Department of Transportation and Infrastructure renewal at this time and have since moved to another department. If you are not the person we should deal with on this matter, it would be greatly appreciated if you could direct us to the right person.

Should you have any questions concerning the attached, please do not hesitate to contact me.

Yours truly,

Original Signed

Greg Keefe
Director of Finance and Information, Communication and Technology/CFO

Attachments

cc: Louis de Montbrun

April 22, 2013

Mr. Gary Keefe
Director of Finance and Information
Communication and Technology/CFO
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Mr. Keefe:

Thank you for your letter of April 5, 2013 to David Oxner, Executive Director, NS Gateway Secretariat regarding HRM's Urban Transportation Showcase.

A review by staff has resulted in finding no information on the details of this fund, other than a letter from former Deputy Minister Brian Stonehouse, P.Eng., indicating that a funding commitment of \$786,000 was available over two fiscal years ending in the fiscal year 2004/2005.

As the eligibility dates for this funding have long since expired, I am unable to authorize approval for the invoice submitted.

Sincerely,
Original Signed

S. Bruce Fitzher, MPA, P.Eng.
Chief Engineer Highway Programs

c: Paul LaFleche, Deputy Minister
David Oxner, Executive Director, NS Gateway

August 27, 2013

Mr. S. Bruce Fitzner
Chief Engineer Highway Programs
Transportation and Infrastructure Renewal
P.O. Box 186
Halifax, Nova Scotia
B3J 2N2

Subject: HRM's Urban Transportation Showcase

Dear Mr. Fitzner:

In response to your letter dated April 22, 2013 concerning the lack of information on the Urban Transportation Showcase Program and subsequent provincial funding, we have gathered a package for you outlining the program details and amounts paid by other contributors.

The Urban Transportation Showcase was a five-year program to demonstrate, evaluate and promote effective strategies to reduce greenhouse gas emissions from Urban Transportation. Transport Canada worked in partnership with the provinces and municipalities and approved eight of the forty-eight proposals from across Canada.

This was a very special project to the Federal, Provincial and Municipal governments in reducing greenhouse gas emissions and I am sure the funding that was not received by the Province of Nova Scotia was just an oversight for both the Province and HRM but the commitment should not be forfeited.

Should you have any questions concerning the attached, please do not hesitate to contact me.

Yours truly,

Original Signed

Greg Keefe, Director of Finance and Information, Communication and Technology/CFO

Attachments

cc: Louis de Montbrun

September 4, 2013

Mr. Greg Keefe
Director of Finance and Information
Communication and Technology/CFO
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Mr. Keefe:

Thank you for your letter of August 27, 2013 regarding funding for HRM's Urban Transportation Showcase Program in 2004/05, as well as the additional information regarding HRM's agreement with the Government of Canada.

While there was a commitment from previous Deputy Minister Stonehouse in 2003, unfortunately there was never a contribution agreement negotiated with HRM to facilitate the cost-sharing arrangement with the Province once it was approved by Transport Canada.

At this time, the Department does not have funding in its budget to cover this project and it would require that we make a submission to Treasury Board to obtain such funding approval should government wish to proceed with the cost sharing.

I will forward this request to the current Deputy Minister and the Minister to determine if they wish to put this request for funding forward to Treasury Board.

Sincerely,
Original Signed

S. Bruce Fitzner, MPA, P.Eng.
Chief Engineer Highway Programs

c: Honourable Maurice Smith, Minister
Paul LaFleche, Deputy Minister



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

December 6, 2013

Mr. S. Bruce Fitzner, MPA, P.Eng.
Chief Engineer Highway Programs
Transportation and Infrastructure Renewal
P.O. Box 186
Halifax, Nova Scotia
B3J 2N2

Subject: HRM's Urban Transportation Showcase

Dear Mr. Fitzner:

In response to your letter dated September 4, 2013 concerning the contribution agreement for the Urban Transportation Showcase Program and forwarding our request on the Deputy Minister and Minister.

Although the letter from Deputy Minister Stonehouse dated June 20, 2003 is not a formal Contribution Agreement, it does state that should HRM's proposal be approved by Transport Canada, Nova Scotia 'agrees to contribute'. HRM does not normally receive formal Contribution Agreements for this type of funding.

Many Provincial officials including the Premiere at the time were involved in this project. Premier John Hamm was quoted as saying "By working together to make commuting a more attractive, convenient option, we're making a significant impact on the environment and our quality of life in Nova Scotia."

Should you have any updates to your letter about forwarding our request on to the Deputy Minister and the Minister to see if a funding request would be put forward to the Treasury Board or any final decisions, it would be greatly appreciated.

Yours very truly,
Original Signed

Greg Keefe, CMA
Director of Finance & ICT, CFO
Halifax Regional Municipality
(902) 490-6308

cc: Louis de Montbrun

Finance & Information, Communication & Technology

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In Reply Please Quote Our File Number:

April 24, 2014

Mr. Greg Keefe, CMA
Director of Finance & ICT, CFO
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Mr. Keefe: *GMK*

This is to reference your letter of December 6, 2013, to Mr. Bruce Fitzner regarding Halifax Regional Municipality's Urban Transportation Showcase.

I have reviewed the file and information provided and regret to advise that since it has been over 10 years since Mr. Stonehouse's letter of June 20, 2003, and that the funding was only available in fiscal years 2003/04 and 2004/05, the time limits have long since expired and the funding is no longer available.

Sincerely,
Original Signed

Paul T. LaFleche, Ph.D., P.Geo., FGC
Deputy Minister