



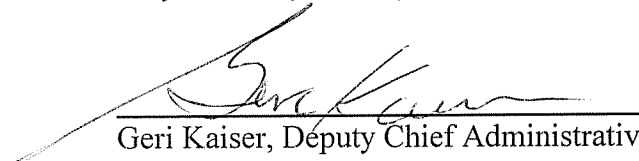
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Halifax Regional Council
June 27, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Wayne Anstey, Acting Chief Administrative Officer


Geri Kaiser, Deputy Chief Administrative Officer

DATE: June 22, 2006

SUBJECT: Gas Tax

ORIGIN

On December 13, 2005, the gas tax agreement between Halifax Regional Municipality and the Province of Nova Scotia was signed. A three year list of projects is required to enable the transfer for 2006/07.

RECOMMENDATION

It is recommended that:

Council approve the three year list of projects for gas tax funding as listed in Attachment A.

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. This agreement formalizes the criteria and requirements and details the responsibilities of the partners.

Funds from the Gas Tax 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.

Gas Tax Agreement Highlights

Following is a brief summary highlighting some of the 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
- The funds will not clawback any current capital funding
- Average annual capital spending on municipal infrastructure will not fall below \$58m
- HRM will supply a capital investment plan by year 5
- HRM will develop over the term of the agreement a community sustainability plan
- HRM will provide access to records related to funded projects if requested
- HRM will comply with the communications protocol outlined
- HRM will retain title to the resulting infrastructure for at least 10 years
- HRM will 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 transit (rapid transit, transit busses, ITS, HOV lanes etc)
- Water (drinking water supply, distribution, metering)
- Wastewater (wastewater and stormwater)
- Solid waste (diversion, recovery facilities, organics management, landfills, landfill gas recuperation)
- Community energy systems (cogeneration, district heating)
- Active transportation infrastructure (bike lanes, local roads, bridges, tunnels)
- Capacity building (collaboration, knowledge, integration)

Eligible Costs Include:

- Capital costs
- Fees to professionals
- Environmental assessments

Ineligible Costs Include:

- Costs incurred prior to April 1, 2005
- Services normally provided
- Salaries
- Overhead (operating, administrative, planning)
- Feasibility and planning studies
- Taxes
- Land
- Leasing equipment
- Routine repair/maintenance
- Audit/evaluation

Reporting:

- By agreement end, 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 gas tax fund expenditures for each project
- 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 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

Audits:

- Nova Scotia may audit, or ask HRM to audit, any eligible project and costs are paid by the municipality

Communications:

- There will be a public Agreement signing event
- Regular announcements of projects that benefited from gas tax
- All communications acknowledge federal contributions
- Permanent signage at location of projects receiving investment

DISCUSSION

Estimated Gas Tax Funding

HRM expects to receive approximately \$60m over 5 years. HRM received \$7,642,567 in 2005/2006. Staff estimates that HRM will receive approximately \$7.6M in 2006/07, \$10M in 2007/08 and \$12.7M in 2008/09. The estimated gas tax revenue is included as a funding source in the proposed 2006/07 capital budget and the three year capital plan. This effectively increased the capital budget and allowed additional projects to be added.

Approval of HRM General Infrastructure Criteria

On October 11, 2005 Council approved general infrastructure criteria to be used for staff to prioritize infrastructure projects for upcoming funding opportunities. As well, it was agreed that additional criteria would be layered on as required for specific program purposes. For Gas Tax it was agreed on December 13, 2005 that this criteria would be used to allocate the funds which were included in the 2006/07 capital budget and future years of the Gas Tax Program.

Allocation Approach for 2006/2007 and Future Years

For 2006/2007 and beyond, Council agreed that the same general approach be followed. Council's general infrastructure criteria and the Gas Tax agreement criteria will be applied to projects to determine suitability for Gas Tax consideration. Given the Gas Tax agreement criteria and the program outcome indicators of clean air, clean water and lower GHG emissions, staff are recommending that projects selections be in the following eligible categories to the extent possible: wastewater, solid waste, active transportation and transit. Roads and streets projects would be considered, only after all eligible projects in the other categories have been funded. Staff has developed a recommended list for Council's review. This list is contained in Attachment A.

Council will note that there are no projects included under the Active Transportation category. Many of HRM's projects in this category already enjoy the benefit of cost sharing from other programs. Given the infrastructure needs in HRM, staff feel the funding is best directed to meet other funding needs. Staff have chosen projects and project categories that focus heavily on the stated outcome of the gas tax program, which is environmentally sustainable municipal infrastructure. It is staff's view that the project allocation should be focussed as much as possible on projects that meet the highest sustainability criteria of the program, thus adding to the national success of the program, and the hopeful continuation of the funding flow. For this reason, staff recommend the project allocation not go towards road and street projects. Road projects do not fit with the sustainability focus. That being said, the gas tax transfer creates capacity in the organization. The additional capacity created could be directed at other priority areas that don't qualify for Gas Tax funding.

BUDGET IMPLICATIONS

Otter Lake Cell 5 project is budgeted to be funded from a reserve and based on the gas tax criteria, is now recommended as part of the 2006/07, 2007/08, and 2008/09 gas tax allocation. This requires adjustment to the planned reserves contribution and capital from operating.

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.

ALTERNATIVES

Council could select different projects for 2006/2007. Attachment B denotes 2006/2007, 2007/2008, and 2008/2009 capital budget projects that meet the program criteria.

Council could choose to emphasize different project categories for 2006/2007 and beyond.

ATTACHMENTS

Attachment A: Three Year Proposed Gas Tax Projects

Attachment B: Three year list of projects that meet the Agreement Criteria

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.

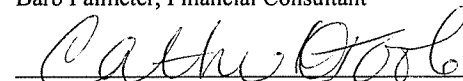
Report Prepared by: Debbi McCaig, CMA, A./Manager, Budget and Financial Analysis

Financial Review:



Barb Palmeter, Financial Consultant

Report Approved by:



Cathie O'Toole, CGA, A/Director, Finance

Attachment A
Three Year Proposed Gas Tax Projects

Project	2006/07	2007/08	2008/09
<u>Metro Transit:</u>			
CHA00160 Vehicle Tracking & Communication	1,492,567		
CVD00435 Conventional Transit Replacement			1,624,000
Total Metro Transit	1,492,567	-	1,624,000
<u>Sewers:</u>			
CGU00688 Greenhead Rd PS	50,000	300,000	
CGU00579 Crescent Ave PS	50,000		
CGI00614 Eastern Passage WPCP Expansion		2,500,000	4,000,000
CGI00613 Dingle Tower PS, Halifax		550,000	550,000
CGI00608 Beckfoot Crescent PS, Dartmouth		375,000	
CGU00575 Uplands Park - Sanitary & Storm Sewers		200,000	350,000
CSI00762 Frame Subdivision STP	50,000	250,000	
CSI00875 Stormwater and Wastewater Remediation		925,000	200,000
Total Sewers	150,000	5,100,000	5,100,000
<u>Solid Waste:</u>			
CWI00782 Otter Lake - Cell 5	6,000,000	5,079,000	6,000,000
Total Solid Waste	6,000,000	5,079,000	6,000,000
Total Gas Tax Funding	7,642,567	10,179,000	12,724,000

Attachment B Gas Tax Projects - complete list		2006/07		2007/08		2008/09	
Project		Eligible \$	Budget	Eligible \$	Budget	Eligible \$	Budget
Buildings:							
No projects		-	2,395,000	-	2,465,000	-	1,098,000
Total Buildings		-		-		-	
Community Facilities:							
No projects		-	3,046,000	-	2,018,000	-	2,978,000
Total Community Facilities		-		-		-	
Community Property & Development:							
Harbour Plan	CDV00723	100,000					
Total Community Property & Development		100,000	1,990,000	-	4,762,000	-	6,030,000
Councillor's Funds:							
No projects		-	1,495,000	-	1,495,000	-	1,495,000
Total Councillor's Funds		-		-		-	
Equipment & Fleet							
No projects		-	7,834,000	-	7,436,000	-	7,426,000
Total Equipment & Fleet		-		-		-	
Industrial Parks:							
No projects		-	-	-	-	-	-
Total Industrial Parks		-		-		-	
Information Technology:							
No projects		-	2,151,000	-	1,991,000	-	1,466,000
Total Information Technology		-		-		-	
Metro Transit/Fleet:							
Access-A-Bus	CVD00429	120,000		120,000		120,000	
Access-A-Bus Replacement	CVD00430	440,000		440,000		440,000	
Conventional Transit Expansion	CVD00434	3,915,000		3,045,000		-	
Conventional Transit Replacement	CVD00435	7,240,000		7,095,000		7,785,000	
Vehicle Tracking & Communication	CHA00160	1,800,000		-		-	
Total Metro Transit/Fleet		13,515,000	22,743,000	10,700,000	15,361,000	8,345,000	16,140,000
Parks & Playgrounds:							
Regional Trails Development	CP300853	270,000		250,000		300,000	
Total Parks & Playgrounds		270,000	4,922,000	250,000	5,013,000	300,000	5,788,000

Roads & Streets:						
Bridge Repair and Renewal	CRU00684	600,000	1,000,000	1,000,000		1,000,000
New Paving (Inside Core)	CXU00715	572,000	1,100,000	550,000		550,000
Paving Renewal Program	CYU00784	5,260,000	5,260,000	5,260,000		5,260,000
Main Artery Patching	CZU00782	1,275,000	1,400,000	1,400,000		1,400,000
Resurfacing	CZU00782	9,283,000	10,009,000	11,182,000		11,182,000
Total Roads & Streets		16,990,000	18,581,000	20,310,000	21,483,000	
Sewers:						
Beckfoot Crescent PS, Dartmouth	CGI00608	650,000	375,000	-		-
Dingle Tower PS, Halifax	CGI00613	-	550,000	550,000		550,000
Street Drainage Systems	CGI00617	100,000	100,000	100,000		100,000
Ralston/McCurdy Ave Storm Sewer	CGI00787	160,000	-	-		-
Sewer Lateral Replacements	CGU00461	400,000	200,000	200,000		200,000
O'Dell Dr PS, Dartmouth	CGU00571	450,000	-	-		-
Plymouth Road Pumping Station	CGU00573	-	200,000	350,000		350,000
Uplands Park - Sanitary & Storm Sewers	CGU00575	430,000	-	-		-
Riverwood Drive Pumping Station	CGU00573	200,000	-	-		-
Crescent Ave Pumping Station	CGU00579	50,000	300,000	400,000		400,000
Greenhead Road PS, Western	CGU00688	50,000	250,000	-		-
Frame Subdivision STP	CSI00762	275,000	-	-		-
Kearney Lake Road Twin Culverts	CSI00874	650,000	2,000,000	1,650,000		1,650,000
Balcome's Drive PS, Halifax	CGU00582	50,000	1,250,000	4,000,000		4,000,000
Aerotech Lagoon Decommissioning	CGU00690	200,000	2,500,000	-		-
Stormwater and Wastewater Remediation	CSI00875	500,000	-	-		-
Eastern Passage WPCP Expansion	CGI00614	-	-	-		-
Total Sewers		4,165,000	7,725,000	7,835,000	8,000,000	
Sidewalks, Curbs, & Gutters:						
No projects	-	-	-	-		-
Total Sidewalks, Curbs, & Gutters		3,421,000	3,674,000	3,743,000		
Solid Waste:						
Otter Lake Cell 5	6,000,000	6,000,000	6,000,000	6,000,000		6,000,000
Total Solid Waste		6,000,000	6,000,000	6,000,000	6,000,000	
Traffic Improvements:						
No projects	-	-	-	-		-
Total Traffic Improvements		11,768,000	8,848,000	8,312,000		
Total Capital Budget:						
Less Solid Waste (Reserve Funded)	41,040,000	90,511,000	41,887,000	89,959,000		89,959,000
Less Strategic Transit Funding		6,000,000	6,000,000	6,000,000		6,000,000
Capital Budget		81,208,000	81,208,000	83,959,000		