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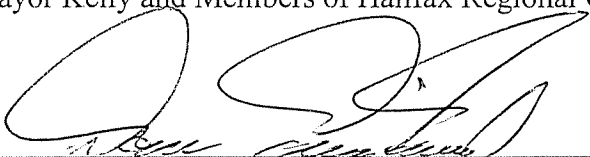


PO Box 1749
Halifax, Nova Scotia
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Halifax Regional Council
October 25, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Acting Chief Administrative Officer



Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: October 20, 2005

SUBJECT: Gas Tax Agreement

ORIGIN

An update on the Gas Tax Agreement was provided to Council during October 11, 2005 Committee of the Whole. As was noted, the Federal/Provincial Agreement had been signed. HRM is now required to sign a Municipal Funding Agreement with the Province of Nova Scotia to enable the transfer of funds.

RECOMMENDATION

It is recommended that :

1. Mayor Peter Kelly, on behalf of Halifax Regional Municipality, execute the Municipal Funding Agreement between the Province of Nova Scotia and Halifax Regional Municipality.

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. For municipalities in Nova Scotia to receive the funds, a number of criteria and requirements must be formally agreed to, by the signing of a Municipal Funding Agreement. The Agreement provides the details of the responsibilities of the parties in the partnership. HRM has received a Municipal Funding Agreement from Service Nova Scotia and Municipal Relations. The Province of Nova Scotia is prepared to sign the agreement with HRM as soon as it can be arranged. In year 1 of the agreement (2005/2006) HRM will receive \$7,642, 567.

DISCUSSION

Following is a brief summary highlighting some of the terms and conditions contained within the agreement. A more specific and detailed explanation of the agreement terms are available if requested.

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

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)

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
- 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 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

BUDGET IMPLICATIONS

2005/2006 budget implications of the gas tax transfer were estimated to be \$7.9m and included in the 2005/2006 HRM Budget. In year 1 of the agreement (2005/2006), HRM will receive approximately \$7.6m HRM will have to reduce or delay a capital project or find another funding source to make up the shortfall.

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

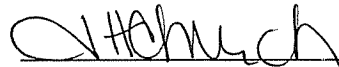
Council could choose not to recommend the Agreement be signed. This alternative is not recommended as a signed agreement is required to enable the funds to be distributed.

ATTACHMENTS


None.

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.

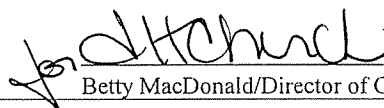
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