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**Halifax Regional Council
Committee of the Whole
September 27, 2005**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Dan English", written over a horizontal line. Below the line, the name "Dan English, Acting Chief Administrative Officer" is printed.

Dan English, Acting Chief Administrative Officer

DATE: September 26, 2005

SUBJECT: Infrastructure Opportunities and Criteria

ORIGIN

HRM will potentially have access to several new funding program opportunities over the coming months. With the implementation of the Federal Gas Tax Funding program; a new Municipal Rural Infrastructure Fund; and Public Transit Funds announced with the passing of the federal budget, it is important that HRM be prepared to strategically negotiate project funding.

RECOMMENDATION

It is recommended that :

1. Proposed General Infrastructure Criteria: Council review and offer comments to staff on the proposed criteria for priority rating of general infrastructure projects.
2. Proposed MRIF Prioritization Criteria: Council review and offer comments to staff on the inclusion of additional criteria to best match MRIF program parameters.

BACKGROUND

Several potential new opportunities may become available for HRM in the near future.

- Gas tax
- Municipal Rural Infrastructure Fund
- Transit funds
- Atlantic Investment Partnership

The Federal Government's New Deal for Cities and Communities represents a collaborative way of doing business that respects the jurisdictions of the country. It is based on a vision of sustainable communities, incorporating the four elements of sustainability: environmental, cultural, social and economic elements.

The approach on this file has been to strike partnerships between the three levels of government to achieve shared outcomes. The program is to be outcomes-based with a focus on measures such as lower GHG emissions, cleaner air and cleaner water. The investments are to be environmentally sustainable and will be focused with a view to achieving maximum results.

The principles guiding the implementation of the Cities and Communities agenda are:

- Respect for jurisdiction
- Flexibility
- Equity
- Focus on long term solutions
- Transparent agreements and fiscal arrangements
- Regular reporting to Canadians.

More information on the New Deal for Cities and Communities can be found at:

http://www.infrastructure.gc.ca/ndcc/index_e.shtml

Gas Tax

A bi-lateral agreement was signed between the federal and provincial government on Friday September 23, 2005. Full details regarding HRM's allocation and specific program parameters will be available soon. The federal cabinet mandate requires that these agreements include a reference to incremental collaboration. In the case of the Nova Scotia agreement, it is anticipated that this will take the form of a tripartite agreement.

Those agreements will guide the use of gas tax funds and will also outline areas for further collaboration on shared priorities. Funds from the gas tax are anticipated to 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.

HRM expects (based on current estimates) to receive in the area of \$60m in 5 years. An estimated allocation for 2005/2006 of \$7.9million was included in the capital budget (see pg. 20, 2005/2006 HRM Budget, Attachment A). In the absence of approved Federal / Provincial criteria, the gas tax allocation was treated as a funding source, allowing the total capital budget to increase in value for the current year.

During Program and Service Committee and Regional Council meetings in January and February 2005 on the 2005/06 budget, presentations were made regarding a fuel tax sharing proposal based on what was known at that point about the program. It was estimated that \$7.9m would be available to HRM in 2005-2006, and staff proposed the funds be used to fund specific capital projects, conditional on funds being realized.

In March 2005 details of the Gas Tax program were still outstanding and staff provided an update to Council which proposed that due to the uncertainty of how the Gas Tax was to be applied it should be used as a funding source for the 2005/06 proposed capital budget, allowing the capital program to increase accordingly. At that time staff indicated that they would return to Council so that criteria could be approved for allocation of Gas Tax funds, once the overall criteria was known. This approach also reflected individual Councillors requests during budget deliberations that the Gas Tax funds be used to benefit all of HRM.

For 2005/06 the estimated \$7.9 million in Gas Tax funds supported increases in the capital budget, although only as a funding source. The funds could not be specifically allocated to projects since no final Federal or Provincial criteria had been agreed to at the time the budget was approved. (See Attachment A). For the 2005/2006 budget year, HRM has already seen the financial impact of the gas tax. The signing of the agreement generally confirms budget assumptions and allows HRM specific criteria to be set by Council. This criteria must reflect the the Federal and Provincial program criteria. Now that the agreement has been signed, staff will bring a report to Council on October 11th to have Council determine the criteria for the program on a go-forward basis. This criteria will then be used to allocate the funds which were included in the 2005/06 budget for program reporting purposes.

More information on the gas tax agreement can be found at:

http://www.infrastructure.gc.ca/ndcc/funding_e.shtml

MRIF - Municipal Rural Infrastructure Fund

MRIF is a new infrastructure fund that is basically the replacement of CNSIP (Canada Nova Scotia Infrastructure Program). The Government of Canada wants to achieve a balance between the infrastructure needs of urban and rural parts of the country. Therefore, at least 80 percent of funding under the MRIF will be dedicated, by the federal government, to municipalities with a population of less than 250,000. The remaining funds (20%) are available to municipalities with a population of over 250,000. A federal/provincial agreement is expected to be signed within the coming weeks, following which, more detail will be made available.

MRIF is a \$74m program for Nova Scotia. HRM, considered by population as an urban area, can receive up to 20% of the fund. This is equal to approximately \$14.8m over 5 years. HRM's participation in the program would require a 1/3 contribution roughly equal to \$7.4m in HRM or partnership funding.

Federal outcomes identified have included: Improved and increased stock of core public infrastructure in areas such as water, wastewater, cultural and recreation, improved quality of life and economic opportunities for smaller communities and First Nations. Government of Canada objectives on the environment, sustainable development, climate change, water quality, urban life, and innovation will guide project eligibility so that Canadians obtain maximum benefits from infrastructure funding.

Project selection for the MRIF will be guided by joint federal-provincial/territorial Management Committees. A role for municipal associations will be defined during the negotiations with the provinces and territories.

In total across Canada, a minimum of 60 percent of funding under the MRIF, with a minimum of 40 percent per jurisdiction, will target "green infrastructure" that provide a better quality of life and benefit through sustainable development. These include water, wastewater, solid waste, municipal energy improvements, and public transit. The new fund will also invest in cultural, tourism and recreational infrastructure, local roads and broadband connectivity.

More information on the Municipal Rural Infrastructure Fund can be found at:
http://www.infrastructure.gc.ca/mrif-fimr/index_e.shtml?menu3

Transit Funds announced with passing of budget.

On June 1, 2005 a news release was issued outlining the federal government's investment of up to \$800 million in public transit over two years as part of the New Deal for Cities and Communities.

This new funding is earmarked in the Budget amendment bill (c-48).

It has been suggested that funds will be used to refurbish and replace fleets, upgrade and refurbish terminals and garages, invest in new light rail, subway and bus rapid transit systems, replace and rehabilitate tunnels, stations and other structures, and utilize new intelligent transportation systems designed to improve services for both passengers and operators. These are the core priorities of transit systems that provide services to 70 percent of Canadians.

Public transit funds will flow to municipalities in a way similar to gas tax funds. Within each province and territory, the Government will negotiate an intra-jurisdictional formula based on ridership.

Allocation to the provinces and territories of the transit funding totalling up to \$800 million over two

years results in approximately \$23,464,303 for Nova Scotia. There is no formal implementation plan to date.

More information on the gas tax agreement can be found at:

http://www.infrastructure.gc.ca/ndcc/publication/newsreleases/2005/20050601ottawa_e.shtml

Atlantic Investment Partnership

The 2nd Wave of the Atlantic Investment Partnership was recently announced.

With it is an Innovative Communities Fund. The Innovative Communities Fund (ICF) invests in strategic projects that build the economies of Atlantic Canada's communities. ICF builds on the strengths of communities and provides the tools needed to identify opportunities available for their sustainable economic growth.

ICF focuses on investments that lead to long-term employment and economic capacity building in rural communities. Urban initiatives that stimulate the competitiveness and vitality of rural communities may be considered on a selective basis.

The program is funded with \$175 million over five years. Assistance is non-repayable. The amount provided to each individual project will be determined by an assessment of the level of funding necessary to allow the project to proceed. HRM or community groups could apply for funding but there is no notional allocation to areas or municipalities. If HRM were to apply there would be an expectation it would provide a share of funding.

More information and criteria on the Atlantic Investment Partnership can be found at: www.acoa.gc.ca

This is not an exhaustive list of external funding opportunities, but does highlight some significant new potential opportunities for HRM.

DISCUSSION

Each year staff and Council, through the Business Planning and Budgeting process, determine and rank capital projects and new initiatives. The provision of appropriate and sufficient infrastructure is paramount to HRM. The balance between maintaining and rehabilitating existing infrastructure and providing new infrastructure to areas experiencing growth is difficult, given the significant shortfall in available funding. One of the key benefits of the Regional Plan is the better understanding of the capacities of our existing infrastructure and an understanding of how to make the most of new infrastructure needs given the preferred growth plan. HRM is now in a better position to develop a ranking of infrastructure needs, reflecting our own objectives and requirements.

The attached (Attachment C) suggested criteria is based on the current criteria used in HRM for the evaluation of new service enhancements, the Priority Rating Process used by EMS which was

approved by Council in February 2005, and the criteria for priority setting suggested to Council at the recent council workshop of September 15 and 16th 2005. Staff seek Council's direction in establishing criteria.

It is staff's intent to come back to Council with a suggested overall listing and ranking of infrastructure requirements. As new funding programs become clearer, an understanding of our overall needs will help develop requests that make the most of the opportunities to further our goals. Applications and lists submitted to such programs will not exceed the funds that are available in the program.

For specific funding programs, it is important that HRM carefully consider the best match between a potential project and the program(s) available. Broadly considering all potential funding sources, when making decisions on specific projects to include in a specific program will help ensure HRM is able to fully maximise access to existing and potential funding opportunities. The attached (Attachment D) suggested MRIF Prioritization Criteria recommends a second layer of criteria be applied to this program opportunity. Staff seek Council's direction in finalizing this criteria.

Any input provided on either the general or program specific criteria will be applied and subsequent reports with recommendations will include amendments. Staff will come back to council on October 11, 2005 with recommendations for MRIF projects for consideration, based on the direction provided. A similar process will be followed for other funding opportunities that become available.

BUDGET IMPLICATIONS

No budget implications associated with the adoption of the criteria.

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

1. Council could choose to alter or amend the criteria defined in this report.
2. Council could choose not to approve the criteria defined in this report.
3. Council could defer decision and request that staff reassess the criteria. This option is not recommended as timing is critical for strategic participation in the programs noted in the report.

ATTACHMENTS

Attachment A: 2005/2006 Proposed Capital Budget, pg. 20

Attachment B: Slide from January 25, 2005 Program and Service Presentation

Appendix C: Draft Proposed General Infrastructure Criteria

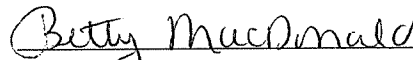
Attachment D: Draft Proposed MRIF Prioritization Criteria

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.

Report Prepared by:


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Report Approved by:


Betty MacDonald/Director Governance and Strategic Initiatives/490-4769

Halifax Regional Municipality
2005-06 Proposed Budget

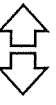
Page Number	District		Past Budgets	2005-06 Gross Budget	Cost Sharing	Reserves	Reserve Name	LIC	Capital Cost Contribution	Infrastructure	2005-06 Total Funding	2005-06 Capacity	2005-06 Operating
Traffic Improvements													
CAO & Governance													
M1	0	CTV00727 Park & Ride Land Acquisition	0	500,000	0	0	0	0	0	0	0	500,000	0
Total													
Environmental Management Services													
M3	0	CTI00694 Bio-Diesel Recycled Fuel	0	60,000	0	(60,000)	Sustainable Communities	0	0	0	(60,000)	0	0
M5	0	CTI00695 Emissions Reductions	0	60,000	0	(60,000)	Sustainable Communities	0	0	0	(60,000)	0	0
M7	0	CTI00696 Commuter Trip Reduction Program	0	40,000	0	(40,000)	Sustainable Communities	0	0	0	(40,000)	0	0
Total													
Public Works & Transportation													
M9	0	CTR00423 Traffic Calming (Consultant Support & Ha	400,000	50,000	0	0	0	0	0	0	0	50,000	0
M11	8	CTI00630 Hwy 111/Portland St. Interchange	0	4,850,000	0	0	0	0	(2,350,000)	(1,500,000)	(3,850,000)	1,000,000	0
M13	6,9	CTI00705 Wright Ave./Hwy 118 Interchange	0	0	0	0	0	0	0	0	0	0	0
M15	22,5,9	CTR00905 Intersection Improvement Program (\$611k pre-e	620,000	1,050,000	0	0	0	0	0	0	0	1,050,000	0
M17	0	CTV00725 Lacewood Four Lane/Fairview Interchange	0	1,100,000	0	0	0	0	0	0	0	1,100,000	0
M19	23,21	CTI00561 Traffic Signal Installation (\$320k pre-approv	0	752,000	0	0	0	0	0	0	0	752,000	0
M21	0	CTV00732 Rotary Conversion/Chebucto reversion lane	0	600,000	0	0	0	0	0	0	0	600,000	0
M23	0	CTI00419 Traffic Signal Rehabilitation (\$97k pre-approv	200,000	300,000	0	0	0	0	0	0	0	300,000	0
M25	0	CTI00422 Traffic Signal Compliance Program (\$145 pre-a	300,000	300,000	0	0	0	0	0	0	0	300,000	0
M27	0	CTI00337 Controller Cabinet Replacement (\$70k pre-appr	102,000	200,000	0	0	0	0	0	0	0	200,000	0
M29	0	CTI00420 Bikeway Master Plan Implementation	70,000	200,000	0	0	0	0	0	0	0	200,000	0
M31	0	CTR00908 Transportation Demand Management Program	265,000	120,000	0	0	0	0	0	0	0	120,000	0
M33	0	CTR00529 Various Traffic Related Studies	462,000	100,000	0	0	0	0	0	0	0	100,000	0
M35	0	CTR00530 Traffic Signal Control Sys Integration	930,000	100,000	0	0	0	0	0	0	0	100,000	0
M37	0	CTV00733 Sackville Collector Acquisition	0	100,000	0	0	0	0	0	0	0	100,000	0
M39	0	CTR00906 Pedestrian Safety & Access Program	220,000	50,000	0	0	0	0	0	0	0	50,000	0
M41	0	CTR00904 Destination Signage Program	60,000	50,000	0	0	0	0	0	0	0	50,000	0
Total													
Total Traffic Improvements													
			3,599,000	10,582,000	0	(160,000)	0	0	(2,350,000)	(1,500,000)	(4,010,000)	6,572,000	12,000
Total			185,563,427	214,587,000	(29,276,000)	(103,500,000)	0	(1,900,000)	(2,350,000)	(7,699,000)	(144,725,000)	69,962,000	4,493,700

Capital Funding	24,081,000
Capital from Operating	7,900,000
Fuel Tax	5,131,000
Strategic Growth Fund	0
Capital Surplus	0
Crespool	854,000
Debt Issued	31,996,000
Total	69,962,000

Proposal: Fuel Tax Sharing

- Include \$7.9 Million in 2005-2006
 - Used to fund specific capital projects. Projects conditional on funds being realized.
 - Funds targeted to capital.
- Principles
 - Two-Thirds funds to Public Transportation
 - One-Third funds to Base Capital issues
 - eg, Roads, Traffic, Recreation, Buildings

*Source:
Presentation to Program and Service Review
HRM Regional Council, January 25, 2005*



Appendix C: Draft Proposed General Infrastructure Criteria

Strategic Importance

Strategic importance refers to projects that are in alignment with Council priorities. To be of strategic importance, a project should support the direction of: the regional plan, the economic strategy, the cultural plan and any other broad organizational strategic directions such as budget and business plan priorities. Items of strategic importance must be in support of HRM community outcomes, be of broad public benefit, with a tangible value to citizens and there is some sense of obligation or commitment to others.

Risk

Risk refers to anything that is regulatory or a pending regulatory obligation of the municipality, has the likelihood of exposing the municipality to litigation, poses a health, environmental or safety threat to the community, or threatens the security or operational stability of a major enterprise system (technology). There is an imperative associated with risk and a requirement to act.

Fiscal Considerations

Fiscal considerations include initiative costs and return on investment. When evaluating this element, it is important to consider the magnitude of the costs, any potential savings to be realized, the fiscal resources available for HRM's share or costs, operating and eventual replacement costs, whether service improvements or efficiencies will be created, the time frame and whether there will be a quick pay back to the organization. It is also important to recognize that expenditures made in a timely manner to protect or maintain existing assets will result in lower costs down the road.

Capacity

The organizational, financial, political, and administrative capacity to complete the initiative. Capacity refers to the degree of affordability of the project, the ability of the administration to deliver the product, or the community or a partner to pay their share of the project. It considers not only cost, but also human resource requirements, work load pressures, and availability of expertise to complete the initiative.

Success Likelihood

Success likelihood speaks to the ultimate ability of the project to be successfully completed as stated, on budget and on time with necessary project support. It includes timely implementation, opportunities to leverage resources and to obtain support of private sector and non-government organization partners. The project meets a community need (relating to the support of partners).

Attachment D: Draft Proposed MRIF Prioritization Criteria

It is expected that an MRIF agreement will be signed within the coming weeks, at which time, HRM will be in a position to apply for funds. Staff is seeking direction on the addition of a second layer of criteria to be applied to projects for consideration under MRIF so that HRM project choices closely match the national intent of the program. Given that other potential funding programs, including the public transit funds and the gas tax agreement are likely to have parameters that inherently presuppose funds to be spent in the more urban areas of HRM, MRIF is a good opportunity to support rural infrastructure development within the HRM community. It is recommended that for these purposes, rural be defined as any project which is “geographically located within the rural commuter shed or rural areas as identified in the Regional Plan”.

Council has a number of options, then, with regard to MRIF.

- 1) Allocate all funding to rural communities
- 2) Allocate funding matching the national program, whereby HRM would allocate 80% of the funds rurally and 20% to the urban center.
- 3) Allocate funding according to overall infrastructure needs irrespective of location.