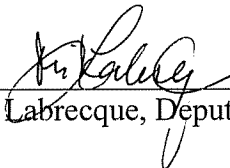


Item No.
Audit & Finance Standing Committee
October 19, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Mike Labrecque, Deputy Chief Administrative Officer

DATE: September 20, 2011

SUBJECT: Parking Enforcement Initiative between HRM & WDCL - Waterfront
Development Reserve Q142

ORIGIN

A proposal from the Waterfront Development Corporation Limited ("WDCL").

RECOMMENDATION

It is recommended that Halifax Regional Council approve the attached Reserve Business Case (Waterfront Development Reserve, Q142), the purpose of which is for HRM to administer the parking enforcement revenues generated by a WDCL - HRM parking enforcement partnership. The funds generated through this partnership are to be expended as re-investment in HRM owned waterfront assets through projects co-sponsored and planned with WDCL.

BACKGROUND

A request was received by HRM from Waterfront Development Corporation Limited (WDCL) to partner with them on a parking enforcement initiative aimed at increasing WDCL's operating revenue from parking enforcement, which could result in re-investment of parking enforcement revenues in waterfront projects.

DISCUSSION

Waterfront Development Corporation (WDCL) is a provincial crown corporation developing the strategic potential of waterfronts in Halifax, Dartmouth, Bedford and Lunenburg. Their mandate is to foster the creation of waterfronts that drive economic opportunity, enhance tourism, provide experiences, and reflect and protect our marine heritage. HRM and WDCL just finished a \$400K capital project on Nathan Green Square that was cost shared 50/50. WDCL operates 7 parking lots along the Halifax waterfront that consist of approximately 1,000 parking spaces. WDCL's enforcement personnel have "Special Constable Status," but they do not have a court docket through the provincial court system, and have proposed to be a part of the HRM docket as a private property owner.

HRM has a bi-weekly court docket system, and has approximately 200 private property landowners who have Special Constable Status and can issue HRM parking tickets. Under these arrangements all enforcement revenues go to HRM.

HRM was approached by WDCL in January of 2011 on partnering on a parking enforcement initiative, where:

- WDCL would issue HRM parking tickets with their own security detail, and HRM would administer tickets issued by WDCL through its automated parking ticket system. This would include accepting payments at HRM storefronts or on-line, sending summons to court, and preparation of the bi-weekly court docket.
- Revenues from enforcement would be collected by HRM and remitted to WDCL, less a negotiated administration fee and WDCL would invest funds into HRM waterfront assets.

HRM's position with respect to private property owners issuing our tickets is that HRM retains all enforcement revenue, and does not share or redistribute enforcement revenues.

HRM counter-proposed that it would administer the tickets issued by WDCL and retain the funds in a Reserve that would fund HRM waterfront projects (Nathan Green Park, Chebucto Landing, Sackville Landing, Carlson Wharf, Lower Water Street, and Salter Street). Under such an arrangement HRM would maintain control of the funds and the spending thereof, in consultation with WDCL. As capital requirements for investment in HRM Waterfront assets are high, this proposed collaboration would be a new source of capital funding and an extension of the current

cost sharing initiatives on waterfront projects that would provide more consistent and sustainable funding.

WDCL, has advised they could approach the province and pursue a legislative change to make their ticket enforceable, however their preference is to partner with HRM and continue to cost share projects.

BUDGET IMPLICATIONS

The total amount of tickets issued by WDCL for the period of April 1, 2010 to March 31, 2011 was 22,709. However, since these tickets were not enforceable (the compliance rate being only 21%), an estimated drop of 20% in the number of tickets issued - once they become enforceable - would appear reasonable.

In developing the Reserve Business Case, the following assumptions have been made:

- Parking lot revenue will drop by 20% annually, starting in fiscal year 2013/14
- 70% of tickets issued are paid in the current fiscal year, with another 10% being paid in the following fiscal year.

Based on the above, the revenue stream in the Reserve would be as follows:

2011/12	\$132,000
2012/13	\$332,000
2013/14	\$299,000
2014/15	\$240,000
2015/16	\$192,000

generating total revenue of \$1,195,000 before interest and \$1,206,000 including interest (interest assumption is 1.02% annually). This could generate an annual withdrawal of \$301,000.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

- As this Reserve potentially has a 3 – 5 year time line, rather than expending the funds on an annual basis, the money could remain in the Reserve until its expiry, upon which time a one-time expenditure could be made to fund a “legacy” project. If there were no annual expenditures, the total amount estimated that could be spent would be \$1.224M, as compared to \$1.206M, due to more interest that would accumulate in the Reserve.

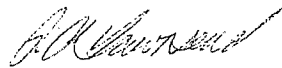
ATTACHMENTS

1. Reserve Business Case – “Waterfront Development Reserve – Q142”

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: Jerry Blackwood, Manager of Revenue, 490-6470

Report Approved by:



Phillip Townsend, Director of Planning & Infrastructure 490-7166

Report Approved by:



James Cooke, CGA, Director of Finance/CFO, 490-6308

Reserves Business Case

Halifax Regional Municipality · Finance · 490-3696 · Fax: 490-1358

Date: November 8, 2011
Contact: Director of Finance

Waterfront Development Reserve – Q142

Purpose

To create an internal fund to support the enhancement of HRM owned waterfront assets, through a parking enforcement partnership with Waterfront Development Corporation Limited (WDCL).

Source of Funds

The Waterfront Development Reserve will be funded through revenue collected from the administration of parking enforcement by HRM, cost centre A315, on behalf of WDCL.

Application of Funds

The intent of the reserve is to fund the enhancement of HRM owned waterfront assets which consist of Nathan Green Park, Chebucto Landing, Sackville Landing, Karlson Wharf, Lower Water Street, and Salter Street. The funds are to be used for projects that are of a capital nature. HRM and WDCL will jointly consult, plan and fund projects through this reserve that achieve the interests of both HRM and WDCL.

Time Line

3 – 5 years, with annual review.

Approval Process

All requests for withdrawals must be initiated by Director of Planning & Infrastructure as part of the proposed annual budget process. If funding from the reserve is required after approval of annual budget, Council must approve withdrawal of funds through a resolution of council by way of a Council Report.

Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of expenditures in accordance with the Reserve Policy prior to submission to council for their approval.

Attachments

Attachment 1: Detailed budget showing projection of annual contributions, withdrawals and balance, with equal amounts withdrawn each year;

Attachment 2: Detailed budget showing projection of annual contributions, withdrawals and balances, with full amount withdrawn at the end.

Approval

CAO

Attachment 1

Waterfront Development Reserve – Q142 Source and Application of Funds Beginning in Fiscal Year 2011/12

	Proposed				
	2011/12	2012/13	2013/14	2014/15	2015/16
Opening Balance	0	132,000	166,000	167,000	109,000
Parking Ticket Revenue	132,000	332,000	299,000	240,000	192,000
Withdrawals	0	(301,000)	(301,000)	(301,000)	(303,000)
Interest Earned *	0	3,000	3,000	3,000	2,000
Closing Balance	132,000	166,000	167,000	109,000	0

* Interest rate assumption: 1.02%

Withdrawals are used to fund projects that enhance HRM owned waterfront assets, and are withdrawn in equal amounts during the lifetime of the Reserve
Projections will be updated quarterly.

Attachment 2

Waterfront Development Reserve – Q142 Source and Application of Funds Beginning in Fiscal Year 2011/12

	Proposed				
	2011/12	2012/13	2013/14	2014/15	2015/16
Opening Balance	0	132,000	467,000	772,000	1,021,000
Parking Ticket Revenue	132,000	332,000	299,000	240,000	192,000
Withdrawals	0	0	0	0	(1,224,000)
Interest Earned *	0	3,000	6,000	9,000	11,000
Closing Balance	132,000	467,000	722,000	1,021,000	0

* Interest rate assumption: 1.02%

One withdrawal is made to create a "legacy project" at the end of the reserve lifecycle, to enhance HRM owned waterfront assets.
Projections will be updated quarterly.