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Item No. 8.1

Halifax Regional Council
April 29, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in black ink, appearing to read "Dan English".

SUBMITTED BY: _____
Dan English, Chief Administrative Officer

A handwritten signature in black ink, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: April 14, 2008

SUBJECT: **By-law C-800, A By-law Respecting Capital Cost Charges for Solid Waste Facilities**

SUPPLEMENTARY REPORT

ORIGIN

At the April 8, 2008 meeting of Regional Council, a public hearing on Bylaw C-800 Respecting Regional Capital Cost Charges for Solid Waste Facilities was held and closed. Council deferred debate and requested a report addressing the issue of exempting primary resources from the Bylaw.

RECOMMENDATION

It is recommended that Halifax Regional Council adopt Revised Bylaw C-800, "A Bylaw Respecting Capital Cost Charges for Solid Waste Facilities", as shown in Attachment A, which includes amendments to exempt primary resource based development.

Halifax Regional Council approve the amendments to the attached Reserve Business Case for Q137, Regional Capital Cost Charges Reserve.

BACKGROUND

Capital Cost Contributions (CCC's) are charges that are collected from developers that cover all or a portion of the capital cost of infrastructure that is needed to provide municipal services. HRM currently uses CCC's to help pay for the 'growth related' capital costs for water systems, wastewater facilities, and collector and arterial roads.

On March 4, 2008 Halifax Regional Council Approved in principle By-law C-800 "A By-law Respecting Capital Cost Charges for Solid Waste Facilities", as shown in Attachment A, and scheduled a public hearing for April 8, 2008.

The approach that has been approved in principle prescribes different rates depending on whether a property is developed for residential or non-residential purposes. The residential rate is based on the number of units being created and is proposed to be \$230. per unit. The non-residential rate is based on the square footage of the new construction and is proposed to be \$0.17 per square foot.

DISCUSSION

Primary resource uses typically do not generate significant amounts of solid waste that are disposed of at the Otter Lake Residual Disposal Facility (RDF). The purpose of this report is to examine the issues and impacts that would arise if primary resource based uses were not required to pay a CCC for solid waste facilities.

The report will first discuss the rate design in more detail, and then describe the impact of not collecting a CCC for development related to primary resource based activities.

Rate Design

The charge is collected when a building permit application is made, and the amount of the charge is based on the amount of capacity that is required by growth.

In the case of non-residential growth, the proposed by-law C-800 averages all non-residential growth related capital costs over all non-residential development. In other words, the charge amount of \$0.17 per sq. foot is collected from all non-residential development. The non-residential rate is an average rate , and this approach was considered for the following reasons:

1. The final use of a non-residential building often is not known when the building permit application is made. Additionally, the use may be subject to change.
2. Even if the use of a non-residential building could reliably be predicted, there is no cost effective, reliable way to estimate the amount of refuse generated by a particular use or category of use, or even determine if one category generates more refuse than another.

3. Commercial enterprises are more similar than what is readily apparent. The majority (60%) of waste generated by different non-residential uses (eg. - businesses, industries, schools and hospitals) does not end up at the Otter Lake RDF, but is either composted, recycled or is hazardous waste. The remaining 40% is more likely to be generated from routine business related activities.

Exempting Primary Resource Development

Council may chose to exempt a class or classes of businesses from paying a CCC. Any loss in CCC revenue would be made up from the general tax rate.

Notwithstanding, the amount of development that relates to primary resource use is so low that the loss in revenue would be negligible. For the purpose of this report, primary resource uses are considered to include mining, forestry, farming, and fishing operations

To exempt primary resource based development, there are two specific amendments that should be made to proposed By-law C-800.

1. - Add a definition for "Accessory Use" that includes adjacent lots or lots severed by a road.

This amendment would expand the definition of "accessory use" for greater certainty so that small scale "hobby" farms or fish sheds would be exempt.

2. - Add sections to exempt all primary resource based development

This would exempt development related to mining, agricultural, forestry, and fishing. The by-law is structured so that only buildings needed for the extraction or processing of primary resources would be exempt from paying the CCC.

Under this approach, accessory buildings such as maintenance and storage sheds would be exempt, but offices and retail outlets associate with primary resources would be required to pay the CCC.

There is no requirement for another public hearing if Council choses to make these amendments.

BUDGET IMPLICATIONS

Development of primary resource based uses is very low in HRM. The financial impact of not collecting a charge from such development is negligible and would have no impact on the amount of the charge.

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 chose not to exempt development related to primary resource uses from paying a CCC, and adopt By-law C-800 as previously tabled with Council. This option is not recommended for the reasons outlined in this report.

ATTACHMENTS

Attachment A - Revised By-law C-800

Attachment B - Reserve Business Case for Q137, Regional Capital Cost Charges Reserve.

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: Peter Duncan, Manager Capital Cost Contributions, 490-5449



Report Approved by:

Cathie O'Toole, Director Infrastructure & Asset Management, 490-6048



Financial Approval by:

Catherine Sanderson, Senior Manager, Financial Services, 490-1562

REVISED

Attachment A

HALIFAX REGIONAL MUNICIPALITY BY-LAW NUMBER C - 800 RESPECTING REGIONAL CAPITAL COST CHARGES FOR SOLID WASTE FACILITIES

GENERAL

The Council of the Halifax Regional Municipality under the authority vested in it by Sections 79 and 81(1)(ba) of the *Municipal Government Act*, enacts as follows:

Number and Short Title

1. This by-law may be cited as By-law C-800, the Capital Cost Charges for Solid Waste Facilities By-law.

Definitions

2. In this by-law,

(a) **“accessory building”** means a subordinate building or structure on the same lot as the main building, or on a lot which directly abuts or is directly across a public street or highway, private road or right of way from the lot containing the main building, and is not attached in anyway to the main building;

(b) **“agricultural building”** means a building or the part thereof which is used for the production of food, fibre, flora, or the breeding and handling of livestock;

(c) **“dwelling unit”** means one or more habitable rooms designed, occupied or intended for use by one or more persons as an independent and separate housekeeping establishment in which cooking, sleeping and bathroom facilities are provided for the exclusive use of such persons;

(d) **“fishery building”** means a building or the part thereof used for storing or processing fish including fish houses, sheds, lobster pounds, wharf storage buildings, and smoke houses;

(e) **“floor space”** means the total area in square feet of all floors, measured along the outside surface of the exterior walls of the building, including the areas occupied by exterior and interior walls and partitions, all exits, service access spaces, vertical service spaces, and parking spaces within the exterior walls of the building but excluding non-habitable attic spaces and crawl spaces;

(f) **“forestry building”** means a building or the part thereof used for sawing or milling forest products including sawmills, vehicle and equipment storage and maintenance buildings;

(g) **“mining building”** means a building or the part thereof used for mining or otherwise extracting minerals or aggregates including vehicle and equipment storage and maintenance buildings;

- (h) **“mixed use building”** means a building that contains both residential and non-residential uses.
- (i) **“multiple unit residential building”** means a building that contains more than one dwelling unit;
- (j) **“new building”** means a building that is newly constructed or which is moved onto a lot after coming into force of this by-law;
- (k) **“single detached residential building”** means a building that contains not more than one dwelling unit.

Capital Cost Charge for Solid Waste Facilities

- 3.
 - (1) A charge in the amount of \$230.00 shall be paid to HRM prior to the issuance of a building permit for all new single detached residential buildings.
 - (2) A charge in the amount of \$230.00 per dwelling unit shall be paid to HRM prior to the issuance of a building permit for all new multiple unit residential buildings.
 - (3) A charge at a rate of \$0.17 per square foot of floor space shall be paid to HRM prior to the issuance of a building permit for all other new buildings and building additions except those identified in Ssections 8 and 9.
 - (4) A charge in the amount of \$230.00 per dwelling unit and a charge at a rate of \$0.17 per square foot of floor space used for non-residential purposes, shall be paid to HRM prior to the issuance of a building permit for new mixed-use buildings.
- 4. Notwithstanding section 3, no charge shall be payable under this by-law where a building is rebuilt, replaced or repaired, if destroyed or damaged by fire or otherwise, including demolition for the purpose of renovation or redevelopment, if the building is substantially the same as it was before the destruction or damage and it is occupied by the same use.
- 5. Notwithstanding sections 3 and 4, when a building is rebuilt, replaced, or repaired in a manner that creates additional dwelling units, a charge in the amount of \$230.00 per each additional dwelling unit shall be paid to HRM prior to the issuance of a building permit.
- 6. Notwithstanding sections 3 and 4, when a building is rebuilt, replaced or repaired in a manner that creates additional square footage of floor space for non-residential purposes, a charge at the rate of \$0.17 per additional square foot of floor space shall be paid to HRM prior to the issuance of a building permit.
- 7. Notwithstanding section 3, no charge shall be payable under this by-law for an addition to a residential building, or a residential unit within a mixed-use building where additional dwelling units are not being created.
- 8. Notwithstanding section 3, no charge shall be payable under this by-law for a residential accessory building.

9. Notwithstanding section 3, no charge shall be payable under this by-law for a building which is an agricultural, fishery, forestry, or mining building.
10. The Capital Cost Charges prescribed in this by-law shall be indexed without amendment to this by-Law on April 1, 2009, and in each subsequent year on April 1, in accordance with the indexing set out in the Non-Residential Building Construction Price Index for Canada, Table # 327-0039 as published by Statistics Canada for the immediate preceding quarter.
 - (1) The fees indexed in this manner shall be reduced to the nearest cent where they contain a fraction of a cent less than \$0.005 and shall be increased to the nearest cent where they contain a fraction of a cent equal to or greater than \$0.005.
 - (2) The Council of the Halifax Regional Municipality shall inform the public by publication of an Administrative Order, or by such other means as it considers appropriate, of the indexing calculated under this by-law.

Lien

11. A charge or charges levied under this by-law shall constitute a lien against the property in respect of which the charge is levied and may be collected in the same manner and with the same remedies as provided for the collection of real property taxes.

Mayor

Municipal Clerk

I, _____, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted by-law was passed at a meeting of Halifax Regional Council held on the _____ day of _____.

_____, Municipal Clerk

Notice of Motion:

First Reading:

Notice of Public Hearing Publication:

Second Reading:

Approval of Service Nova Scotia and Municipal Relations: N/A

Effective Date:

Reserves Business Case

Halifax Regional Municipality • Corporate Services • Finance Division • 490-6308 • Fax: 490-1578

Attachment B

Date: May 4, 2007
Contact: Director Finance

Regional Capital Cost Charges Reserve Q137

Purpose

To fund the growth-related share of regional infrastructure for which a CCC is collected as outlined in the Application of Funds.

Source of Funds

The Capital Cost Charge for Wastewater Treatment Facilities, Solid Waste Facilities, and other Regional CCCs as they are incorporated into Bylaws C-600, respecting Regional Capital Cost Charges & C-800, respecting Regional Capital Cost Charges for Solid Waste Facilities, from time to time. Interest will be earned in accordance with the Reserve Policy.

Application of Funds

Funds collected for all Regional CCCs will be deposited into this reserve. They will be accounted for separately by infrastructure type and shall be expended according to the purpose for which they were collected. This business case will be amended from time to time as new Regional CCCs are approved.

Wastewater Treatment Facilities

Pending the anticipated merger with the Halifax Regional Water Commission, funds collected under the Wastewater Treatment Facility Capital Cost Charge will be transferred to the HRWC. Funds collected under this Capital Cost Charge shall be expended for Wastewater Treatment Plants, Interceptor Sewers, and Pumping Stations associated with the Interceptor Sewers. For the purposes of this Reserve, Interceptor Sewers are defined as:

- Halifax, Dartmouth, and Herring Cove Interceptor Sewers associated with the Harbour Solutions Project
- Existing Halifax Interceptor Sewer, from Duffus Street Pumping Station to Birch Cove

- North West Arm Interceptor Sewer, from Armdale to Point Pleasant Park Pumping Station to the Halifax Wastewater Treatment Plant
- Mill Cove Interceptor Sewer, from the Fish Hatchery Pumping Station to the Mill Cove Wastewater Treatment Plant
- Future Pumping Station and Forcemain that may connect the Beechville-Lakeside-Timberlea service area to the Halifax wastewater system.

Solid Waste Facilities

Funds collected under this Capital Cost Charge shall be expended for construction of new landfill cells, closure of the same, post-closure costs, and a share of the debt related to common facility construction costs such as the residual disposal facility, front-end processing, waste stabilization, leachate/methane collection, and roadways required for the facilities.

This reserve does not address Area CCCs which apply to specific geographical locations within HRM. Funds collected for Area CCCs pay for infrastructure that is either within or alongside a defined charge area and the amount of the charge depends on the cost of the infrastructure required for that geographic area.

Time Line

Ongoing with comprehensive review at minimum, every 5 years.

Approval Process

Requests for funding from the Regional Capital Cost Charges Reserve, excepting Wastewater Treatment, must be initiated by the Director of the business unit responsible for the capital project and confirmed by the CCC Implementation Team and Financial Services prior to going to Council for authorization.

The approval process for the Wastewater Treatment CCC will consist of the CCC Implementation Team confirming to Financial Services amounts to be transferred to the Halifax Regional Water Commission.

Attachments

Regional Wastewater Treatment CCC Cash Flow
Regional Solid Waste CCC Cash Flow

Approval

CAO

Regional Wastewater Treatment CCC Cash Flow

Estimated annual recoveries	\$1,790,000
Pro-rated recoveries 2007/08	\$1,342,500
Repayment of Service Improvement loan- Implementation Team	<u>\$ 293,978</u>
2007/08 Balance available for wastewater treatment projects	\$1,048,522

Regional Solid Waste CCC Cash Flow

Residential and non-residential construction is assumed to happen evenly over the life of the charge. Projected annual revenue amounts will vary due to the inclusion of an inflation factor (3.31% annually - Statistics Canada Non-residential construction index 1982-2007).

Revenues			
Year	Residential	Non-Residential	Total Revenue
2008*	\$444,342	\$209,996	\$654,338
2009	\$612,066	\$289,221	\$901,288
2010	\$632,326	\$298,795	\$931,120
2011	\$653,256	\$308,685	\$961,940
2012	\$674,878	\$318,902	\$993,781

*Pro-rated for partial year

Expenditures					
Year	CWI00782 Cell 5	CWI00966 Closure-4	CWU01066 Cell 6	CWU01069 Closure-5	Total
2008/09	\$17,500,000	\$1,758,000			\$19,258,000
2009/10		\$2,999,000			\$2,999,000
2010/11		\$2,069,000	\$18,500,000	\$2,896,000	\$23,465,000
2011/12				\$3,827,000	\$3,827,000
2012/13				\$2,069,000	\$2,069,000

Source: 5 Year Capital Plan

Any revenues collected would be eligible for application toward the above projects