

**TO:** Mayor Kelly and Members of Halifax Regional Council



**SUBMITTED BY:** \_\_\_\_\_  
Dan English, Chief Administrative Officer



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Wayne Anstey, Deputy Chief Administrative Officer - Operations

**DATE:** July 24, 2008

**SUBJECT:** **Easement - Heritage Gas - Regulating Station  
Barrington Street Halifax**

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**ORIGIN**

Request from Heritage Gas to locate a new Regulating Station on HRM property on Barrington Street.

This report complies with the Real Property Transaction Policy, as approved by Regional Council on October 8, 2002.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Authorize the Mayor and Municipal Clerk to enter into an Easement Agreement between HRM and Heritage Gas for the purpose of developing their natural gas regulating station and associated gas valve facility on Barrington Street as per the terms and conditions of this report.
2. Authorize an increase to Capital Account CPX01032 Regional Trails Active Transportation by \$121,319 as per the budget implications section of this report.

## **BACKGROUND**

In March of 2007 Heritage Gas approached HRM with respect to finding a location for a new Regulating Station to service the Halifax Peninsula section of their distribution network. The new facility is required in order to allow Heritage Gas to increase gas pressure and volumes within the Halifax network. This technical change is necessary in order to service large scale users such as the various Hospital complexes and Universities. This corporate commitment by Heritage Gas to the various large scale customers requires the infrastructure to be in place during the 2008 and 2009 construction season. The key element to this development is the regulating station and the construction of same must begin as soon as possible.

The increased ability of Heritage Gas to service large scale customers in Halifax has tremendous benefits in a number of areas. The key element of course will be the burning of the cleaner natural gas in a number of major facilities within the community core. This will create the lessening of the carbon footprint and the obvious environmental benefits that go with that fact. In order to achieve this HRM has the opportunity to provide Heritage Gas with an excellent location for their required Regulating Station. This location provides both a technically sound base as well as no impacts on the future use of the site by HRM. The infrastructure that is to be developed is low key and is in a relatively remote location on the site. The parcel is only a small portion of the overall HRM land in the area.

Previously HRM approved a regulating station on Pine Street in Dartmouth and utilized the Easement approach in that case as well.

## **DISCUSSION**

Since the negotiations commenced in the Spring of 2007, a number of locations were reviewed and the location that was recommended by HRM Staff is the site being proposed within this report. The section of the current open space corridor near Barrington Street is located on the lower North West corner of the site and essentially backs onto DND lands. The site has been reviewed by staff in respect to future HRM use of the lands and no issues arose in this respect. The location **does not** negatively impact the proposed AT Trail for the area, nor does it impede the development of an extension to the MacDonald Bridge ramp access lane.

The proposed location also meets the technical requirements for Heritage Gas and will be developed in a manner that will not create any negative views from the future AT Trail or existing streets. The proposed facility is to be developed in an area where the natural topography will create a visual and physical barrier from the trail and street users. Heritage Gas has provided detailed drawings of the facility and they are also doing all the site design work for the adjacent HRM AT Trail.

Staff has been in detailed negotiations with Heritage Gas for the last number of months with respect to establishing the AT Trail location and design. This was to ensure that the Heritage facility could be accommodated without impacting the future HRM uses of the site. During those discussions it

was felt that it would be mutually beneficial to have the trail work commence at the same time and thus Heritage Gas offered to commence the development of the trail through “work in kind” for the Easement value.

Heritage proposes this partnership as a means of capitalizing on construction work they are doing on the Halifax Peninsula. As they are installing pipelines in other locations they can bring non impacted excavated fill from those locations to this site and utilize this material in the shaping and grading of the proposed AT Trail. This is advantageous to Heritage Gas as they reduce travel distance of trucking of the material; however, the trail projects gains the advantage by receiving the fill at the lesser cost and thus more work gets done as Heritage Gas brings more material in to offset the value of the easement. The result is more of the trail gets developed in a shorter time frame.

The opportunity to gain direct value from these lands from any other source because of their location are very remote. The partnership with Heritage allows the AT Trail project to commence in the summer of 2008 and results in a significant start to this important HRM project without any incurred costs during the current fiscal year. HRM staff is continuing to negotiate with Heritage Gas on some other pipeline easements in the area and hope to utilize some of those discussions to further advance the AT Trail project and bring more value to HRM.

The proposed Regulating Station work will pose minimal disruption to traffic flow on Barrington Street. In addition, both HRM and Heritage gas are working with DND owners of the adjacent lands for direct access to the surrounding sites to bring fill materials onto the site, and this should also help with respect to construction impacts in area.

<b>KEY BUSINESS TERMS AND CONDITIONS OF TRANSACTION</b>	
<b>Property Address</b>	Barrington Street portions of several PIDS as shown on Attachment “A”
<b>Site Area</b>	2050 sq.m (22,067 sq. ft.)
<b>Zoning</b>	P-zone- Park and Institutional
<b>Grantor of Easement</b>	Halifax Regional Municipality
<b>Grantee of Easement</b>	Heritage Gas
<b>Market Value</b>	\$ 121,319 (\$59.18 per sq. m) * see note
<b>Payment for Easement</b>	\$121,319 work in kind plus Engineering design work for Trail
<b>Deposit</b>	N/A

<b>Special Conditions</b>	<ul style="list-style-type: none"> <li>- Heritage will provide Engineering design for entire Active Transportation Trail along the open space corridor here.</li> <li>- a program of soil testing is to be implemented to ensure that all materials meet required environmental guidelines.</li> <li>- once materials are placed, erosion and stabilization methods must be implemented.</li> <li>- Heritage gas is responsible for obtaining all required permits for the regulating station and must ensure that all construction practices meet required standards.</li> </ul>
<b>Execution of Easements</b>	July 31 <sup>st</sup> , 2008 ( anticipated)

\* Easement value was calculated utilizing recent appraisal values from the area and a transaction from the immediate area recently completed by HRM.

**BUDGET IMPLICATIONS**

At this time Heritage Gas will commence the development of the AT Trail and the work they conduct will be in payment for this easement. In addition Heritage Gas will pay legal and other associated costs. HRM Staff will be approving the final design plans for the entire trail along this open space corridor and a future easement along the remaining trail will be the subject of a future report. All work at this stage will be monitored to ensure that we achieve work equal to or above the value of the easement. The design for the trail has been accompanied by detailed construction estimates.

The Value of the easement of \$121,319, as noted earlier , is calculated on market values established for these lands through an appraisal done for another land transaction with DND. The proceeds for this transaction would normally flow into the Sale of Capital Asset Reserve Account Q101.

If approved there is no cash impact on the Sale of Capital Asset Reserve Q101 for a work in kind for value easement. The fair value of the easement in the amount \$121,319 which would normally flow into the Reserve would be offset by a withdrawal equal to the the fair value of the work in kind and engineering design for the Active Trail.

Budget Summary	Account CPX01032 Regional Trails Active Transportation	
	Cumulative Unspent Budget	\$450,000
	Add: Budget increase funded through non cash proceeds that would normally flow through reserve Q101	\$121,319
	Less: Work in kind & Engineering design for Trail	(\$121,319)
	Balance	\$450,000

**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.

If approved this report will increase the gross capital budget.

### ALTERNATIVES

1. Council could choose not to approve the easement but this is not recommended as it will impact the provision of natural gas service to large users on the Peninsula. Staff has reviewed alternative locations for the new regulating station and this is the only location that met HRM criteria and Heritage Gas technical requirements.
2. Council could request a cash payment for the easement and have the funds deposited in to the Sale of Land Reserve account Q-101. Staff do not recommend this approach as the "work in kind" will achieve more actual development of the Active Transportation Trail as Heritage is working in the area and will have fill material and equipment available.

### ATTACHMENTS

Attachment "A" - Site Plan

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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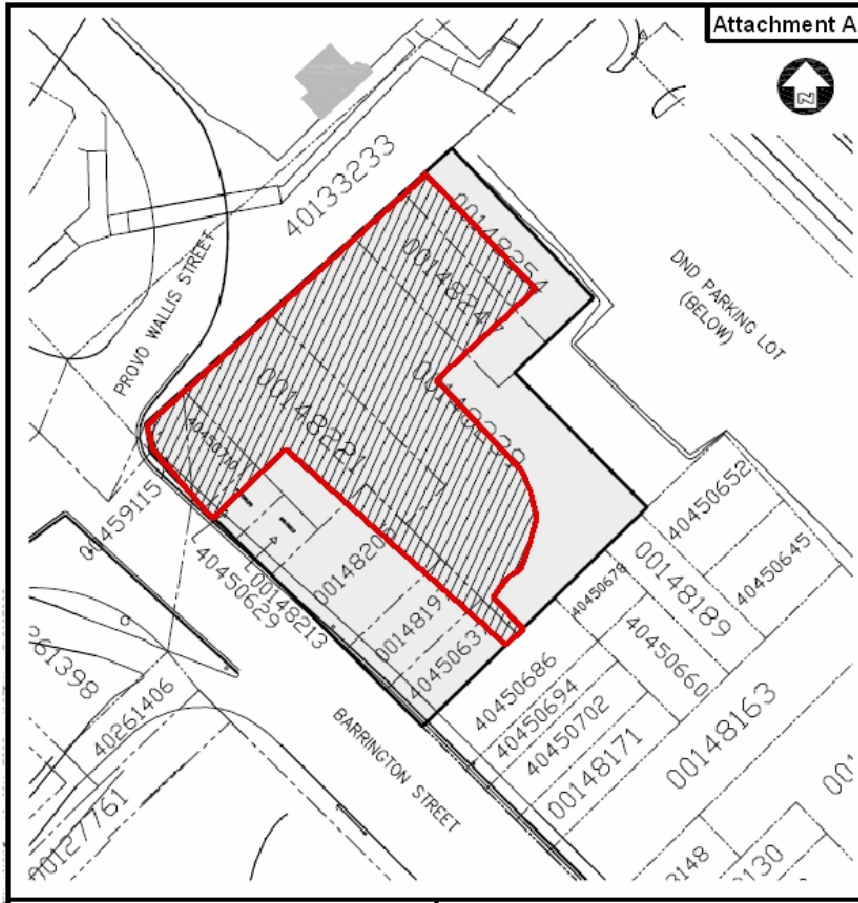
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**ATTACHMENT "A" - Site Plan**  
**Easement - Heritage Gas - Regulation Station, Barrington Street, Halifax**



**Property Sketch**  
**Barrington Street**



This map was produced for the internal use of Halifax Regional Municipality (HRM). HRM takes no responsibility for errors or omissions. Date of map is not indicative of the date of data creation.

Date: July 15, 2008.  
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