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Item No. 11.1.5

**Halifax Regional Council
September 8, 2009**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: July 24, 2009

SUBJECT: Capital Budget Increase, Energy Efficiency Projects

ORIGIN

- HRM's Community Energy Plan, as approved by Regional Council December 4, 2007
- Regional Council Report, EcoTrust/Energy Efficiency Funding, January 22, 2008
- 2009-2010 Infrastructure and Asset Management Capital Budget
- Regional Council Report, Guiding Principles Energy Efficiency Funding, May 26, 2009

RECOMMENDATION

It is recommended that Regional Council approve:

1. An increase of \$1,473,765 to Capital Account# CBX01161, Energy Efficiency Projects with no change to the Net Budget, to reflect secured additional cost sharing funding, as outlined in the Budget Implications section of this report.
2. An additional increase of \$534,900 to Capital Account CBX01161, Energy Efficiency Projects with no net increase to HRM by transferring \$245,000 from Reserve Account Q127, Sustainable Community Reserve and \$289,900 from Operating Account D948, as outlined in the Budget Implications section of this report.

BACKGROUND

Corporate energy consumption costs in HRM buildings are over \$8.5 million (electricity and heating fuel) annually and accounts for about 55% of the corporate green house gas emissions. As a member of FCM's Partners for Climate Protection, HRM has committed to reducing energy consumption through the GHG Local Action Plan. Energy efficiency projects have proven to be a cost effective means to achieve HRM Council's goal of reducing greenhouse gas emissions by 20% by 2012, with half of this goal having already been achieved.

In January 2008, HRM staff identified a list of short, medium and long term energy efficiency projects and created a scope, budget and savings opportunity list. Staff also identified several new and existing sources of external funding that are targeted towards energy efficiency. A January 22, 2008 Council Report outlined the list of projects and potential sources of funding. With Council's approval, detailed funding applications for cost sharing with Provincial and Federal programs were submitted. This report deals with three of the four successful EcoTrust funding applications where the Province of Nova Scotia is paying 50% of project costs.

DISCUSSION

The Province of Nova Scotia has committed \$1,343,765 to support the specific HRM energy efficiency projects identified via these EcoTrust program applications. Some of these projects have been completed in fiscal 2008 with HRM Capital money (Public Gardens and Woodside Fire Station gas conversions). It will take 18 months to fully execute the identified projects. It is expected that these projects will save \$320,000 while also reducing greenhouse gases by 4,200 tonnes per year.

Identified in the list below are the current proposed capital projects planned with CBX01161.

Project	Current Project Budget	Expected Energy Savings
Woodside Fire Station #15	\$40,000	\$6,000
King Street Fire Station #13	\$40,000	\$9,000
Highfield Park	\$45,000	\$15,000
Halifax Police Station	\$415,000	\$80,000
Halifax City Hall	\$230,000	\$30,000
Centennial Pool Solar Hot Water	\$700,000	\$80,000
Sackville Sports Stadium	\$550,000	\$70,000
Public Gardens Greenhouses	\$130,000	\$30,000
Total Project Costs	\$2,130,000	\$320,000

Table 1: Proposed Project List

All facilities are managed and operated by HRM TPW, except for Centennial Pool and Sackville Sports Stadium.

Projects will be commenced and awarded within HRM procurement guidelines. As per Council's policy adopted on May 26, 2009 the \$320,000 in annual utility savings from the projects will be directed to the Energy and Underground Services Reserve Q131 to fund future energy efficiency projects. The business case for this reserve will be updated to reference the anticipated savings as an annual contribution to the reserve and will follow under a separate council report. In addition, the budget model will be updated to include the contributions to the reserve.

BUDGET IMPLICATIONS

The total projected cost of these projects is \$2,203,037 including net HST. Secured funding of \$2,018,240 is currently available as follows:

<u>Capital Account No.CBX01161 - Energy Efficiency Projects (Bundle)</u>		
Unspent Budget		\$ 9,575
Add: Redirect Funds from Q127		\$ 245,000
Add: Redirect Funds from D948		\$ 289,900
Add: External Cost sharing		
Province of Nova Scotia EcoTrust Program	\$1,343,765	
FCM (GMF 7042)	100,000	
Heritage Gas Rebate Program	<u>30,000</u>	<u>\$ 1,473,765</u>
Adjusted Balance:		\$ 2,018,240

The remaining cost sharing is currently unsecured as noted below. Once the remaining funding is secured, another capital budget increase report will be put forward. Any funding secured over the \$2,203,037 project budget will be used to fund potential cost over runs. The budget availability has been confirmed by Financial Services.

The \$245,000 in funding requested from Q127 was intended for this project and was submitted to Accounting as a draft council report in 2008/09, at which time, it was redirected to capital from Operating D948. The funding of \$289,900 was approved in 2009/10 operating budget (D948), with funding from the Sustainable Community Reserve (Q127) but is being transferred to Capital in order to comply with TCA Policy.

HRM RESERVE ACCOUNTS

Reserve Account Q127 (Sustainable Community Reserve)	
Cumulative Unspent Budget	\$ 337,959
Transferred to Capital Account CBX01161	<u>245,000</u>
Balance	\$ 92,949

Unsecured cost sharing sources of funding*:

Federal EcoEnergy Program for Solar Hot Water at Centennial Pool	\$ 160,000
Conserve Nova Scotia Program for Solar Hot Water	\$ 50,000
Federal EcoEnergy Program for Sackville Sports Stadium	\$ 80,000
	<u>\$ 290,000</u>

*Funding can not be secured until tender specifications details are known. Another capital budget increase report will be put forward when this cost sharing is secured. Centennial Pool and Sackville Sports Stadium projects scopes and budgets will be decreased should this cost sharing funding not materialize.

As per HRM Council's May 26, 2009 guiding principles recommendation, the \$320,000 in annual energy savings from W200-6607/6606 will be recovered and allocated to the Energy and Underground Services Reserve (Q131) to fund future energy efficiency initiatives on an annual basis.

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, there will be an increase to the gross capital budget but not the net.

ALTERNATIVES

Do not complete the energy efficiency projects identified and forego the annual \$320,000 in energy savings and the significant cost sharing opportunity.

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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