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**Item No. 5**  
**Halifax Regional Council**  
**November 17, 2009**

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

A handwritten signature in blue ink, appearing to read "P. Townsend".

**SUBMITTED BY:** \_\_\_\_\_  
Phillip Townsend, Director, Infrastructure and Asset Management

**DATE:** November 6, 2009

**SUBJECT:** Gas Tax Funding Allocation

## INFORMATION REPORT

### ORIGIN

Gas Tax Agreement between Halifax Regional Municipality and the Province of Nova Scotia, dated December 13, 2005.

### BACKGROUND

On September 23, 2005, the Province of Nova Scotia and the Government of Canada signed a bilateral agreement to transfer a portion of federal gas tax revenue to municipalities. Subsequently on December 13, 2005 HRM signed a municipal funding agreement with the Province which provides for the transfer of Federal Gas Tax to HRM.

The Agreement formalized the eligibility criteria, the reporting requirements and the responsibilities of each party. Under the terms of the agreement, gas tax funds must 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. Each year HRM must submit a list of all such capital projects that are eligible for funding, and then select which projects will be funded.

## **DISCUSSION**

On December 17, 2008, the extension of the Canada-Nova Scotia Agreement on the Transfer of Federal Gas Tax Revenues was announced by the Governments of Canada and Nova Scotia. Additional gas tax funding in the amount of \$98 million over four years starting in 2010 will enable HRM to move forward with long-term development plans. HRM will be required to sign a new Municipal Funding Agreement, in the Spring of 2010.

### **Gas Tax Agreement Highlights**

The following is a brief summary of General Municipal Requirements under the Agreement:

- funds must result in net incremental capital spending on environmentally sustainable infrastructure from April 1, 2005 to March 31, 2010 (extended to 2014);
- funds will not claw back any current capital funding;
- average annual capital spending on Municipal infrastructure will not fall below \$58 million;
- provide access to records related to funded projects as requested;
- comply with the communications protocol outlined;
- retain title to the resulting infrastructure for at least 10 years; and
- invest any funds received in advance of the Municipality incurring and paying Eligible Costs in accordance with Section 100 of the Municipal Government Act

Eligible Projects include public transport, water, wastewater, solid waste (diversion, recovery facilities, organics management, landfills, etc.), community energy systems (co-generation, district heating), active transportation infrastructure and capacity building projects (collaboration, knowledge, integration).

### **Reporting Requirements of HRM:**

The Gas Tax Agreement outlines reporting requirements which HRM must meet in order to receive funding.

- An integrated multi-year Capital Investment Plan, which indicates HRM's planned allocation of Gas Tax Funds. The 5-year capital plan substantially meets the requirements of the Capital Investment Plan;
- an integrated community sustainability plan(ICSP). The Regional Plan that was adopted in 2006 meets the requirements of the ICSP, which is intended to ensure that investments are made within the context of a long term sustainable planning strategy;
- a summary of actual expenditures on other capital projects;
- an annual expenditure report will be provided each year by July 31, which must include a report on the amounts held at year end by the Municipality to be spent on eligible projects;
- an outcomes report by March 31, 2009, highlighting investments made and the degree they contributed to program objectives - cleaner air, cleaner water, reduced greenhouse gas emissions ; and
- a capital budget, including a list of proposed capital projects, with eligible projects identified prior to fund transfer.

**Communications:**

- all communications acknowledge federal contributions
- permanent signage at the location of projects receiving investment

The estimated gas tax revenue has been included in HRM's 2009/10 Capital Budget and five year capital plan as block funding and was not allocated to specific capital projects. The purpose of this report is to identify which specific projects will be funded.

HRM received \$7.2 million in 2005/06; \$7.6 million in 2006/07; \$10.2 million in 2007/08; and \$12.7 million in 2008/09. Project spending for those four years is shown in Attachment B. HRM is expecting to receive approximately \$124.2 million over the next 5 years: \$25.5m in 2009/10 and \$24.6m in each of the following years until 2013/14.

**BUDGET IMPLICATIONS**

The 2009-10 capital budget, as approved by Council, includes projected revenue of \$25.6 million under the Gas Tax Agreement of which \$5.1 million was approved to be transferred to Halifax Regional Water Commission projects. The remaining \$20.5 million is available to be allocated within HRM's eligible projects.

**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.

**ATTACHMENTS**

Attachment A: Capital Projects Selected for Gas Tax Funding 2009/10

Attachment B: Capital Projects Funded in 2005/06; 2006/07; 2007/08; and 2008/09

Attachment C: Capital Projects Eligible for Gas Tax Funding

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 : Mike Matheson, Financial Consultant

490-5338

## Attachment A

### Gas Tax Funding Allocation 2009-10

<b>Project Number</b>	<b>Project Description</b>	<b>2009-10 (000' \$)</b>	<b>2010-11 (000' \$)</b>	<b>2011-12 (000' \$)</b>
<b>Buildings</b>				
CBX01097	Energy Efficient Projects	\$ 500	\$ 500	\$ 500
<b>Community &amp; Property Development</b>				
CDX01182	Downtown Streetscapes	2,100	2,180	2,099
CDV00721	Watershed Environmental Studies	300	260	300
<b>Metro Transit</b>				
CMX01229	FFE Ragged Lake Transit Facility	2,200		
CBX01057	Transit Facilities Upgrades (Bundle)	839		425
CB200428	Transit Terminals Upgrade and Expansion	2,260		
<b>Roads &amp; Streets</b>				
CRU01078	Main Artery Patching	1,200	1,500	1,500
CYU01081	Paving Renewal Program	3,210	3,396	3,298
CZU01082	Resurfacing Program	5,760	10,849	11,400
<b>Sidewalks, Curbs &amp; Gutters</b>				
CJU01083	New Sidewalks	485		-
<b>Solid Waste</b>				
CWI00966	Half Closure of Cell 4a - Otter Lake	-	2,208	
CWU01069	Half Closure of Cell 5 - Otter Lake	-	3,118	4,489
<b>Stormwater &amp; Wastewater</b>				
	Stormwater & Wastewater Projects	5,100		-
<b>Traffic Improvements</b>				
CTU00886	LED Traffic Signal Conversion Project	250	250	250
CTV00725	Lacewood 4 Lane /Fairview Interchange	1,000		
CTR00908	Transportation Demand Management Prog	400	400	400
	<b>Total</b>	<b><u>\$25,604</u></b>	<b><u>\$24,661</u></b>	<b><u>\$24,661</u></b>

## Attachment B

### Capital Projects Funded in 05/06, 06/07, 07/08, and 08/09

<b>Project</b>		<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Number</b>	<b>Project Description</b>	<b>(000' \$)</b>	<b>(000' \$)</b>	<b>(000' \$)</b>	<b>(000's)</b>
<b>Buildings</b>					
CBX01097	Energy Efficiency Projects				500
<b>Community Development</b>					
CDV00721	Watershed Environmental Studies				250
<b>Metro Transit</b>					
CHA00160	Vehicle Tracking & Communication	\$ -	\$ 1,493	\$ -	
CVD00434	Conventional Transit Expansion	3,223			
CMU00981	MetroLink				3,000
CIU00875	Scheduling Software Upgrades				560
CBX01057	Transit Facilities Upgrades				218
<b>Parks &amp; Playgrounds</b>					
CPG00954	Trails & Active Transportation	42		600	450
CPU00936	Regional Trails Development (Bundle)			150	250
CPU00937	Walkways-HRM Wide Program (Bundle)			100	125
<b>Stormwater &amp; Wastewater</b>					
CGU00688	Greenhead Rd. PS	6	50		107
CGU00579	Crescent Ave. PS	3	50		
CSI00762	Frame Subdivision STP		50		450
CGI00617	Street Drainage - Various Locations			100	
CGI00614	Eastern Passage WWTF Upgrade			2,200	-1,667
CGI00914	Nightingale Dr. - Sanitary Sewer			400	-23
CGU00461	Sewer Laterals Replacement			500	
CGU00575	Uplands Park - Sanitary & Storm Sewers			550	-111
CGI00915	Old Oakes Road - Drainage Improvements			50	
CGI00916	Rowe Ave - Scot St. - Sewer Separation			200	-124
CGI00958	Elliot St. - Dartmouth - Sewer Renewal			100	-66
CSI00768	SCADA Study & Upgrade			500	-500
CGU00458	Crescent Ave - Storm Sewer Rehabilitation			500	
Water	BSTS-Maintenance Access Route				585
Water	Fairfield Holding Tank Upgrades				200
Water	Pumping Station Upgrade Program				250
Water	BSTS-Fish Hatchery Pumping Station				200
Water	Roach's Pond Pumping Station				2,000
Water	BSTS-Siphon Design				200
Water	Springfield Lake WWTF				83
Water	Dingle Tower Pumping Station				800
Water	Wellington WWTF				315
Water	Freshwater Brook Combined Sewer				2,000

**Attachment B**

(continued)

**Capital Projects Funded in 05/06, 06/07, 07/08, and 08/09**

Water	Balsam Circle Integrated Project				190
Water	Permanent Flow Monitoring Installation				241
<b>Solid Waste</b>					
CWI00965	Half Closure of Cell 3 - Otter Lake			1,694	
CWI00446	Otter Lake - Cell 4	3,943			
CWI00782	Otter Lake - Cell 5		6,000		
<b>Roads &amp; Streets</b>					
CRU00684	Bridge Repair Program			1,000	1,524
CXU00715	New Paving Inside Core Area			735	
CJU01083	New Sidewalks				485
<b>Traffic Improvements</b>					
CTR00908	Transportation Demand Management Prog			400	
CTU00420	Bikeway Master Plan Implementation			400	
CTU00886	LED Traffic Signal Conversion				250
<b>Total</b>		<b>\$ 7,217</b>	<b>\$ 7,643</b>	<b>\$ 10,179</b>	<b>\$ 12,742</b>

## Attachment C

### Capital Projects Eligible for Gas Tax Funding

<b>Project Number</b>	<b>Project Description</b>	<b>2009-10 Total Gross</b>	<b>2010-11 Total Gross</b>	<b>2011-12 Total Gross</b>	<b>2012-13 Total Gross</b>	<b>2013-14 Total Gross</b>
<b>Buildings</b>						
CBX01097	Energy Efficiency Projects	500	500	500	500	500
<b>Community &amp; Property Development</b>						
CDG00271	Downtown Streetscapes	2,100	2,180	2,099	2,195	2,195
CDV00721	Watershed Environmental Studies	300	260	300	260	300
<b>Metro Transit</b>						
CBX01034	200 Ilsley Avenue-Safety Upgrades	340	340	0	0	0
CQU01223	Access Rd for Satellite Garage	2,715	0	0	0	0
CVD00429	Access-A-Bus Expansion	0	440	0	0	0
CVD00430	Access-A-Bus Replacement	440	440	450	450	450
CVD00436	Ferry Refit	550	580	500	520	520
CBT00437	Bus Shelters-Replacement	305	105	105	105	105
CBT00432	Bus Stop Accessibility	125	125	125	125	125
CVD00434	Conventional Transit Bus Expansion	0	7,000	8,525	6,940	6,940
CVD00435	Conventional Transit Bus Replacement	2,500	3,200	4,400	7,200	7,200
CMU00974	Downtown Shuttle	0	0	2,916	0	0
CMW01171	Farebox Technology	250	1,650	0	0	0
CBX01044	Ferry Term. Pontoon Protection (Bundle)	350	350	0	0	0
CMX01229	FFE Ragged Lake Transit Facility	2,200	0	0	0	0
CV300751	Harbour Link	0	3,238	0	0	0
CMU00981	MetroLink	0	5,100	5,100	0	0
CVD00431	Midlife Bus Rebuild	655	655	655	655	655
CMX01123	New Conventional Ferry	11,000	0	0	0	0
CMX01109	New/Expanded Transit Stations	750	1,000	3,082	1,373	1,373
CMU00975	Peninsula Transit Corridor	1,714	0	0	0	0
CMX01104	Rural Community Transit	2,100	1,000	0	1,500	1,500
CB200427	Satellite Garage Facility	8,000	0	0	0	0
CIU00875	Scheduling Software Upgrades	450	136	137	140	140
CVD00433	Service Vehicle Replacement	140	60	60	60	60
CMU01209	Transit Bike Racks	122	0	0	0	0
CMU00982	Transit Security	570	400	425	450	450
CMU01095	Transit Strategy	49	0	0	0	0
CBX01057	Transit Facilities Upgrades (Bundle)	839	400	425	450	450
CMU01203	VT&C Equipment Replacement	350	65	0	60	60
<b>Parks &amp; Playgrounds</b>						
CPU00936	Regional Trails Development (Bundle)	125	125	135	125	125
CDG00983	Regional Trails: Maintenance	100	100	100	100	100
CPX01032	Trails Active Transportation	750	750	800	750	850
<b>Sidewalks, Curbs &amp; Gutters</b>						
CJU01083	New Sidewalk	2,260	2,500	2,500	3,000	3,000
CKU01084	Sidewalk Renewals	2,250	2,136	2,235	2,275	2,275

**Attachment C**

(continued)

**Capital Projects Eligible for Gas Tax Funding**

<b>Project Number</b>	<b>Project Description</b>	<b>2009-10 Total Gross</b>	<b>2010-11 Total Gross</b>	<b>2011-12 Total Gross</b>	<b>2012-13 Total Gross</b>	<b>2013-14 Total Gross</b>
<b>Roads &amp; Streets</b>						
CRU01077	Bridge Repair Program	2,325	1,315	1,305	1,295	1,285
CYU01076	Curb Renewals	618	800	800	800	800
CRU01241	Gravel Road & Street Drainage	175	185	195	205	215
CRU01078	Main Artery Patching	1,20	1,500	1,500	1,500	1,500
CXU00585	New Paving Subdivision St's outside core	4,000	2,500	2,500	2,500	2,500
CRU01080	New Paving of HRM Owned Subdiv.Streets	1,500	1,500	1,500	1,500	1,500
CRU01079	Other Related Road Works (D&C)	700	700	714	750	750
CYU01081	Paving Renewal Program	3,210	4,750	4,750	5,000	5,000
CZU01082	Resurfacing Program	12,540	10,849	11,400	12,771	12,771
<b>Solid Waste</b>						
CWU01063	Add'l Green Carts for New Residents	300	435	435	735	735
CWU01065	Burner Installation Hwy101 Landfill	0	0	30	0	0
CWU01066	Cell 6 Construction - Otter Lake	0	0	16,016	0	0
CWU01092	Dredging of Siltation Pond	0	0	0	120	0
CWU01068	Enviro Monitor. Site Work 101Landfill	210	338	813	139	450
CWI00966	Half Closure of Cell 4a - Otter Lake	3,367	2,208	0	0	0
CWU01069	Half Closure of Cell 4b - Otter Lake	0	3,118	4,489	2,400	0
CWU01062	Roof Replacement WSF Otter Lake	3,500	0	0	0	0
<b>Traffic Improvements</b>						
CTU00884	Functional Transportation Plans	100	100	100	100	100
CTX01116	Herring Cove Road Widening	0	0	0	1,800	400
CTV00725	Lacewood 4 Lane/Fairview Interchange	1,000	0	750	2,800	0
CTU00886	LED Traffic Signal Conversion Project	250	250	250	250	250
CTX01112	Mount Hope Ave Extension	0	0	6,000	0	0
CTR00906	Pedestrian Safety & Access Program	50	50	50	50	50
CTX01130	Road Oversizing - Russell Lake CCC	0	252	0	0	0
CTX01126	Road Oversizing -Bedford South CCC	1,473	19	97	0	0
CTU01006	Roadway Oversizing - Bedford West CCC	3,200	0	0	0	0
CTR00908	Transportation Demand Mgmt Program	400	400	400	400	400
CTR00529	Various Traffic Related Studies	0	50	0	50	0
<b>Total Eligible Capital Projects</b>		<b>84,389</b>	<b>65,902</b>	<b>89,668</b>	<b>64,398</b>	<b>58,079</b>