



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5, Canada

**Item No. 11.1.12**  
**Halifax Regional Council**  
**June 22, 2010**

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

**SUBMITTED BY:**

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

Dan English, Chief Administrative Officer

A handwritten signature in black ink, appearing to read "Mike Labrecque".

Mike Labrecque, DCAO - Corporate Services and Strategy

**DATE:** June 3, 2010

**SUBJECT:** New Area Rate for Sheet Harbour Streetscape Phase 1

**ORIGIN**

Regional Council approved \$500,000 in HRM funding in the 2008-09 Capital Budget for a streetscape project in Sheet Harbour (Capital account CDX01145). On November 24, 2009, Regional Council approved the terms of an agreement between HRM and the Sheet Harbour Development Association to construct and maintain streetscape improvements within the right of way of Highway #7 as it runs through the community. Part of the Recommendation approved by Council was to direct staff to bring forward the necessary terms for the local area charges and area rates as per the agreement for adoption by Regional Council.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Implement an Area Rate of no more than \$11.84 per property effective with the 2010-11 fiscal year, to be applied to all taxable Residential and Commercial properties within the catchment area as defined in the map attached to this report as Appendix "A".
2. Approve the use of the Area Rate to provide capital funding of \$136,680 for Phase 1 of the streetscape project, plus interest costs to debt finance this amount, and operating and maintenance funding of \$208,000 to be disbursed to the Sheet Harbour and Area Development Corporation over a period not to exceed 8 years.
3. Prior to the 2017/18 fiscal year, review the area rate to determine the level at which it should be set to provide funding for ongoing operating and maintenance costs.
4. Approve a funding swap in the amount of \$136,680 for Capital Account No. CDX01145 - Sheet Harbour Streetscape by decreasing the LIC Charges Budget and increasing the Area Rate Budget with no net change to the budget for this project; as outlined in the Budget Implications section of this report.

**BACKGROUND**

The Sheet Harbour Chamber of Commerce developed a plan for improvements to park and tourist features as well as a streetscape program which includes sidewalks, lighting, trees, and street furniture within the right of way of Highway #7 as it runs through the centre of the community. The streetscape improvements are the first phase of implementation and are designed to provide better safety for pedestrians and present a positive image for residents and tourists. The Chamber worked with the three levels of government and the community to develop a funding plan for the project. Details of the funding plan were provided in the staff report dated November 7, 2009.

**DISCUSSION**

Clause 10 of the Agreement states that the “Community Contribution towards capital and maintenance is to be collected through an LIC or area rates.” Following approval by Council of the agreement between HRM and the Sheet Harbour and Area Development Corporation, staff began developing an area rate to provide a portion of the capital and operating funding required for the project. The funding required from an area rate for these purposes is as follows:

Capital Cost:	\$ 136,680 (1)
Interest Cost to Debt Finance Capital:	\$ 60,000 (2)
Operating & Maintenance Cost:	<u>\$ 208,000 (3)</u>
Total Revenue Required from Area Rate:	<u>\$ 404,680</u>

- (1) This amount was specified in the November 7, 2009 staff report.
- (2) This amount is an estimate based on a recent debenture issue.
- (3) The Agreement and November 7, 2009 staff report did not specify an amount for operating and maintenance. This amount is based on the balance remaining after subtracting the capital amount of \$136,680 from a 10% community contribution to the overall cost of the project.

\$208,000 in operating and maintenance funds would be paid out over a 8 year period. The amount paid out each year would be based on the funds remaining from the area rate revenue collected each year after the annual debt payment has been made. This would provide approximately \$28,000 each year for 7 years for operating and maintenance costs, leaving a balance of about \$12,000 to be paid out in the eighth year. Prior to the eighth year, which would be fiscal 2017/18, a review of the area rate would be required to determine the level at which it should be set to provide ongoing funding for operating and maintenance costs.

The catchment area for the proposed area rate is based on the boundaries of the 31 communities which would have received notices of the public meetings to discuss the area rate. These communities were identified from a list provided by Canada Post of the delivery area for the post offices located in Sheet Harbour, Tangier and Moser River. A map of the catchment area formed

by those 31 communities is included as Appendix “A” of this report. There are 3,177 residential properties and 101 commercial properties within the 31 communities.

The current status of this area rate in terms of the Interim Area Rate Guidelines is as follows:

1. ***Area rates can only be used for the provision of services within the municipal mandate; services traditionally provided by the municipality.***

Section 79(1)(aa) of the Charter permits the Municipality to expend funds on “streets, culverts, retaining walls, sidewalks, curbs and gutters”. Section 83(4)(a) of the Charter permits the Municipality to “borrow money with the approval of the Minister of Transportation and Infrastructure Renewal, to improve a street that is the property of Her Majesty in right of the Province”.

2. ***Area rates are not to be used to provide different levels of a municipal service within urban and suburban areas where said service is covered by the general tax rate.***

The communities to which the area rate would be applied are entirely within the rural area of HRM.

3. ***In order for a proposed new area rate to move to the process as outlined in #4 below, it must have the support of the area's Councillor(s).***

The catchment area for this area rate falls entirely within District 1. Councillor Streach has indicated that he supports an area rate to provide funding for this project.

4. ***Proposals for new area rates must be advertised publicly, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged. A public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness.***

The Sheet Harbour and Area Chamber of Commerce held three public meetings to discuss this project and the funding for it. Notices of the meetings were distributed to all delivery addresses serviced from the post offices located in Sheet Harbour, Tangier, and Moser River.

Approximately 1,450 addresses are serviced from these post offices. This is considerably less than the 3,278 residential and commercial property accounts identified in the area. This discrepancy is mostly attributable to vacant land.

The first public meeting was held on February 8, 2008 to present a concept plan developed by Ekistics Planning and Design. 236 people were in attendance and feedback received was favorable. A follow-up meeting open to the general public was held on June 24, 2008 to discuss how the community would contribute 10% of the cost of the project. A copy of the notice for that meeting is included as Appendix B to this report. Property owners and businesses abutting

Highway #7 between Falls Bridge and East River Bridge were invited to a meeting on June 18, 2009 to discuss what they might expect with regard to possible intrusions and disruptions on their properties. A copy of the meeting notice is included as Appendix C to this report.

Staff have reviewed the minutes taken at the June 24, 2008 meeting and can confirm that the method of collecting the community contribution was discussed. The 150 people in attendance were told that they would be charged an area rate of \$11.84 per property for 20 years. Feedback to the area rate from those in attendance was reported to be very favorable. This rate was determined from the following information provided at the meeting:

Total Estimated Project Cost:	\$ 3,434,200
10% Community Contribution:	\$ 343,420
Number of Properties:	1,450
Total Contribution per Property:	\$ 236.84
Area Rate required for 20 Years:	\$ 11.84

The community contribution of \$343,420 approximately equals the \$136,680 in capital funding and \$208,000 for operating and maintenance referred to earlier in this report. However, it did not include the borrowing cost for the \$136,680 in capital funding which staff has estimated to be about \$60,000 over 20 years.

Another issue with the area rate calculation is that the number of properties that would be paying it was based on the total number of delivery addresses as supplied by Canada Post for three post offices in the area. While there are 1,450 Canada Post delivery addresses in the proposed catchment area, 3,278 residential and commercial property accounts were identified. HRM's tax billing system does not have the capacity to bill based on whether or not a property has a local delivery address.

While including borrowing costs significantly increases the total funding which must be raised from the area rate, billing 3,278 instead of 1,450 properties more than offsets any need to increase the amount of the area rate over the \$11.84 amount stated to the community. In fact, were it not for the requirement to review the level of the area rate prior to 2017/18 for ongoing maintenance and operating costs, the area rate would only be required for 11 instead of 20 years.

- 5. With the concurrence of the Councillor, the request is forwarded to the Community Council for review and a recommendation to Halifax Regional Council. Where a Community Council does not exist, the request will go directly to Halifax Regional Council.***

Since Regional Council has already approved the use of an area rate to provide part of the

funding for this project, it is not necessary or appropriate in this case to seek Community Council approval before proceeding to Regional Council.

6. *Any proposed new area rates recommended by a Community Council (or, in the absence of a Community Council, the Councillor for the area) will be submitted to Halifax Regional Council through a staff report with a recommendation from the Chief Administrative Officer. The staff report will identify the implications to the Municipality along with the results of any public meeting.*

The purpose of this report is to provide Regional Council with the necessary information required to decide whether to proceed with the area rate as recommended in this report. The implications to the Municipality are identified under the Budget Implications section which follows.

7. *Halifax Regional Council is responsible for approving all area rates.*

### **BUDGET IMPLICATIONS**

Regional Council previously approved \$500,000 in HRM funding in the 2008-09 Capital Budget for a streetscape project in Sheet Harbour (Capital account CDX01145). The area rate is intended to provide a community contribution to the project. Since it was anticipated that the communities contribution would be entirely from local improvement charges (LICs), the Recommendation includes a change to the project budget to acknowledge that \$136,680 of that contribution will be from an area rate rather than a LIC. This change does not affect the net budget for the project.

The area rate will be sufficient to cover the principle and interest payments for the \$136,680 in capital costs, as well as the annual operating and maintenance costs. Therefore, there is no net impact on the Operating and Capital Budget for 2010-11 resulting from this report.

### **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.

### **COMMUNITY ENGAGEMENT**

Details of the public consultation process are provided under Interim Area Rate Guideline #4 in the Discussion section of this report. Staff are satisfied that the community was sufficiently informed of the intent of this area rate, and was given adequate opportunity to provide feedback.

**ALTERNATIVES**

Council could decide to (1) amend the catchment area for the area rate, (2) change the amount of the rate itself, and/or (3) base the area rate on assessment rather than a flat dollar amount per property as proposed in this report.

**ATTACHMENTS**

Appendix A: Map of Catchment Area for Sheet Harbour Streetscape Phase 1 Area Rate

Appendix B: Notice of Public Meeting held June 24, 2008

Appendix C: Notice of Public Meeting held June 18, 2009


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: Gordon Roussel, Financial Consultant, Finance 490-6468

Report Approved by:

  
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Paul Fleming, Manager, Budget & Financial Analysis 490-7203

Financial Approval by:

  
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Cathie O'Toole, CGA, Director of Finance, 490-6308





## Appendix B

### *Sheet Harbour & Area Chamber of Commerce*

Tom McInnis, President

454 East River Road, Sheet Harbour, N. S., B0J 3B0, Phone: 902-885-2645, E-mail: tommcinnis@live.ca

## NOTICE OF PUBLIC MEETING

Dear Resident,

**Re: June 24<sup>th</sup> – 7:00 PM Lion's Centre – Public Meeting  
Mainstreet/Streetscape - Falls Bridge to East River Bridge  
Cost to Property Owners**

For the past two years the Sheet Harbour & Area Chamber of Commerce, in conjunction with the public, have researched and planned a number of developments associated with our main street in Sheet Harbour and the Falls water course and adjacent lands.

Ekistics Planning & Design following a request for proposals was selected to research, plan and design a Master Conceptual Plan for the main street and water front.

At a town hall meeting February 2, 2008, 236 individuals saw the proposal and unanimously agreed that the Mainstreet/Streetscape should be Phase I and should therefore be pursued first.

Due to the fact that there is a requirement to have the communities pay ten (10%) percent of the capital cost of Phase I, it is important that we hear from you in this proposed public forum scheduled for Tuesday, June 24, 2008 at 7:00 PM at the Lion's Centre in Sheet Harbour.

There will be a brief presentation followed by an open discussion.

**PLEASE MAKE EVERY EFFORT TO ATTEND.**



## Appendix C

### *Sheet Harbour & Area Chamber of Commerce*

Tom McInnis, President

454 East River Road, Sheet Harbour, N. S., BOJ 3B0, Phone: 902-885-2645, E-mail: [tommcinnis@live.ca](mailto:tommcinnis@live.ca)

Dear Resident,

**Re: June 18<sup>th</sup> – 7:00 PM Lion's Centre – Meeting for Businesses & Resident's- Who Own Property #7 Highway, between Falls Bridge - East River Bridge – Proposed Sidewalks**

For the past two years the Sheet Harbour & Area Chamber of Commerce have been working on several projects. One such project is the Mainstreet/Streetscape – Waterfront Development. The Chamber retained the services of Ekistics Planning & Design to prepare a Master Conceptual Plan of various possible developments.

The plan was presented to the public on February 2, 2008 where 236 residents were in attendance. The plan includes seven phases in total. When asked as to their top priority, the unanimous choice was the Mainstreet/Streetscape project for a number of reasons.

The Chamber believes it now important to hear from the community again.

The first meeting will be with the business owners and residents between the bridges who actually are located on the #7 Highway. We will discuss to the extent possible what intrusion might occur to your frontal property and possible disruption. We will explain what the project actually is and what it may include.

It is important that we have your input and that you hear from the Chamber.

Hopefully, we will see you next Wednesday at 7:00 PM at the Lion's Centre.

Sincerely,

Tom McInnis