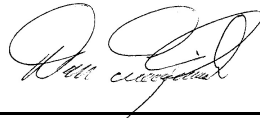


**Halifax Regional Council
July 6, 2010**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Phil Townsend, Acting Deputy Chief Administrative Officer - Operations

DATE: June 8, 2010

SUBJECT: **Mount Hope Avenue Extension Funding**

ORIGIN

This report originates with the 2008/2009 Capital Budget.

RECOMMENDATION

It is recommended that Council:

1. Approve an increase to Capital Account No. CTX01112, Mount Hope Avenue Extension, by \$564,255 by transferring \$114,255 from Capital Account CQU01223 - Access Road and Extension of Ragged Lake Boulevard and \$450,000 from Capital Account CTX01113 - Downtown Street Network Changes.
2. Approve an increase to Capital Account No. CTX01112, Mount Hope Avenue Extension by \$315,745 to reflect cost sharing in the amount of \$275,745 from Innovacorp and \$40,000 from Heritage Gas as outlined in the budget implications of this report.

BACKGROUND

This project will connect Mount Hope Avenue in the Woodside Industrial Park to the Mount Hope Avenue/Highway 111 interchange. This connection will have the following benefits to HRM:

- improve access to the Woodside Industrial Park and relieve traffic congestion on Pleasant Street;
- improve transit routing between Portland Estates/Russell Lake West, the Woodside Industrial Park, and the Woodside Ferry Terminal; and
- provide regional trail connections in the area.

The scope of work includes subgrade construction, installation of water, sanitary, and stormwater services, roadway construction, street lighting, and a multi use trail.

The road will be constructed over lands owned by Innovacorp, the provincial crown corporation responsible for future development of the Woodside Industrial Park.

In December 2008, the Province announced that the project would receive two-thirds cost sharing through the Base Funding Component of the Building Canada Plan which is administered by the Nova Scotia Department of Transportation and Infrastructure Renewal (NSTIR). Under the proposed terms of the cost sharing agreement, HRM will tender and administer construction of the project.

The original project budget of \$1.9 million was developed in 2008. It did not include the installation of underground services (water and wastewater infrastructure), which are typically the responsibility of the land owner. When the detailed design was completed and a revised cost estimate was developed, Innovacorp informed HRM that they did not have the budget for the cost of the underground services including a major looped connection to the water distribution system in Russell Lake West.

DISCUSSION

The revised project budget, including the cost of providing underground services within the proposed road right of way is \$2.8 million, broken down as follows:

Mount Hope Avenue Extension - Revised Project Estimate	
Road Construction	\$1,780,000
Water and Wastewater Services	\$500,000
Natural Gas Services	\$40,000

Subtotal Construction	\$2,320,000
Contingency and Taxes	\$200,000
Engineering Fees - Design, Inspection, and Testing	\$280,000
TOTAL PROJECT COST	\$2,800,000

The cost presented above for water and wastewater services does NOT include the cost of connecting the water distribution system to Russell Lake West. The lands cannot be developed until this connection is made, and for greater certainty Innovacorp has agreed to execute a Legal Agreement to this effect. The cost of making the connection to the water distribution system in Russell Lake West is solely the responsibility of Innovacorp.

Innovacorp has informed HRM that they are only able to contribute \$915,745, which is not enough to fund 1/3 of the road construction as well as the cost to provide the underground services within the right of way. As a result, Innovacorp has asked HRM and the Province of NS to consider an increased level of cost sharing on the road, so more of the Innovacorp funds can be directed to completing the underground services within the road right of way.

The Province of NS has indicated that cost sharing from the Build Canada fund is fixed at \$640,000. A letter has been sent to the Provincial Government, asking them to share in this funding shortfall. Pending receipt of their response, staff are proposing funding the project as indicated in the table below.

In order to complete the project, the level of funding from HRM would need to be increased to \$1,204,255, broken down as follows:

Mount Hope Avenue Extension - Revised Cost Sharing			
	Buried Utilities	Road Construction	Total
Innovacorp/Provincial Share	\$556,000	\$359,745	\$915,745
Federal (NSTIR) Share		\$640,000	\$640,000
HRM Share		\$1,204,255	\$1,204,255
Heritage Gas	\$40,000		\$40,000
TOTALS	\$596,000	\$2,204,000	\$2,800,000

Both the Innovacorp and Federal funds need to be spent prior to March 31, 2011 otherwise the funding will lapse.

Funding in the amount of \$2,700,000 is included in Capital Account CQU01223 for the construction of an access road and the extension of Ragged Lake Boulevard. The project is linked to the new transit operations centre in the Ragged Lake Business Park. The extension of Ragged Lake Boulevard has been completed. The construction of the transit access road onto Highway 103 has been delayed pending approval by the Nova Scotia Department of Transportation and Infrastructure Renewal. Staff do not anticipate tendering this project until next year, and \$114,255 could be taken from this account to tender the Mount Hope Avenue Extension project with the understanding that funding would be re-instated in the 2011/12 Capital Budget.

Funding in the amount of \$450,000 is included in Capital Account CTX01113 - Downtown Street Network Changes which was intended to be used for re-alignment of Water Street. Staff do not anticipate tendering this project until next year. Funds could be taken from this account to tender the Mount Hope Avenue Extension project with the understanding that funding would be reinstated in the 2011/12 Capital Budget.

Notwithstanding, the additional HRM funding in the amount of \$564,255. is not currently included in the 5 year capital plan, and will need to be accommodated in the 2011/12 Capital Budget, subject to budget availability and Council approval.

The Department of National Defence is no longer planning to develop approximately 500 acres of land within the Morris Russell Lake Master Plan Area that was originally slated for development. As a result developer Capital Cost Contributions cannot be collected and the Mount Hope Interchange currently has a budget shortfall. A report will come to Council to identify a funding source for this shortfall. It is anticipated this will occur in early August.

A portion of the funding shortfall of the Mount Hope Interchange may be recovered through a Development Charge when the Innovacorp land is developed, and staff will begin the process to formally adopt a development charge on the adjacent land.

BUDGET IMPLICATIONS

HRM's share of the total project cost is \$1,204,255. Budget of \$640,000 was previously approved in Capital Account CTX01112, Mount Hope Avenue Extension. The additional \$564,255 budget can be funded through withdrawals from Capital Account CQU01223 - Access Road and Extension of Ragged Lake Boulevard in the amount of \$114,255, and from Capital Account CTX01113 - Downtown Street Network Changes in the amount of \$450,000. These amounts will need to be replaced in the 2011/12 Capital Budget. The budget availability has been confirmed by Financial Services.

Budget Summary: **Capital Account No. CQU01223, Access Road and Extension of Ragged Lake Blvd.**

Cumulative Unspent Budget	\$	130,598
Less: Transfer to Account CTX01112	\$	114,255
Balance	\$	16,343

Capital Account No. CTX01113, Downtown Street Network Changes

Cumulative Unspent Budget	\$ 450,692
Less: Transfer to Account CTX01112	<u>\$ 450,000</u>
Balance	\$ 692

Capital Account No. CTX01112, Mount Hope Avenue Extension

Cumulative Unspent Budget	\$ 1,920,000
Add: Transfer from Account CQU01223	\$ 114,255
Add: Transfer from Account CTX01113	\$ 450,000
Add: Cost sharing Heritage Gas	\$ 40,000
Add: Cost sharing Innovacorp	<u>\$ 275,745</u>
Net Balance	\$ 2,800,000

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. This report represents an increase to the gross capital budget with no change to the net.

ALTERNATIVES

Council can choose not to approve the additional cost sharing for the project. The project will not be carried out at this time and Federal cost sharing will be lost. The project will be deferred to future years when funding can be assembled from other levels of Government. If the project is deferred opportunities will be lost for relief of traffic congestion on Portland Street, and the improved transit and trail connections described in this report will not be possible.

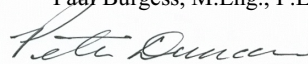
ATTACHMENTS

Attachment A - Letter from Innovacorp

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 at 490-4208.

Report Prepared by: Paul Burgess, M.Eng., P.Eng., Program Engineer at 490-5578

Report Approved by:



Peter Duncan, P. Eng., Manager, Infrastructure Planning Office at 490-5449

Financial Approval by:


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

June 16, 2010

Mr. Paul Burgess M. Eng. P. Eng.
Capital Transportation Project Engineer
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Re: Construction of Road Connector between Highway 111 and Mount Hope Avenue in Dartmouth, Nova Scotia



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Dear Mr. Burgess

I understand that a request for approval to proceed with the above referenced project ("Mount Hope Extension") is planned to be brought to HRM Council at the June 29 meeting. In connection with this matter you have requested a letter confirming Innovacorp's planned contribution to this project.

By this letter I confirm that:

- Innovacorp has capital grant funding of \$765,000 in the 2010-2011 fiscal year for the Mount Hope Extension; and
- Innovacorp has incurred \$150,745 in engineering consulting costs associated with detailed design services for the Mount Hope Extension.

Therefore, Innovacorp would contribute a total of \$915,745 to the Mount Hope Extension project if it is approved by Council, subject to:

- Negotiation of a cost-sharing agreement satisfactory to the Government of Canada, the Province, Innovacorp, and HRM; and
- Negotiation of an agreement among HRM, the Halifax Regional Water Commission and Innovacorp regarding terms under which the subdivision of Innovacorp's lands adjacent to the Mount Hope Extension may occur.

Please note that the \$765,000 in capital grant funding must be spent by March 31, 2011. The unexpended balance of this funding on that date will expire.

Hoping this meets with your satisfaction and wishing you success with your submission to Council. We believe the Mount Hope Extension creates opportunity for the development of a knowledge cluster in the Woodside Industrial Park.

Yours truly,

C.J. (Charley) Baxter, CA
Director, Finance & IT

cc Stephen Hartlen, CEO (Interim) Innovacorp
David McNamara, VP Incubation Innovacorp