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Halifax Regional Council
December 7, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: November 30, 2004

SUBJECT: **Increase in 04/05 Capital Budget and amendment to Reserve Business Case for Sustainable Communities Reserve**

ORIGIN

On June 22, 2004 Council approved staffs' proposal to create a Sustainable Community Reserve. At the time of approval a detailed list of capital projects to be funded from the reserve in 04/05 was not included with the Reserve Business Case as an attachment. Staff had committed to return to council for provisioning of the detailed list of capital projects for 04/05 and formalize approval of same.

RECOMMENDATION

It is recommended that Council Approve:

1. Increase to the 04/05 Capital Budget in the amount of \$380,000 with funding from the Sustainable Community Reserve. A list of the capital projects has been attached in Schedule 1; and
2. Amend the Sustainable Community Reserve Business Case, as originally approved by council June 22/04, to include the updated cash flows attached in Schedule 2.

BACKGROUND

FCM Green Municipal Investment Fund:

The Halifax Harbour Solutions Project has borrowed \$20 million from the FCM's Green Municipal Investment Fund for a ten year term. The funds will be used to finance a portion of Harbour Solutions' capital construction costs. FCM's Green Municipal Funds normally lend money at 1.5% less than the Bank of Canada bond rate. Under special arrangement, FCM requires HRM to make actual interest payments at this special, reduced interest rate. The difference between that subsidized rate and the rate that is paid on the remainder of Harbour Solutions' permanent financing must be dedicated to activities that support the general objectives of FCM's Green Investment Fund. This will be accomplished by contributing this interest differential to the Sustainable Community Reserve. The interest rate differential is expected to initially contribute approximately \$400,000 to the Reserve in 2004/05 then approx 2.9 million over the next ten years.

DISCUSSION

Withdrawals from reserves to fund capital projects require council approval. This approval is normally requested annually with approval and ratification of the Capital Budgets, compliant with, the Municipal Government Act and Multi-Year Financial Strategy. The Sustainable Community Reserve and capital projects list for 04/05 was finalized after the approval of the annual Capital Budgets for 2004/05.

Staff are therefore requesting that Council approve an increase to the Capital Budget for 2004/05 of \$380,000 to cover the Capital Project list attached in Schedule 1 "04/05 Capital Project List", with funding from the Sustainable Community Reserve.

BUDGET IMPLICATIONS

Based on the interest rate differential deposited to the Sustainable Community Reserve Q127, there will be sufficient funds available to fund the Capital Project list. The budget availability has been confirmed by Financial Services.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, budget, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. If approved this will increase the Capital Budget as well as the withdrawals from Reserves.

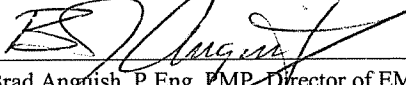
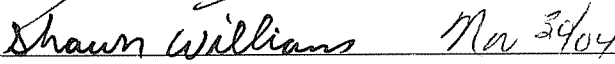
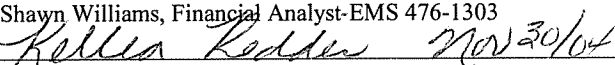
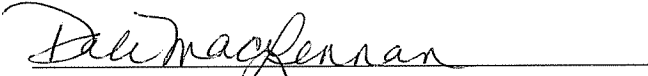
ALTERNATIVES

There are no recommended alternatives

ATTACHMENTS

- 1. Schedule 1. 04/05 Capital Projects List
- 2. Schedule 2. Sustainable Community Reserve Cash Flow

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Business Unit	_____
Originator	Stephen King, Manager of SSRM, 490-6188
Business Unit	
Director	Brad Anguish, P.Eng, FMP, Director of EMS, 490-5437
Report Prepared by:	 Nov 24/04 Shawn Williams, Financial Analyst-EMS 476-1303
Financial Review by:	 Nov 30/04 Kellea Redden, CMA, Financial Consultant - EMS and PDBU 490-6267, Marlies Van der Horst, CGA , Team Lead Capital and Disbursements, 490-4446
Report Approved by:	 S. Dale MacLennan, CA, Director of Financial Services 490-6308

Schedule 1 04/05 Capital Projects List

04/05 Capital Project List Summary

	04/05
Projects	\$
Alternate Trans	50,000
Bio Diesel	50,000
Anti Idling	40,000
Comm. Trip	50,000
Reduct.	
District Energy	80,000
Emissions Buses	50,000
P2 at source	40,000
Flushless Project	20,000
Total	380,000

Pollution Prevention (P₂ at source)

(04/05 Capital Budget \$40,000)

HRM will focus on a source control program targeted at both residential and commercial sources of liquid waste discharge, which may impact the fresh and marine water resources within HRM. The approach is supported by the recently approved By-Law W-101, which regulates at-source, the discharge of wastewater to both storm and sanitary sewer systems. The program will consist of inspections, audits, monitoring and enforcement for the industrial, institutional, and commercial sectors. The pollution prevention initiative (intended to minimize strain on the new STP system) constitutes the largest single proposal among the reinvestment projects.

Alternate Transportation and Connections

(04/05 Capital Budget \$50,000)

The Macdonald bridge is the only on-road connection between Dartmouth and Halifax. Although the bridge was designed to accommodate cyclists, the bicycle facilities at either end of the bridge do not allow cyclists to easily access the bridge or to safely re-enter traffic after crossing. This project is designed to improve cycling access to the bridge and encourage more use of active transportation.

Bio-diesel and Recycled Fuel

(04/05 Capital Budget \$50,000)

This project involves the use of bio-diesel fuel in HRM's corporate and public transit fleets, and a corresponding waste oil recovery and reuse program for hot water and space heating in some of HRM's major facilities. Biodiesel will be manufactured locally using waste oils from fish processing plants to provide fuel for a 20 per cent biofuel content in diesel vehicles. An initial study would be conducted to confirm process and implementation strategy for the reuse of waste vehicle oil in existing oil-powered boilers, as well as modifying boilers for hot water and space heating to accept an 80 per cent biodiesel mix.

Emission Reduction - Public Transit Buses**(04/05 Capital Budget \$50,000)**

HRM's public transit fleet includes a series of vehicles built in the early 1990's that have 6-10 years of useful life remaining but which emit high levels of particulate matter and other pollutants. HRM is currently testing 5 vehicles with a new catalytic muffler to verify the actual emissions reductions resulting from their use but funding is not available to install the catalytic units on the rest of the fleet. It is proposed to install the units on 20 vehicles in 2004-2005 and an additional 30 vehicles in 2005-2006, at a cost of \$2500 per unit.

Commuter Trip Reduction Program**(04/05 Capital Budget \$50,000)**

New development, particularly in rural areas of HRM, has resulted in a significant increase in traffic volumes. Due to the rural/sub-urban/urban mix of HRM's development, it will be necessary to employ a variety of transportation demand management techniques to reduce single occupancy vehicle use. This program will work with major employers in the Region (including HRM) to reduce private vehicle use through public transit, cycling and walking, car and vanpooling, telecommuting, condensed work weeks, flexible work hours, more efficient land use planning, maximum parking requirements, preferential parking for multi-occupant vehicles, park and ride facilities for transit, etc.

District Energy Concept**(04/05 Capital Budget \$80,000)**

This project builds on a concept study conducted in 2000 for a district energy system in HRM, and on further feasibility studies currently being undertaken by Heritage Gas. HRM intends to pursue a detailed strategic plan for the development of natural-gas based, combined heat and power district energy system. Construction of the system may be partially funded by the Sustainable Community Reserve in future. More specific details will be articulated upon receipt and review of the geo-technical and feasibility studies on the Harbour crossing presently being completed by Heritage Gas.

Anti-idling Program**(04/05 Capital Budget \$40,000)**

This proposal would develop an anti-idling program for HRM, using a community-based social marketing approach. Consultants will be engaged to identify local areas of significant idling behaviour, conduct a survey to determine attitudes, knowledge, and awareness, develop an anti-idling communications strategy and materials, implement a public awareness campaign, engage corporate fleet managers (including HRM staff), and measure the effectiveness of the program in reducing idling incidents and idling time.

Pollution Prevention (Flush-less Project)**(04/05 Capital Budget \$20,000)**

Building on the success of a phase I project (already completed), the flush-less project will deliver a program of home visits to 150 residents of Fall River/Lake Fletcher/Wellington area of HRM to educate homeowners on the proper use and maintenance of septic systems and wells. Targeted information will be distributed to an additional 150 homes to cover all residences utilizing septic systems. The objective is to reduce the incidence of septic system failures, which threaten drinking water sources, public health, and environmental quality.

Schedule 2- Sustainable Community Reserve Cash Flows

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Opening Balance	0	24,052	30,952	20,627	22,152	5,277	19,752	15,277	16,552	23,227	9,902	187,770
Interest Rate Differential	402,552	386,400	369,175	351,025	332,625	313,975	295,025	275,775	256,175	236,175	113,025	3,331,927
Other Contributions	0	0	0	0	0	0	0	0	0	0	0	0
Interest	1,500	500	500	500	500	500	500	500	500	500	500	6,500
Approved Projects	-380,000	-380,000	-380,000	-350,000	-350,000	-300,000	-300,000	-275,000	-250,000	-250,000	-123,427	-3,338,427
Closing Balance	24,052	30,952	20,627	22,152	5,277	19,752	15,277	16,552	23,227	9,902	0	187,770