


Item No. 11.1.3
Halifax Regional Council
February 1, 2011

TO: Mayor Kelly and Members of Halifax Regional Council
Original Signed by 

SUBMITTED BY: _____
Wayne Anstey, Acting Chief Administrative Officer
Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: January 16, 2011

SUBJECT: **Revised Area Rate and Project Funding for Sheet Harbour
Streetscape Phase 1**

ORIGIN

Please see Attachment 1 for the origin of this report.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Implement a revised Area Rate of \$22.80 per property effective with the 2011-12 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 Attachment 2, for a period of twenty years;
2. Approve the use of the Area Rate to provide capital funding of \$353,871 for Phase 1 of the streetscape project, plus interest costs to debt finance this amount, and operating and maintenance funding of \$1,025,045 to be disbursed to the Sheet Harbour and Area Development Corporation over a period of 20 years commencing in 2010-11; and
3. Increase the budget amount for Project No. CDX01145 - Sheet Harbour Streetscape, by \$646,023 to cover the additional project costs and reflect cost sharing from the Infrastructure Stimulus Fund (\$356,832) and from the Local Area Rate (\$217,191) plus the additional amount of funds to be received from NS Transportation and Infrastructure Renewal (NSTIR) (\$72,000), as outlined in the Budget Implications section of this report.

BACKGROUND

The community of Sheet Harbour, through the Sheet Harbour Chamber of Commerce, developed a plan for the improvement of key lands within the community. The plan includes improvements to the park and tourist features, as well as a streetscape program which provides sidewalks, lighting, trees and street furniture within the right-of-way of the #7 Highway, as it runs through the centre of the community. The plan has been embraced by the community, which determined that the sidewalk and streetscape improvements through the centre of the village should be the first phase of implementation. The Chamber brought together the three levels of government, as well as the community, to create a funding assembly for this component of the project. (See Funding Assembly found in Attachment 3)

Highway #7 is owned and operated by the Province of Nova Scotia. Consistently, the Province of Nova Scotia does not provide or maintain sidewalks or streetscape improvements on its highways. Instead, where desired, these improvements are to be provided by the local municipality. To provide sidewalks and streetscape improvements in Sheet Harbour, the Province requires HRM to own and maintain the improvements.

HRM generally does not provide sidewalk improvements outside the CIT boundary. It is not a municipal service within the tax structure for these communities. To allow the project to commence, the Sheet Harbour Chamber of Commerce formed the Sheet Harbour and Area Development Corporation (SHADAC) to carry out the project. An agreement was developed between the SHADAC and HRM to allow the community, through SHADAC, to be responsible for the construction and maintenance of the improvements. (See Attachment 3)

Project Components and Funding Sources

The Phase I Streetscape and Sidewalks Project has three general components:

- 1) Streetscape Amenities - These include ornamental street lighting, trees, benches, brickwork and other amenities. This work is funded through an agreement between SHADAC and ACOA.
- 2) Sidewalks, Curbs and Gutters, Sanitary Sewers - This work focuses on the building of conventional infrastructure associated with new sidewalk projects where unpaved shoulders and open ditches exist. In 2008, HRM Regional Council approved \$500,000 towards the sidewalk project. In 2009, the sidewalk project was put forward as part of the Infrastructure Stimulus Program (ISF) for federal and provincial cost sharing. The sidewalk project attracted \$3.5 million dollars from the ISF program, which would take the work beyond Phase I and into Phase II. As mentioned above, HRM signed an agreement with the Sheet Harbour Area Development Corporation (SHADAC) outlining the terms required to move the Phase I project forward. HRM's \$500,000 became part of the ISF "municipal share" leveraging the federal and provincial ISF contribution. In accordance with the SHADAC/HRM agreement, the community area rate approved on June 22, 2010, completed the 'Municipal Share' funding required to build Phase I of the

sidewalk project, which had been tendered by SHADAC at that point. Any other moneys for Phase II or additional costs, was to come from a new area rate.

3) Storm Sewers and Paving - This component of the project was required to replace the open ditch system along the rural roadway and resurfacing of the provincial highway. SHADAC and NS Transportation and Infrastructure Renewal (NSTIR) developed an agreement for this work. During the project, SHADAC found that the Province would not permit construction draws but wished only to pay a lump sum amount at the end of the project. This meant that SHADAC was unable to pay the contractors. Upon a request from SHADAC, HRM agreed to pay the NSTIR amounts and be reimbursed by NSTIR at the end of the project, in order to keep the project moving forward. Council approved this work-around.

All facets of the work was designed, let to tender and awarded by SHADAC, as outlined in the agreement. A working committee was formed by SHADAC in accordance with the HRM agreement, with memberships from HRM, SHADAC and NSTIR as well as the contractor and the design engineering firm. Project supervision was the responsibility of SHADAC and, in accordance with the SHADAC/HRM agreement, they hired a construction manager to fill that role.

During the course of the work, extras were incurred. The major items are outlined below:

- The discovery of failing septic systems, which were draining into the existing ditch. NSDOE ordered a temporary sanitary sewer be engineered and installed to pick up the sewage until the adjacent landowners could repair the failing septic systems;
- Additional work was incurred due to a decision to use retaining walls to shorten slopes and to lessen the impact on adjacent properties;
- The SHADAC site supervisor left the job and was replaced by a staff member from an engineering company at a higher rate and for a longer duration than anticipated;
- Testing was required in accordance with HRM standards as per the agreement. These costs were not fully budgeted for; and
- In the middle of the contract, the HST changed from 13% to 15%, resulting in a \$55,000 increase.

In total, extras which are assignable to the ISF component of the project were \$535,248. The Infrastructure Stimulus Fund Secretariat has indicated to HRM that the extra work related to sidewalks, qualifies under the ISF agreement and that there is adequate capacity under the \$3.5 million dollars in the ISF agreement for Sheet Harbour to cover this. Therefore, two-thirds would be covered by the provincial and federal ISF partners, and the final one-third amount of \$178,416 would have to be covered from the municipal share.

A tabulation of work directly related to the TIR portion of work, reveals a total of \$560,775. NSTIR has informed SHADAC and HRM that they are only prepared to pay \$522,000, indicating that the amount for engineering is not eligible as their agreement with SHADAC, and subsequently HRM, does not include engineering. This leaves a discrepancy of \$38,775.

DISCUSSION

Under the HRM SHADAC agreement, HRM's contribution is capped at \$500,000, with any overages to be covered through the area rate.

Staff has calculated a revised area rate to reflect the original community contribution, as well as all the additional costs related to TIR.

The application of the new area rate requires a change in structure:

- Instead of \$136,680 in capital costs and \$208,000 in maintenance costs to be covered under an area rate of \$11.84 per property over eleven years with a new area rate for maintenance to be set in the eighth year, the area rate must be extended out to 20 years starting in 2011-12 to cover the revised capital amount of \$353,871 and maintenance costs for twenty years starting at a cost of \$31,000 per year with an escalation factor of 5% per year built in.
- This requires a revised area rate of \$22.80 per assessed property.

A petition has been received by Regional Council objecting to the application of the original area rate over a widespread area, asserting that the benefits are not felt by all of those whose properties are levied. Council may wish to change the application of the area rate to reflect this feeling, as well as the feeling that the municipality should increase its' contribution to cover the overages despite the agreement signed by SHADAC. This would require staff to recalculate the area rate based on Council's direction as to appropriate level of community contribution and/or a redefined catchment area.

BUDGET IMPLICATIONS

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 are as follows:

	Original Amounts	Revised Amounts	Increase
Original Capital Amount to be Area Rated	\$ 136,680	\$ 136,680	\$ 0
One-third share of overage on ISF component	\$ 0	\$ 178,416	\$ 178,416
Engineering fees not eligible for TIR funding	\$ 0	\$ 38,775	\$ 38,775
Debt Interest on Capital	\$ 60,000	\$ 155,300	\$ 95,300
Operating & Maintenance Cost	\$ 208,000	\$ 1,025,045	\$ 817,045
Total:	\$ 404,680	\$ 1,534,216	\$ 1,129,536

If approved by Council, the revised area rate of \$22.80 and the extension of the term of the area rate to 20 years will be sufficient to cover the additional \$1,129,536 in capital, debt interest and operating and maintenance costs. Therefore, there is no net impact on the Operating Budget in 2010-11 or in future years resulting from this report.

Since the increase required to capital account CDX01145 is offset by funding from the Infrastructure Stimulus Fund and the proposed increase to the area rate, there is no net impact on the 2010-11 Capital Budget. The budget availability has been confirmed by Financial Services.

Budget Summary:

Project No. CDX01145 – Sheet Harbour Streetscape

Cumulative Unspent Budget	\$ 23,486.68
Plus TIR Funding	\$ 72,000.00
Plus Local Area Rate Funding	\$ 217,191.00
Plus Infrastructure Stimulus Funding	<u>\$ 356,832.00</u>
Balance	\$ 669,509.68

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.

COMMUNITY ENGAGEMENT

Several Town Hall meetings were held by the Chamber of Commerce around this project with high turnout. At one of those, the description of the previously approved area rate of \$11.84 was put forth to the community. However, the community has not been consulted with respect to the proposed increase in the area rate to \$22.80 starting in 2011-12, nor with regard to extending the term to 20 years. Under the Interim Area Rate Guidelines, Council could choose to gather further feedback on the revised area rate, however, that would take some time and cause further delays to paying outstanding invoices.

ALTERNATIVES

- 1) Council could choose to fund the overages from the general tax rate by transferring \$217,191 in existing available capital from Project No. CDV00734 – Regional Streetscapes, Hubs and Corridors, or some other existing capital project.
- 2) Council could choose to let the original area rate stand and fund the overages from a combination of new area rate and general rate sources and ask staff to return to Council with a split approach, which might include a different coverage area to reflect the greater benefit to properties located closer to the improvements.

ATTACHMENTS

1. Report Origin;
2. Area Rate Boundary; and
3. Agreement between HRM and Sheet Harbour Development Association.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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: Peter Bigelow, Manager, Real Property Planning - IAM, 490-6047

Financial Approval by: _____
Cathie O'Toole, CGA, Director of Finance, 490-6308

Report Approved by: _____
Phillip Townsend, Director, Infrastructure and Asset Management, 490 -7166

Attachment 1

Report Origin

1. On May 2008, Regional Council approved \$500,000 as HRM's contribution towards a streetscape/sidewalk project proposed by the Sheet Harbour Chamber of Commerce as Phase I of a multi-phase improvement for the area.
2. On November 24, 2009, Regional Council approved the terms of an agreement between the Sheet Harbour Development Association and the Halifax Regional Municipality for Phase I sidewalks and streetscapes. (See Attachment 3)
3. Regional Council approved the Sheet Harbour sidewalk and Streetscapes as a project under the Federal Infrastructure Stimulus Fund (ISF). The total approved funding from the ISF program was \$3.5 million dollars, with HRM contributing a maximum of \$500,000 and the remainder of the municipal share to come from the community.
4. On June 22, 2010, Regional Council approved an area rate for the community portion of the Municipal share to allow Phase I to proceed.

Colchester

Duxsbrough



Black Line Denotes Extent of Application of Area Rate.

Attachment 3

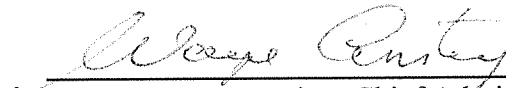


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
November 24, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Wayne Anstey, Acting Chief Administrative Officer

DATE: November 7, 2009

SUBJECT: **Sheet Harbour Streetscape Phase I - Agreement With Sheet Harbour
and Area Development Corporation**

ORIGIN

1. Regional Council approved \$500,000 in HRM funding in the 09/10 Capital Budget towards a streetscape project in Sheet Harbour proposed by the Sheet Harbour Chamber of Commerce.
2. Under the Federal/Provincial/Municipal stimulus package, the Sheet Harbour Streetscape Improvements were identified as an approved project

RECOMMENDATION

It is recommended that Regional Council;

- 1) Approve the terms of the Agreement between the Sheet Harbour Development Association and the Halifax Regional Municipality as attached to this report.
- 2) Direct staff to bring forward the necessary terms for the local area charges and area rates as per the attached agreement for adoption by Regional Council.

BACKGROUND

The community of Sheet Harbour through the Sheet Harbour Chamber of Commerce developed a plan for the improvement of key lands within the community. The plan includes improvements to park and tourist features as well as a streetscape program which provides sidewalks, lighting, trees and street furniture within the right of way of the #7 Highway as it runs through the centre of the community. The plan has been embraced by 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 as well as the community to create a funding assembly for this component of the project.

Highway #7 is owned and operated by the Province of Nova Scotia. Consistently the Province of Nova Scotia does not provide or maintain sidewalks or streetscape improvements on its highways. Instead, where desired, these improvements are to be provided by the local municipality. To provide sidewalks and streetscape improvements in Sheet Harbour, the Province requires HRM to build, own and maintain the improvements.

HRM generally does not provide sidewalk improvements outside CIT boundary. It is not a service found in the tax structure for these communities. To make the project work, an agreement was developed between the Sheet Harbour and Area Development Corporation and HRM for construction, ownership and maintenance of the improvements. (See Attachment 1)

DISCUSSION

Under the agreement the municipality agrees to;

- Own the sidewalk and streetscape improvements
- Set a standard for construction of the improvements
- Carry out annual inspections as to the improvements
- Collect the applicable local improvement charges and area rates from the community for construction and maintenance and turn that over to the Sheet Harbour Development Association for the servicing of the debt and provision of maintenance.
- Provide the financing to cover the community share of the initial construction

The Sheet Harbour and Area Development Corporation shall agree to;

- Form a working committee comprised of themselves, HRM and the Province of NS to oversee the construction of the project
- Gain community approval for local improvement charges and area rates for the construction and ongoing regular and capital maintenance for the improvements as set out in the agreement.
- Tender the improvements by competitive process,.
- Be responsible for regular and capital maintenance of the improvements.

- Carry insurance and save the municipality harmless from actions taken by the association.

Other details and conditions of the agreement are found in Attachment 1.

As HRM does not provide for sidewalks under the tax and municipal services structure for this area, the Sheet Harbour project sets a precedent for similar situations. It is important to ensure that all communities who are in this situation are treated equally. Therefore, staff are putting the agreement, found as Attachment 1, forward as the basis for any other communities where sidewalks and streetscapes are not part of the tax structure. This is with the understanding that details will vary from community to community.

BUDGET IMPLICATIONS

The Sheet Harbour project has attracted \$3.5 million dollars in cost shared funding under the Federal Stimulus program. The stimulus funding allows Phase I of the project (which is the subject of this report) to be completed. It is also sufficient to permit future phases outlined in the master plan to be implemented although the detailed scope of that work has yet to be determined. Those future phases will be the subject of a future agreement to be brought back to Council at a later date.

The Sheet Harbour and Area Development Corporation has also assembled project funding amounting to \$985,000 including a \$500,000 commitment from ACOA to be used for streetscape work and a commitment from the Province of \$485,000 for engineering and storm drainage work.

The Sheet Harbour Stimulus funding is part of the overall \$ 33 million dollar federal announcement towards HRM. Within that agreement HRM is responsible for one third of the Sheet Harbour funding (\$1,166,666). Council has approved a \$500,000 contribution as part of the 08/09 capital budget (Project No. CDX01145 - Sheet Harbour Streetscape) and the Sheet Harbour Development Association has indicated that the community is prepared to fund \$344,000 through a Local Improvement Charge (LIC). Further funding will be required to leverage the full \$3.5 million from the stimulus program. This will be the subject of further discussions and if necessary Council's decision.

In the meantime the tender for Phase I of the project has been issued by the Sheet Harbour Development Association and is awaiting award pending the ratification of this agreement by Regional Council. The Phase I tender was let this fall to prevent the loss of \$500,000 in the Corporation's approved ACOA funding which must be spent by March 31, 2010. The value of that tender is \$2, 795,041. It will be funded through the ACOA funding, Province of Nova Scotia's previous commitment and stimulus funding. The municipal share of that tender is \$500,000 already approved by Council in the 08/09 budget. Therefore staff are recommending the ratification of this agreement with the understanding that future phases will be the subject of future discussion. The balance of the Phase 1 funding will come from an LIC in the amount of \$136,680 which will have to be approved by Regional Council.

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.

ALTERNATIVES

Council could choose not to approve the terms of the agreement.

ATTACHMENTS

Attachment 1 - Agreement between Halifax Regional Municipality and Sheet Harbour Development Association

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.

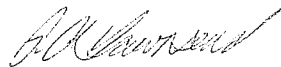
Report Prepared by: Peter Bigelow, Manager, Real Property Planning, IAM, 490-6047

Financial Approval by:



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

Report Approved by:



Phillip Townsend, Director, Infrastructure and Asset Management, 490-7166

AGREEMENT

Phase 1 Sheet Harbour Streetscapes

Between the

**Sheet Harbour and Area Development Corporation
('the Corporation')**

and the

**Halifax Regional Municipality
('the Municipality')**

Hereinafter collectively called 'the parties'.

WHEREAS the Corporation has developed a master plan for improvements in the community of the Sheet Harbour including construction of sidewalks and streetscape improvements along a section of Highway 7;

AND WHEREAS Halifax Regional Council has approved an upset amount of \$500,000 toward the construction of the streetscape improvements project should sufficient cost sharing from other partners come forward;

AND WHEREAS the Corporation and the Municipality wish to work jointly with respect to these improvements as outlined in Attachment A;

IN CONSIDERATION of the mutual covenants and conditions hereinafter contained, the parties agree as follows:

1. The parties will work cooperatively in respect to the streetscape improvements to the Sheet Harbour section of Highway 7 and outlined in Attachment A. The project will generally include repaving, new sidewalks, improvements to storm water management, lighting and streetscape amenities contained in the Ekistics report entitled Sheet Harbour Waterfront Master Plan.
2. The Municipality shall own the sidewalk, curbs, street trees, street lights, and street furniture.
3. The Corporation shall certify to the municipality that all standards and specifications have been met for the works.
4. Upon completion of the works, the Corporation shall assume responsibility for the maintenance of the streetscape improvements including, but not limited to, cost, litter cleanup, sweeping, snow clearing, periodic painting, life cycle maintenance and replacement.

5. The Municipality agrees to conduct periodic scheduled assessment of their owned assets and provide that information to the Corporation for whatever purpose is deemed necessary.
6. All work is to meet, at a minimum, the Provincial Transportation and Infrastructure Renewal standard, however, where deemed by the Municipality, shall meet a higher standard as set by the Municipality. This includes standards for construction and maintenance
7. The corporation shall carry insurance and name the Municipality as saved harmless from its actions.
8. The Corporation shall be responsible for assembling and administering the funds for the project.
9. The Corporation shall be responsible to facilitate the community's agreement for capital and maintenance charges.
10. The Community Contribution towards capital and maintenance is to be collected through an LIC or area rates.
11. Any cost overruns shall be covered using Stimulus funding from which the municipal share shall come from the LIC or area rates.
12. The municipality agrees to "front end" the community's portion of capital funding to be collected over a twenty year period. The Community Capital contribution shall include the principle and interest of the capital amount.
13. The Corporation shall endeavor to minimize costs associated with the capital and maintenance works and shall apply for any tax and or HST rebates which are applicable. All savings are to be applied to the works as outlined in this agreement.
14. The project shall not commence beyond detailed design unless the project is fully funded in accordance with cost estimates developed as part of the detailed design process.
15. The parties agree to form a working committee to develop and oversee the work through design development, detailed design, tendering and construction.
16. The Corporation shall employ a project manager with responsibilities for day to day administration of the project, project team, consultants and contractors.
17. The Municipality shall have approval on all detail design, and construction components of the project.
18. Upon successful completion of the detailed design phase and approval of the parties, the Corporation will secure the necessary approvals from the Province for the improvements

to be located within the ROW and for the work to be carried out in accordance with appropriate PNS standards.

19. Any cost requirements for additional property or easements shall be appropriated to the project. Any additions to the right-of way shall be in the name of the Province of Nova Scotia.
20. The Corporation shall be responsible for contracting project work, by competitive process suitable to the Municipality, with technical assistance from HRM staff and others (i.e. the Province). Such work shall only be awarded and contracted with the approval of the Municipality. The parties may jointly determine to phase or scale the project to reflect available funds. No tender award for construction shall be made without full funding reflective of tendering prices and applicable HST.
21. Any changes ordered after work is contracted, whether resulting in additional costs or not, shall be by agreement of the parties. Should such changes not be agreed to mutually, the Municipality, as the owner, shall have the final decision. It is understood by the parties that where additional work is required by the Province of Nova Scotia to meet its need to pave or improve the vehicular travel way it will be responsible for funding any additional costs associated with such changes.
22. Failure to secure the necessary funding and commence construction within nineteen months of this agreement being signed shall require an extension of the agreement by all parties. If any or all of the parties does not agree to an extension, this agreement shall become null and void.
23. This agreement may be terminated by either party upon providing four (4) weeks written notice.
24. Construction signage on the joint project site shall acknowledge the contributions of all parties involved.
25. To facilitate the administration of this Agreement, the contact person at HRM shall be Wayne Anstey, Deputy CAO, HRM and the contact person at the Corporation shall be Wayne Malay, President.

Agreed to this day of , 2009

Halifax Regional Municipality
per

Mayor

Peter Kelly

Clerk

Sheet Harbour and Area Development Corporation
per

President

Wayne Malay

Treasurer – Jack Marshall

Attachment 'A'

Construction of new concrete curb and gutters, new concrete sidewalks, (one side only), Mainstreet- Streetscape to include street furniture, street lighting, trees along trunk number 7 highway at Sheet Harbour from the Falls Bridge at West River to the East River Bridge, a distance of approximately 2.7kms.

Attachment 'B'

Funding Assembly Phase I

Economic Stimulus Funds:

Government of Canada		\$636,680.00
Province of Nova Scotia		\$636,680.00
Halifax Regional Municipality		
-HRM 2008/09 Capital	\$500,000.00	
-Local Improvement Charge	<u>\$136,680.00</u>	
Subtotal	\$636,680.00	<u>\$ 636,680.00</u>
Total Economic Stimulus Funds		\$1,910,040.00

Other Assembled Funds by Sheet Harbour and Area Development Corporation:

Province of Nova Scotia		
-Design, Engineering & Project Management	\$100,000.00	
-Storm Drainage	<u>\$385,000.00</u>	
- Sub Total	\$485,000.00	\$485,000.00
Government of Canada		
-ACOA- Streetscape: Lights, Street Furniture & Trees, Etc	<u>\$500,000.00</u>	
Total Other Assembled Funds		<u>\$985,000.00</u>

Total Funding All Sources **\$2,895,040.00**

Application of Funds

Phase 1		
-Engineering & Project Management		\$100,000.00
-Phase 1 tender Bid –		
Sidewalk & Streetscape Construction	\$2,473,488.00	
HST	<u>\$321,552.00</u>	
Subtotal	\$2,795,040.00	\$2,795,040.00
Total Projected Expenditures Phase 1		\$2,895,040.00