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Item No. 11.2.1 (ii)
Halifax Regional Council
September 13, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed by Acting Director

SUBMITTED BY: _____
Peter Duncan, P.Eng., Acting Director Infrastructure & Asset
Management

DATE: August 29, 2011

SUBJECT: **Capital Cost Contribution Program**

INFORMATION REPORT

ORIGIN

On August 17, 2011, the Audit and Finance Standing Committee, Agenda Item 9.1.2, requested staff to provide a comparison of capital cost contribution revenues from the proposed charges versus existing charges.

BACKGROUND

Capital Cost Contributions (CCC's) are paid by developers and are intended to recover the growth related portion of infrastructure that is needed, in whole or in part, to support growth. The amount of the charge is based on the level of benefits received by new development; therefore, CCC's are a form of user pay for future users. Capital Cost Contributions are not a tax levied on future users to cover deficiencies in existing infrastructure. CCC's also do not fund operating, maintenance or replacement costs of infrastructure or assets.

During the 2010/2011 budget discussions, it was indicated that the amount of money charged for CCC's should be increased. Council subsequently retained Harry Kitchen and Enid Slack to carry out a study which estimated the amount of CCC's for Police, Fire, Recreation and Library services. On August 17, 2011, the results of the study were presented to the Audit and Finance Standing Committee. The study is the subject of a separate report and recommendations to Regional Council which will come from the Audit and Finance Standing Committee.

DISCUSSION

At the August 17, 2011, meeting of the Audit and Finance Standing Committee, staff were requested to provide a comparison of capital cost contribution revenues from the proposed charges versus existing charges. Currently, there are two region wide capital cost charges in effect. A charge for regional wastewater systems is collected on behalf of the Halifax Water, and a charge for waste resources is collected in accordance with By-Law C-800. The following table summarizes actual revenue that has been collected by charges that are currently in place:

CCC's	2007	2008	2009	2010
Waste Resources		\$ 661,421	\$859,825	\$972,723
Regional Wastewater Systems	\$1,201,915	\$1,630,333	\$1,441,261	\$2,091,603
Grand Total	\$1,201,915	\$2,291,754	\$2,301,086	\$3,064,326

By comparison, the Kitchen and Slack study estimates that \$3.5 million per year could be collected over the next five years for Fire, Recreation Facilities, Libraries, and planning studies. The actual amount collected will depend on approved project budgets and future population and employment growth. An amendment to the HRM Charter is needed before HRM can adopt the new charges.

In addition to region wide capital cost contributions, HRM also collects CCC's from "Charge Areas" to help fund transportation systems that are needed to support specific developments. Current charge areas are Bedford West, Bedford South, Portland Hills, and Russell Lake West.

BUDGET IMPLICATIONS

There are no budget implications with this report.

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

Not at this time.

ATTACHMENTS

None

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.

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