

Item No. 1
Halifax Regional Council
July 3 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original Signed
R Walker Councillor Russell Walker, Chair, Audit and Finance Standing Committee

DATE: June 20, 2012

SUBJECT: 2012/13 Gas Tax Funding Allocation

INFORMATION REPORT

ORIGIN

June 8, 2012 staff report and the June 20, 2012 Audit and Finance Standing Committee meeting.

BACKGROUND

As per the June 8, 2012 staff report attached as Attachment 1 to this report.

DISCUSSION

The Audit and Finance Standing Committee reviewed the June 8, 2012 staff report at their June 20, 2012 meeting. The Audit and Finance Standing Committee forward this matter to Halifax Regional Council for information purposes.

BUDGET IMPLICATIONS

As per the June 8th, 2012 report attached as Attachments 1 to 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

The Audit and Finance Standing Committee meetings are open to the public.

ENVIRONMENTAL IMPLICATIONS

None Indicated.

ALTERNATIVES

None.

ATTACHMENTS

1. June 8, 2012 staff report.

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: Chris Newson, Legislative Assistant, 490-6732.



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Audit and Finance Standing Committee
June 20th, 2012

TO: Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Peter Stickings, Acting Director, Planning and Infrastructure

DATE: June 8, 2012

SUBJECT: 2012/13 Gas Tax Funding Allocation

ORIGIN

Municipal Funding Agreement between the Province of Nova Scotia and the Halifax Regional Municipality.

RECOMMENDATION

It is recommended that the Halifax Regional Municipality Audit and Finance Standing Committee recommend that this matter be forwarded on to Halifax Regional Council for information purposes.

BACKGROUND

On September 23, 2005, the Province of Nova Scotia and the Government of Canada signed a bi-lateral agreement to transfer a portion of federal gas tax revenues to the municipalities. In turn, a Municipal Funding Agreement outlining program criteria and requirements must be signed in order for the municipalities to receive those funds.

On December 13, 2005, Halifax Regional Council signed the first agreement which spanned the years 2005/2006 to 2009/2010 inclusive. This agreement had expired and HRM approved an agreement extension on October 12, 2010, which spans the years 2010/2011 to 2013/2014 inclusive.

The Federal/Provincial transfers are based on the distribution of population across Canada, and the transfers to the Municipalities are based on population distribution within the Province. Amounts that will be transferred in 2012/2013 to 2013/2014 have yet to be determined.

The Gas Tax Funding (GTF) program is a very important source of funding for the capital budget, and approximately \$64 million has been transferred to HRM over the five year period of the previous agreement.

Generally speaking, the GTF program funds sustainable projects such as transit, water, wastewater, solid waste, and community energy programs. The GTF program is not application based, rather a sum of money is transferred to a municipality which is allocated to eligible projects approved by Council in the Capital Budget. The Gas Tax Funds are identified in the approved capital budget as a “block” of funds, similar to “debt” and “capital from operating”. The Province in turn requires that the funds be allocated to a group of projects that are approved by Council and are eligible to receive gas tax funding.

The program has rigorous reporting requirements. The most significant requirement is that a municipality must have an integrated community sustainability plan (ICSP), as well as a capital investment plan, for eligible projects that support the ICSP. The Regional Plan has been accepted by the Province as HRM’s integrated community sustainability plan.

DISCUSSION

As previously mentioned, the Municipal Funding Agreement between the Province of Nova Scotia and the Halifax Regional Municipality spans the years 2010/2011 to 2013/2014 inclusive. The Province will receive \$55.9M from the federal government in each of those years. HRM receives an allocation of those funds based on a formula which considers population, dwelling units and expenditures, in each municipal unit across the province. HRM’s portion will differ slightly from year to year as the factors in the formula change; however, HRM anticipates it will receive approximately 45 percent of the provincial share.

HRM has included \$25,130,000 in the 2012/2013 Project Budget. If the actual amount of Gas Tax funds received for 2012/2013 is greater than \$25,130,000 then any accumulated surplus will remain in the Gas Tax Reserve (Q134) and be applied to 2013/14 projects.

The estimated gas tax revenue has been included in HRM's 2012/13 Project Budget and five year capital plan as block funding and was not allocated to specific capital projects. The purpose of this report is to identify which specific projects staff recommends for funding, which are identified on Attachment "A".

Staff gave consideration to the following criteria when developing the list recommend for funding:

- Avoid a large unspent balance in the Reserve
Projects selected should have a high degree of certainty that they will be carried out in 2012/2013, and in addition have a high proportion of eligible expenses;
- Administrative Ease
A few large projects are more desirable than several small projects;
- Distribution of Benefit
A mix of transit and non-transit projects are selected to distribute the benefits of the program to projects funded from both the general rate as well as the transit rates.

BUDGET IMPLICATIONS

HRM's approved 2012/13 project budget has an estimate of \$25,130,000 of funding from gas tax. This funding will be allocated to various gas tax eligible projects as shown in attachment A.

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

N/A

ATTACHMENTS

Attachment A – Projects selected for Gas Tax Funding 2012/13

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: Mike Matheson, Senior Financial Consultant, Infrastructure Planning, 490-5338

Original Signed

Report Approved by: Peter Duncan, Manager, Infrastructure Planning, 490-5449

Attachment A

Projects selected for Gas Tax Funding in 2012/13

Number	Name	Gas Tax
CVD00434	Conventional Bus Expansion	3,030,000
CVD00435	Conventional Bus Replacement	10,320,000
CVD00430	Access-A-Bus Replacement	540,000
CYX01345	Street Recapitalization	9,580,000
CKU01084	Sidewalk Renewals	1,040,000
CRU01077	Bridges	620,000
	Total	25,130,000