

Item No. 2
Halifax Regional Council
December 10, 2013

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by Director

SUBMITTED BY: _____
Greg Keefe, Director of Finance and ICT / CFO

DATE: November 21, 2013

SUBJECT: Chain of Lakes Trail Easement Proceeds

INFORMATION REPORT

ORIGIN

July 30, 2013, motion, moved by Councillor Mosher, seconded by Deputy Mayor Rankin that Halifax Regional Council request a staff report regarding the proceeds of the easement being retained in a reserve to be used in the trail area.

LEGISLATIVE AUTHORITY

HRM Charter:

- 79 (1) (ah) spending authority to build, maintain and manage a trail and active transportation system;
- 120 (3) (a) capital reserve fund includes proceeds from sale of property;
- 120 (4) (a) capital reserve funds may be spent on capital expenditures for which the Municipality may borrow.

BACKGROUND

On July 30, 2013, with regards to the report “Halifax Water Sewer System – Chain of Lakes Trail”, Council approved the recommendation to enter into an Easement Agreement with the Halifax Regional Water Commission (HRWC) for a wastewater conveyance system along the Chain of Lakes Trail.

Within the discussion, Council brought forward an opinion that, due to the disruption, the trail users should be rewarded with the proceeds from the easement being specifically designated for future enhancements to the trail.

Further, within that discussion, Council also questioned the implications of the proceeds from projects going back to benefit a specific geographic area versus remaining as a general benefit for the public at large.

DISCUSSION

Reserve Policy:

The financial implications section of the “Halifax Water Sewer System – Chain of Lakes Trail” report indicated that the net proceeds would be contributed to the Sale of Land Reserve Account Q101. The HRM Charter requires the Municipality to maintain a capital reserve fund which includes “funds received from the sale of property”. As an easement agreement represents a right in perpetuity to property for a very specific purpose, any proceeds HRM receives from such an agreement are also directed to the Sale of Land Reserve Q101.

The Sale of Land Reserve Q101 business case states that “it is Council’s intention that the reserve be primarily used for the acquisition of land, buildings and similar fixed assets”. General practice for prioritization of projects funded by Sale of Land Reserve Q101 includes a strategic review of municipality-wide needs via the Capital Steering Committee. Several long-term strategic plans for the Municipality, such as the Regional Plan and Municipal Planning Strategy, are consulted as part of the prioritization criteria.

Based on the business case requirements for the Sale of Land Reserve Q101, proceeds to the reserve must reallocate 10% to Real Estate project management, 10% to the Cultural Development Reserve Q312 and 10% to the Regional Facilities Expansion Reserve Q145. Pending any other administrative costs, the portion of the HRWC easement proceeds remaining in the Sale of Land Reserve Q101 is approximately \$315,000.

Proceeds from the Chain of Lakes Trail easement agreement directed specifically back to a legacy project within the trails system will divert funding from other long-term strategic priorities for the Sale of Land Reserve Q101. Fewer funds available in the Reserve balance will reduce the ability to react quickly to an unforeseen purchase opportunity.

Business Planning and Project Budget:

During the annual Budget and Business Plan debate, Council determines regional-wide priorities for planning, aligned with community interest. This long-term strategic regional approach maintains focus for decision-making when daily issues arise in a region with such diverse needs.

Through the annual HRM budget process, each community trail group submits project requests for new development and improvements. The Halifax Regional Trails Association (HRTA) and HRM trails staff prioritizes these requests, based on the HRTA Capital Funding Evaluation Criteria, and provide their recommendations for Council's approval. The Chain of Lakes Trail is classified as an Active Transportation Regional Trail and any service improvements would be funded through the Project No. CPX01196. The primary source of annual funding for Project No. CPX01196 – Regional Trails Active Transportation, is Capital from Operating.

Although HRTA may receive funding from other levels of government during the initial trail development stages, sustainable maintenance funding remains principally an HRM responsibility. Therefore, part of the consideration for trail development and service improvement projects should be the associated future maintenance costs.

There have been some examples in the past where temporary easement agreement proceeds have been waived for the benefit of in-kind work done by the developer, over and above the agreement's requirement to return the land to the same or better condition. In these cases, the temporary agreement proceeds have been of small magnitude and the in-kind benefit could only be realized due to timing opportunity for the intended project, resulting in HRM receiving a greater benefit or savings than if the municipality had undertaken the work on its own.

One such example approved by Council on August 12, 2008, is the Barrington Street Active Transportation Greenway, created via an easement agreement with Heritage Gas. This corridor had previously been identified in the strategic trails plan; however, priority to build the trail was heightened due to the mutually beneficial agreement. The Greenway was achieved with great savings to HRM and without sacrifice to other priorities. In the Chain of Lakes Trail example, a HRWC project, under the Utilities and Review Board, completed with utility funding, is limited to work directly benefiting utility customers and therefore are unable to enter into a similar arrangement as the Barrington Street Active Transportation (AT) Greenway project.

Although significant effort is placed in creating long-term plans to benefit the regional community as a whole, Council has the latitude to seek opportunities outside of the framework. In this case, the increased project budget funding would allow trails staff the option to progress next steps in developing the Chain of Lakes Trail into a Greenway sooner than originally planned.

HRM Trails Program:

HRM partners with the Halifax Regional Trails Association (HRTA) to plan, develop, and operate the regional trail system in the Municipality. The HRTA advocates a fair and equitable voice for each of the twenty volunteer community trail groups in decision making and working together to bring a system-wide coordination for the trails.

The Chain of Lakes Trail was purchased in August 2009 for \$2.8M. The original acquisition of the Chester Spur Line from CN Railway Company was a strategic land purchase primarily for subdivision in support of several building lots, including the business park. Funding for the acquisition was therefore sourced from several areas including the Regional Trail Acquisition - Project No. CPX01133, the Road Corridor Land Acquisition - Project No. CTU00897, the Bayers Lake Infill - Project No. CQ300743, and the Sale of Land Reserve Q101. The opportunity to develop the trail system in 2010/11 for \$1M was funded equally by the federal Infrastructure Stimulus Fund, the Province of Nova Scotia, and HRM.

Within the Chain of Lakes Greenway Corridor Development Plan released in October 2011, a long-term phasing strategy is outlined. Although the goal for the three phases is a 10-year timeline, the strategy states “priority initiatives can be influenced by opportunities that arise from unforeseen funding sources, new developments and private sector initiatives”.

Potential projects in the current phase of the development plan include:

- Increasing trail width;
- Signage;
- Entry point enhancements; and
- Paving for remaining two sections (3 km through Chain of Lakes Watershed, and 1 km from Hobson Lake Drive to Lakeside)

Options:

A report will return to Council, as part of the annual project budget process, when the list of enhancement projects can be presented fully scoped with cost estimates. Also included would be a list of possible funding sources, one of which could be the Sale of Land Reserve Q101.

1. Halifax Regional Council may recommend that the net easement proceeds be directed specifically to Chain of Lakes Trail for service improvements. In this option the funds would remain in the Sale of Land Reserve but would only be used for the Chain of Lakes Trail.
2. Halifax Regional Council may recommend an increase to Project No. CPX01196 – Regional Trails Active Transportation, as part of the regular budget process, for projects benefiting the entire regional trails system to be determined in conjunction with Halifax Regional Trails Association (HRTA). In this option, the net easement proceeds would remain in the Sale of Land Reserve Q101 for other strategic priorities.
3. Halifax Regional Council may recommend that the net easement proceeds be returned, proportionately, to the regional project accounts used for the original trail acquisition.

FINANCIAL IMPLICATIONS

There are no financial implications at this time. As approved by Council in the July 30, 2013 report, Halifax Water Sewer System – Chain of Lakes Trail, the net easement proceeds will be contributed to the Sale of Land Reserve Account Q101.

COMMUNITY ENGAGEMENT

The Halifax Regional Trail Association (HRTA) is comprised of twenty volunteer community trail groups who work with HRM and other trail partners to bring system wide coordination to the trails program. An essential part of the HRTA model is the community consultation process, which usually involves a series of open house meetings and consultations with a variety of community groups, individuals and community service organizations.

ENVIRONMENTAL IMPLICATIONS

Implications not identified.

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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