




P.O. Box 1749  
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**Item No. 11.1.9**  
**Halifax Regional Council**  
**July 21, 2015**

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

**SUBMITTED BY:** \_\_\_\_\_  
Mike Labrecque, Acting Chief Administrative Officer  
Original Signed \_\_\_\_\_  
Jane Fraser, Acting Deputy Chief Administrative Officer

**DATE:** May 22, 2015

**SUBJECT:** Building Canada Infrastructure Update & Downtown Capital Improvement Fund

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**ORIGIN**

August 5, 2014 Council report "Building Canada Fund Infrastructure Projects"

**LEGISLATIVE AUTHORITY**

HRM Charter Section 74 – permits HRM to enter into agreements with the Province or Government of Canada to provide or administer municipal services.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Direct staff to develop a new list of Building Canada Fund (BCF) projects for Council's consideration to submit once final decisions are made on the existing submissions. It is expected that approved funds for the existing project list will cover the current fiscal year up until 2017-18;
2. Rescind the February 11, 2014 Council motion to "Commit to a \$50 Million program, contingent upon other levels of government funding with one-third municipal contribution of \$17 million spread evenly over 5 years, beginning in fiscal year 2014-15";
3. Direct staff to develop business cases with funding from account no. CD000002 – Downtown Streetscapes – Capital Improvement Campaign for the Argyle Street and Spring Garden Road streetscaping projects, including detailed project scope, timelines, cost estimates, and funding strategy. Staff will return to Council for approval to proceed; and
4. Direct staff to prepare and return to Council with a long-term Streetscapes Capital Improvement Plan, including a list of remaining urban core public realm improvement projects with an estimated project scope, timeline, and cost estimate for each project, and funding strategies including potential partnering opportunities for each project.

## **BACKGROUND**

The 2013 federal budget announced a renewed Building Canada Fund that would deliver \$53 billion over 10 years for public infrastructure that supports federal priorities of productivity, economic growth and job creation. In March 2014 the Fund began accepting applications. Nova Scotia is receiving \$426 million over ten years under the Provincial/Territorial Infrastructure Component (PTIC). Ten percent of this is reserved for small communities, leaving \$398 million for applications from Halifax as well as other municipalities, Provincial projects and post-secondary institutions.

To apply for funding, municipalities submit a short request and project description to Nova Scotia Municipal Affairs, which undertakes an initial review and shares it with Infrastructure Canada. If approved, Municipal Affairs then requests detailed business case and projected cash flow for projects. Final decisions require both provincial and federal approval. The federal government will contribute up to one-third of project funds, except in the case of public transit where they will contribute up to 50% of project funds. The provincial government is also required to contribute one-third funding.

In August 2014 Council approved a number of projects for Building Canada applications. Projects were grouped into three categories:

1. Water & Wastewater
  - Aerotech Wastewater Treatment Facility - \$21 million
  - Northwest Arm Sewer Rehabilitation - \$15.4 million
  - Bedford-Sackville Trunk Sewer Storage Facility - \$20 million
  - Deep Storm Sewer Program - \$5.5 million
  - Sullivan's Pond Storm Sewer Renewal - \$8 million
  - Lake Major Dam Replacement – 2.1 million
  - Water Transmission Main Renewal/Redundancy - \$15.2 million for three projects in Lucasville, Port Wallace and Bedford Connector
  - Fall River Water System Phase 1 - \$7.6 million
  - Herring Cove Servicing Phase 2B - \$12.7 million
2. Transportation
  - Conventional Bus Expansion - \$23.6 million
  - Conventional Bus Replacement - \$92.3 million
  - Access-A-Bus Expansion - \$2.1 million
  - Access-A-Bus Replacement - \$7.8 million
  - Transit Terminal Upgrades & Replacements - \$18.9 million
  - Expanded Transit Centre - \$30.6 million
  - New Rural Express Service - \$4.4 million
3. Urban Core Investment
  - 5 year \$50 million downtown capital improvement proposal

Unlike the previous Building Canada processes, approved municipal projects are eligible for Building Canada funding consideration. All the water and wastewater projects are part of Halifax Water's Integrated Resource Plan approved by the UARB, and all the transportation projects are included in Halifax Transit's 10-year capital plan.

The only project submitted that is not fully funded in HRM's long-term capital plan is the 5 year \$50 million downtown project. This project was conceptualized in the 2011 Economic Strategy as an action that would help achieve the goal of attracting increased investment and residents in the Regional Centre. The project was envisioned as an intergovernmental fund with each of the three levels of government contributing \$17 million. On February 11, 2013 Regional Council "endorsed public realm improvement project list for eligibility under the 5 Year, \$50 Million Capital Improvement Campaign." The list ranked

twelve projects, eleven of which concentrated on urban core, right of way improvements, reduction of overhead wires in the pole free areas, public art, street furniture and other streetscape improvements. The twelfth project included was the implementation of Downtown Wireless internet access.

Council also approved at the same February 2013 meeting “to commit to a \$50 million program, contingent upon other levels of government funding with one third municipal contribution of \$17 million spread evenly over the five years beginning with \$3.4 million in fiscal year 2014/15”. The first two years have been budgeted under project account CD000002 – Downtown Streetscapes – Capital Improvement Campaign. Funding for this project account was approved by Council July 29, 2014 under the new Q146 – Planned Strategic Projects Reserve. This reserve has been created and a business case for the reserve will be presented to council in the coming months.

## **DISCUSSION**

The Building Canada funding stream under which Halifax is eligible is intended to support projects over a ten year period and therefore accepts applications on a rolling basis. The Provincial government is committing funds for projects over the next three fiscal years, although HRM is able to submit applications at any time. It is expected that final decisions on Council’s existing submissions will be made over the next several months. Once final decisions are received it is recommended that staff revisit the project list and develop new recommendations for Council’s consideration.

Staff prepared initial applications for each of the water & wastewater, transportation and urban core projects listed above and shared them with the Provincial Department of Municipal Affairs. As per the Council motion, projects were not prioritized but sent for equal consideration by provincial and federal officials.

### **Aerotech Wastewater Treatment Plant**

In December 2014 Infrastructure Canada announced provisional approval for the Aerotech Wastewater Treatment Plant and requested a detailed business case as the second stage of the approval process. This information was sent and on June 18, 2015 the project received approval in principle. A contribution agreement is now being finalized and funding will flow in time for construction to begin in May 2016. The \$21 million Aerotech project will receive \$7 million each from the federal and provincial governments. Upgrading the Aerotech facility has been a major priority for Halifax Water, as the current facility is at capacity. Expansion of the Airport and the Aerotech Business Park cannot proceed until the facility is expanded, making this a vital upgrade to support economic development in the area. Increased wastewater treatment capacity will enable Halifax Regional Municipality to initiate the zoning change to expand Aerotech’s uses to a broader range of commercial and industrial uses. The Aerotech project is the most expensive of the water and wastewater projects to be submitted to the Building Canada Fund, and receiving federal and provincial funding will relieve pressure on Halifax Water’s ratepayer-funded capital costs.

Besides Aerotech, the other water and transit projects that Council approved were submitted and remain under federal and provincial consideration. As noted above, the projects submitted during this round are part of Council’s long term capital plan and annual budgets will be developed to fully fund them.

### **Urban Core Improvement**

The 5 year \$50 million downtown capital plan was envisioned as an initiative that would be cost shared with other levels of government. The municipal commitment was set at \$17 million over 5 years, approximately one third of the total cost. The 5 year \$50 million plan was also submitted for Building Canada consideration, but it did not meet the eligibility criteria of any of the PTIC categories. Further, there are no other federal or provincial funds under which it would be eligible. Because Council’s approval of the \$17 million expenditure was contingent on the other \$33 million cost sharing, which was not

forthcoming, staff now require new direction from Council on whether to proceed with this capital improvement campaign.

The twelve projects nominated for funding under the downtown fund were scored and ranked in the February 2014 Council report, using criteria such as public benefit, ability to maximize new investment, readiness and affordability. Council endorsed the project list which included the prioritization of the following four projects:

- Spring Garden Road streetscaping,
- Argyle Street streetscaping,
- Barrington Street streetscaping,
- Downtown Wi-Fi

Staff recommends preparing to undertake the Spring Garden Road and Argyle Streetscaping projects with the budget currently available in the capital account no. CD000002 – Downtown Streetscapes – Capital Improvement Campaign, funded by the Q146 Planned Strategic Projects Reserve.

Spring Garden Road is experiencing significant development pressure, and improving the road, sidewalk, curbs and lighting would benefit the entire area. The Queen Street corner was recapitalized in advance of the December 2014 Central Library opening and continuing the work would enhance the area for local businesses, pedestrians and residents. Spring Garden Road had a plan and design done in 2009 which, if Council approves the recommendations in this report, could be revisited and updated. Given the amount of funding currently available in the Q146 Planned Strategic Projects Reserve, recapitalization of Spring Garden Road may take place in two stages: initial work funded through the normal capital budget process occurring in 2016-17; and a more robust, longer term project being developed with the Q146 Planned Strategic Projects Reserve funding. This larger plan would return to Council for approval to allow the project to proceed.

Argyle Street will be undertaken in tandem with the Nova Centre construction schedule, and so is expected to occur in the 2016-17 construction season. It is imperative that HRM is prepared to make infrastructure improvements to Argyle Street in concert with the construction schedule of the Nova Centre. This will have cost benefits due to capitalizing on the already excavated sections of the street associated with the Nova Centre and will have benefits to the businesses on Argyle as they will not have to endure additional major construction on the street after the opening of the Nova Centre. The scope and business case for Argyle Street will also come back to Council for approval to proceed.

Barrington Street is currently undergoing planning for repair and resurfacing in the 2015-16 construction season. This is expected to have significant positive impact on Barrington Street and will join the Heritage Conservation District incentives program in facilitating municipal investment in the street. The street represents the third highest priority from the 5 Year \$50 million downtown capital plan, and the need for further work will be assessed after the completion of the street repairs in 2015 and the completion of the Heritage Conservation District incentives program in 2016-2017.

The downtown Wi-Fi project is proceeding with an update to Council expected in summer 2015. For Council to make an informed decision on the long term commitment for the remaining projects, staff need to return to Council with a high level work plan with potential funding strategies. This plan will address those remaining urban core public realm improvement projects identified in the report on the 5 year \$50 Million campaign and not addressed above, including:

- George/Carmichael Street — In the Downtown Public Lands Plan, the George Carmichael Corridor is identified as an important spine for connecting the waterfront and lower town to the upper portions of downtown Halifax. It connects through important public spaces at Province House, Grand Parade and the foot of the Citadel. Creating a more pedestrian friendly experience along George Street right up to Brunswick Street is meant to encourage more commercial investment and public use along this corridor.

- Kings Wharf — The project is aimed at improving connections to the public and semi-public spaces within the Kings Wharf Development. Proposed connections involve making improvements to existing HRM public parks surrounding the development, as well as active transportation improvements.
- Granville Mall — HRM's sole 'pedestrian only' street, Granville Mall was successfully developed in the early 1980's. It remained vital through to the early 2000's when business began to suffer and the public mall fell into disrepair. The Mall needs to be rethought to determine how it can contribute to bringing increased vitality back to the area.
- University Ave — Dalhousie University's 2010 Campus Plan calls for the closure and improvements to the north side of University Ave from Robie to Lemarchant, to create an active transportation and park corridor. The concept is to use the street to contribute positively to the function and look of the University as a major economic component of HRM. The project would be part of an effort by the University to create an attractive advantage for attracting students.
- Quinpool Road — A less ambitious and costly version of a previous plan would see trees, lighting and streetscape amenities added to Quinpool, in conjunction with its identification as an important downtown service area and corridor for potential commercial and residential intensification.
- Portland Street - The project would see the continuation of the Portland streetscape treatments carried out in 2009 to the intersection of Prince Albert and Alderney. This would happen in conjunction with traffic improvements at that intersection and the Canal Greenway concept, as well as active transportation plans.
- Ochterloney Street — Streetscape improvements, including undergrounding, of the street is meant to improve the street as a pedestrian corridor, image route and important connection between the waterfront and residential areas. Currently a good deal of development is happening on the street.

### **FINANCIAL IMPLICATIONS**

\$3.4 million was budgeted in fiscal years 2014-15 and 2015-16 in capital account no. CD000002 – Downtown Streetscapes – Capital Improvement Campaign, with funding from the Q146 Planned Strategic Projects Reserve as the municipal contribution towards the original 5-Year, \$50 million Capital Improvement Campaign.

The current available \$6.8 million is available to be used to fund the first two prioritized urban core public realm improvement projects on Argyle Street and Spring Garden Road, with Regional Council's approval, upon presentation of the recommended detailed business cases. Funds required to prepare the business cases will be charged to capital account CD000002.

Staff will return to Council with the budgets for the remaining projects at a future date, as part of the long-term Streetscapes Capital Improvement Plan.

### **COMMUNITY ENGAGEMENT**

HRM staff is in ongoing communication with all affected Business Improvement Districts.

### **ENVIRONMENTAL IMPLICATIONS**

N/A

**ALTERNATIVES**

Council could defer work on the downtown improvement projects until intergovernmental support is obtained. This is not recommended as there is no indication of federal or provincial funding sources at present.

Council could consider using Gas Tax funds to support either the water and wastewater or urban core priority areas. The Gas Tax Fund has expanded its eligible project categories to include local roads, broadband and connectivity, culture, tourism, sport and recreation. Water and wastewater projects have always been eligible under the Fund, and the eleven urban core projects could potentially align with the new local roads, broadband, culture and tourism categories. The Gas Tax Fund is sustainable, long-term funding, however it is a smaller pot of money than potential PTIC funding. Traditionally HRM has used Gas Tax funds for transit, and that has been factored into Metro Transit's budget and capital plan. This option is not recommended.

**ATTACHMENTS**

Nil

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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