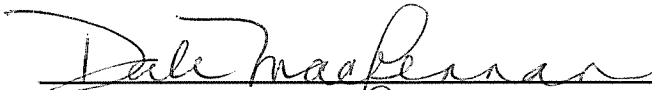




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Halifax Regional Council  
March 4, 2003

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
S. Dale MacLennan, CA, Director, Financial Services

**DATE:** February 25, 2003

**SUBJECT:** Harbour Solutions Project and Reserve Funding

### INFORMATION REPORT

#### ORIGIN

As requested by Councillor Sloane on November 26, 2002, this report will address various aspects of reserve financing for the Harbour Solutions Project. This report follows up on the November 12, 2002 Information Report *Pollution Control Charges*; specifically, the \$1.782 million of capital projects funded from the Pollution Control Account of the City of Dartmouth.

## BACKGROUND

At the time of the November 12, 2002 Information Report to Council *Pollution Control Charges*, a full accounting was provided for all funds raised with respect to pollution control through levies on water consumption. This report covered HRM as well as the former cities of Dartmouth and Halifax from the inception of the levies to the present. At the time the report was prepared, detailed information was not available with respect to \$1.782 million of capital expenditures funded from the Pollution Control Account of the former City of Dartmouth over the 1990 to 1996 period so it was presented as a single, line item. That information is now available.

On November 26, 2002, Councillor Sloane requested that staff investigate the possibility that funds for the Harbour Solutions project be placed in a separate reserve and that all funds raised for that project through levies be placed into that reserve. Currently, the Environmental Protection component of the Pollution Control Rate is deposited into the Environmental Protection Reserve (Q105) where the Harbour Solutions Project and other initiatives are funded. The most significant of the other items is the operation of HRM's existing wastewater treatment plants. Councillor Sloane also expressed concerns that the operations of the existing plants remain adequately funded and raised the issue of accountability for reserve funds.

## DISCUSSION

The \$1.782 million of Pollution Control account funds previously reported as a single line item identified as *Capital Projects 1990-1996* were spent as follows:

	(000's)
Halifax Harbour Clean-up Inc.	\$1,684
Dartmouth Cove	<u>98</u>
Total	<u>\$1,782</u>

Halifax Harbour Clean-up Inc. was the crown corporation funded by all three levels of government with the mandate to address the ongoing issue of the lack of sewage treatment for Halifax Harbour. These expenditures represent the former City of Dartmouth's share of Halifax Harbour Clean-up Inc.'s capital budget funded by Dartmouth's *Pollution Control Account*. These funds were spent over the 1990 to 1996 period and were reflected as a Capital Work-In-Progress item brought forward into HRM's books at the time of amalgamation.

Resolution 95-26 was passed by the City of Dartmouth authorizing expenditures of up to \$200,000 from the Pollution Control account for extension of the Dartmouth Cove sewer outfall. The 1996 Financial Statements show capital expenditures of \$98,000 from the Pollution Control Account representing the actual expenditures on this project. This sum is also reflected as a Capital Work-In-Progress item brought forward into HRM's books at the time of amalgamation. HRM completed this project in the post amalgamation period as a prerequisite to cleaning up the Harbour.

In conjunction with financing the Harbour Solutions Project, the separation of the existing Environmental Protection Reserve into two reserves is being considered. Staff is of the opinion that there is some merit to further segregation of the EPR to improve clarity for Council and the public and to improve operational and financial accountability. A number of options are under investigation as well as a review of existing reserves; staff will report fully on this matter in April.

With respect to accountability for historic, pre amalgamation information, staff has provided details on spending as it has become available. Harbour Solutions is part of the municipality's regular reporting process. With respect to current HRM activities, Finance currently prepares a full report including capital project and reserves activity for presentation to Council on a quarterly basis. In addition, our annual, audited Financial Statements enjoy a wide distribution.

**BUDGET IMPLICATIONS**

None.

**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**

Not applicable.

**ATTACHMENTS**

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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