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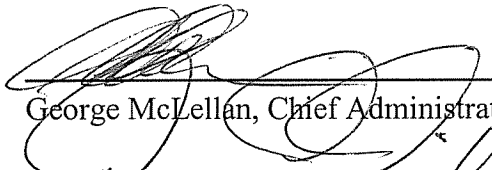


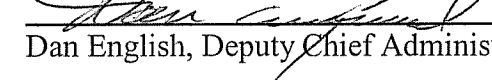
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Halifax Regional Council
September 2, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: August 22, 2003

SUBJECT: Harbour Solutions Funding through the Environmental Protection Levy

ORIGIN

October 22, 2002, Council approved a motion that “to the extent that additional funds cannot be raised, Council from time to time shall raise the required funds through the Pollution Control Charge (not to exceed \$0.29) to build the complete project.”

RECOMMENDATION

It is recommended that:

1. Council approve an increase in the Environmental Protection Levy component of the Pollution Control Charge of five cents per cubic metre of water effective October 1, 2003.

BACKGROUND

Last October, staff presented the report *Halifax Harbour Solutions Project - Financing Options* at Committee of the Whole. That report set out a series of proposed increases in the Environmental Protection Levy. The first of these would raise the Levy from the current level of 55.04 cents per cubic metre to 60.04 cents during fiscal 2003/04. As approved by Regional Council, subsequent five cent increases follow in each of the next four fiscal years to the extent that additional funds beyond those committed to date are not available.

As discussed in Committee of the Whole, the effect of a five-cent increase in the Environmental Protection Levy is an increase in the average residential water bill of \$12.80 annually. This is based on Halifax Regional Water Commission figures for a family of four with two children. Such a family typically uses 64 cubic metres of water per quarter.

On October 22, 2002, Council approved a motion "that staff be instructed to continue to investigate other federal/provincial funding opportunities and report back to Regional Council . . . on these and other revenue sources . . . , to the extent that additional funds cannot be raised, Council from time to time shall raise the required funds through the Pollution Control Charge (not to exceed \$0.29) to build the complete project."

DISCUSSION

The Harbour Solutions Project has three basic sources of funding: the Environmental Protection Reserve, funding provided by other levels of government, and user-based revenues raised through the Pollution Control Charge (PCC). The magnitude of this Project necessitates borrowing funds and repaying them with future PCC revenues. As presented to Council in October, increases in the PCC are required unless additional funds are contributed by other levels of government. To date, no additional funding sources have been identified.

The recent signing of the Infrastructure Development Agreement with Dexter Construction Company for the design and construction of the roads, sewage collection systems, and outfalls and diffusers clarifies only part of the Harbour Solutions budget. The costs associated with the sewage treatment plants and biosolids management process have yet to be determined. At this time staff lacks sufficient information to alter the total project budget projection from the \$333 million reported to Council last fall. While it is possible that the whole twenty-nine cent increase in the Environmental Protection Levy will not ultimately be required, this five cent increase is required regardless of the final project budget.

BUDGET IMPLICATIONS

This increase in the Pollution Control Charge was anticipated when the Harbour Solutions budget was developed earlier this year.

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

- 1) Council could deny this increase in the Pollution Control Charge. This alternative is not recommended. It is contrary to Regional Council direction in October 2002, and would result in an unresolved funding shortfall for the project. Unless additional funding is made available by other levels of government, these funds must be raised by HRM.
- 2) Council could defer this increase for a period of time. As in alternative 1), this would result in a smaller funding shortfall that would still need to be resolved by HRM; therefore, this alternative is not recommended.

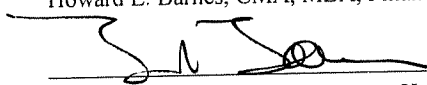
ATTACHMENTS

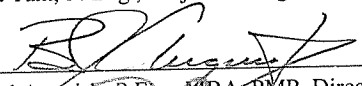
Committee of the Whole Council Report: Halifax Harbour Solutions Project - Financing Options dated October 16, 2002.


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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