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Item No.
Audit & Finance Standing Committee
September 20, 2017

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed

Jacques Dubé, Chief Administrative Officer

Original Signed

Bruce Zvaniga, Director, Transportation and Public Works

DATE: August 17, 2017

SUBJECT: CN Public Crossing Repairs

ORIGIN

Letters and notices from CN outlining public crossing repairs required at Ochterloney Street in Dartmouth and Community Centre Lane in Windsor Junction.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; and Administrative Order Number 2014-015 Reserve Funding Strategies (5) The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve an unbudgeted withdrawal in the amount of \$190,895, net HST included, from the General Contingency Fund, Q421 to fund Operating Account R715 6906 to reimburse CN for the rehabilitation of railway crossings at Ochterloney Street and Community Centre Lane, as outlined in the Financial Implications section in this report.

BACKGROUND

In March 2017, HRM staff received notices from CN outlining Public Crossing Repairs at Ochterloney Street in Dartmouth and Community Centre Lane in Windsor Junction. The letters indicated that the rehabilitation of the crossings at Ochterloney Street and Community Centre Lane is necessary and work would be carried out by CN this summer. According to Orders No. R-31727 and No. R-35942, the HRM is responsible for the maintenance costs at these crossings. In accordance with order numbers R-31727 and 1989-R-342 HRM is expressly obligated to pay for 100% of the maintenance costs associated with these specific crossings.

DISCUSSION

To date Halifax Regional Municipality and CN have entered into cost-sharing agreements for general maintenance which is covered in the Transportation and Public Works operating budget. This is the first bill of its kind that staff has received for full rehabilitation. The work and associated costs were not anticipated and therefore have not been budgeted. Staff has confirmed with CN that no additional work of this nature is scheduled for 2017 or 2018; and that in the future, CN is to advise HRM at least a year in advance of planned work to avoid future cost uncertainties. The cost for the repairs are estimated at \$90,833 for Community Centre Lane and \$100,062 for Ochterloney Street (net HST included), for a total cost of \$190,895.

FINANCIAL IMPLICATIONS

To fund the rehabilitation of the crossings at Ochterloney Street and Community Centre Lane, staff is requesting an unbudgeted withdrawal of funds from the General Contingency Reserve, Q421 to fund Operating Account R715 6906. The budget availability has been confirmed by Finance.

Budget Summary, General Contingency Reserve, Q421

Balance in Reserve, July 31, 2017	\$2,289,152
Projected Revenue to March 31, 2018	\$ 15,295
Commitments to March 31, 2018	\$ (334,195)
Pending report for withdrawal (St.Paul's Church)	\$ (250,000)
Withdrawal per recommendation	<u>\$ (190,895)</u>
Projected available balance, March 31, 2018	\$1,529,357

Risk Reserve - General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve but does not negatively affect the anticipated planned usage of the reserve for the next five (5) years.

RISK CONSIDERATION

There is risk that if CN does not get reimbursed for these costs by HRM, CN can pursue legal action against the Municipality.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Audit and Finance Committee could choose to not approve the withdrawal from reserves and direct Transportation and Public Works to accommodate the increase by deferring spending on other items in the approved business plan.

ATTACHMENTS

N/A

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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