



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.2.2
Halifax Regional Council
October 31, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

DATE: October 19, 2017

SUBJECT: Fall River Water Servicing – Municipal Contribution

ORIGIN

Staff report submitted to the October 18, 2017 meeting of the Audit and Finance Standing Committee.

LEGISLATIVE AUTHORITY

Sec. 21 of the Halifax Regional Municipality Charter RE Standing, Special, and Advisory Committees.

Sec. 8 of the Audit and Finance Standing Committee's Terms of Reference:

"The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget."

RECOMMENDATION

The Audit and Finance Standing Committee recommends Halifax Regional Council:

- 1) Include the Gordon R. Snow Community Centre and (Fire) Station 45, both at 1359 Fall River Road, and the Seniors Friendly Centre, at 1018 Fall River Road, in the LIC calculation for the Fall River Water Servicing project approved by Regional Council on July 18th, 2017, and
- 2) Fund the payment of the LICs for these two municipal properties, estimated at \$119,000, from the General Contingency Reserve (Q421), as described in the Financial Implications section of the October 10, 2017 report.

BACKGROUND

A staff report in regard to Fall River Water Servicing – Municipal Contribution was submitted to the October 18, 2017 Audit and Finance Standing Committee meeting.

DISCUSSION

The Standing Committee considered the report and passed a motion endorsing the staff recommendation.

FINANCIAL IMPLICATIONS

Outlined in the attached staff report dated October 10, 2017.

RISK CONSIDERATION

Outlined in the attached staff report dated October 10, 2017.

COMMUNITY ENGAGEMENT

The Audit & Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit & Finance Standing Committee are posted on Halifax.ca

ENVIRONMENTAL IMPLICATIONS

Addressed in the attached staff report dated October 10, 2017.

ALTERNATIVES

The Standing Committee did not provide alternatives.

ATTACHMENTS

Attachment 1: Staff report dated October 10, 2017.

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.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, Municipal Clerk's Office, 902.490.6520

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No.
Audit & Finance Standing Committee
October 18, 2017

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Jacques Dubé, Chief Administrative Officer

Original Signed

Jerry Blackwood, Acting CFO/Director, Finance & Asset Management

DATE: October 10, 2017

SUBJECT: Fall River Water Servicing – Municipal Contribution

ORIGIN

Halifax Regional Council, July 18, 2017, approved motion to:

1. Direct the Chief Administrative Officer to proceed immediately with the original scope of the Fall River water servicing project, as approved by Regional Council June 21, 2016, and approve the gross project budget in the amount of \$8,625,000 including net HST with the net municipal amount funded from a Local Improvement Charge, as described in the Financial Implications section of the supplementary staff report dated July 6, 2017, and approve the transfer of the required project funds to Halifax Water for the installation of the water service;
2. Give First Reading to By-law L-137, respecting an amendment of By-law L-100, the Local Improvement By-law, as provided in Attachment 2 of the supplementary staff report dated July 6, 2017, to set the charges for the installation of water servicing in Fall River and adjoining lots along Fall River Road to the Fall River Village Centre, Lockview Road to the Lockview School access, and McPherson Road, and schedule a Public Hearing at the same time as the Public Hearing for the amendments to the Regional Subdivision By-law; and
3. Amend the request for a staff report to Audit and Finance Standing Committee made April 25, 2017 Regional Council to increase the contribution under consideration from \$25,000 to \$100,000 regarding recognition of the benefits of the impact to municipal properties of the extension of the Fall River Service Area.

Halifax Regional Council, April 25, 2017, approved motion to:

1. to amendments to the Regional Subdivision By-law to extend the Water Service Area in Fall River, as set out in Attachment B of the staff report dated March 10, 2017, and schedule a Public Hearing;

2. to By-law L-137, further amending By-law L-100, the Local Improvement By-law, as detailed in Attachment C of the staff report dated March 10, 2017, to impose charges for the installation of water servicing in Fall River and adjoining lots along Fall River Road and Highway #2 to the Hwy 102 Overpass, Lockview Road to the Lockview School access, and McPherson Road and a portion of Ingram Drive, and schedule a Public Hearing;

And furthermore, that Regional Council request a staff report to the Audit and Finance Standing Committee regarding a contribution of \$25,000 to reflect the benefits directly received by its municipal properties in the service area.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, R.S.N.S., 2008, c. 39, subsection 79 (1)

The Council may expend money required by the Municipality for
(am) water systems;

Halifax Regional Municipality Charter, R.S.N.S., 2008, c. 39, subsection 104 (1) The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for

(e) the municipal portion of the capital cost of installing a water system;

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Halifax Regional Council:

- 1) Include the Gordon R. Snow Community Centre and (Fire) Station 45, both at 1359 Fall River Road, and the Seniors Friendly Centre, at 1018 Fall River Road, in the LIC calculation for the Fall River Water Servicing project approved by Regional Council on July 18th, 2017, and
- 2) Fund the payment of the LICs for these two municipal properties, estimated at \$119,000, from the General Contingency Reserve (Q421), as described in the Financial Implications section of this report.

BACKGROUND

On August 15, 2017, Regional Council adopted By-Law L-137, Local Improvement Charge (LIC) By-law, and a related amendment to the Regional Subdivision By-law needed to allow the installation of a central (piped) water system in Fall River village. The \$8.6 million project was approved for \$5.9 million in federal and provincial infrastructure funding, with the remaining \$2.7 million funded through the LIC By-law. Please see the following link for more information on the water service extension project.

<https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/170815rc114.pdf>

There are three municipal properties within the Fall River Water Service Area and LIC Charge Area, approved by Regional Council. They are indicated on Map 1 (attached). One of these properties is a park that is unlikely to be developed or require the use of water. However, the other two properties have been developed, with municipal buildings on them and currently have wells for the provision of water for their operations.

HRM-owned Properties in Fall River LIC Charge Area

Map Ref.	Use of Property	Size of Land (square metres)	Size of Building (square metres)	Street Address
A	Metzer Common Park	41,540	n/a	953 Fall River Road
B	Seniors Friendly Hall	1,915	240 (approx.)	1018 Fall River Road ¹

C	Community Centre & Fire Hall	40,130	3,335	1359 Fall River Road
---	------------------------------	--------	-------	----------------------

Note: 1) August 6, 2013, Halifax Regional Council declared the property at 1018 Fall River Road surplus to municipal purposes (Community Interest category). A staff report on the proposed sale of this property is expected fall 2017.

On February 27, 2017, staff and Halifax Water held a public meeting on the Water Service Extension project and Local Improvement Charge (LIC) in Fall River. At this meeting, several residents asked whether the municipality would pay LIC costs for their properties in the area, similar to private property owners. At the time, HRM staff responded that the municipality does not, by practice, charge themselves an LIC for land they own within the LIC area.

DISCUSSION

Regional Council has requested that the Municipality contribute to the project "...to reflect the benefits directly received by its municipal properties in the service area." On April 25, 2017, Council initially requested a municipal contribution of \$25,000 but the request was amended to \$100,000 on July 18, as a result of, and to offset, the increased LIC charges resulting from the higher-than-anticipated tender prices.

The LIC costs for the private properties are now estimated to be \$11,500* (flat charge) for 165 of the 183 properties in the LIC charge area. The remaining eighteen larger, multi-residential or commercial properties will pay an LIC charge based on their frontage (\$195* per metre) and land area (\$1.80* per square meter). [*These by-law values are preliminary and will be finalized at the completion of the project.] The two municipal properties that will be benefiting from the new infrastructure could be included in the LIC "tax base" and their "charges" calculated in the same manner as the private properties in the LIC area. If this were done, HRM would pay approximately \$107,500 for the Community Centre and Fire Hall and the flat charge of \$11,500 for the Seniors Friendly Hall, for an estimated total of \$119,000. This is just slightly higher than the municipal contribution requested by Regional Council on July 18, 2017.

To add objectivity to the amount of the municipal contribution, staff recommend that Regional Council include the two municipal properties in the LIC calculation with the 183 private properties to both determine the amount of the municipal contribution and lower the rates for the other LIC properties.

FINANCIAL IMPLICATIONS

The recommended municipal LIC costs are incremental to the approved-in-principle 2018-19 budget. However, this cost can be funded from the General Contingency Reserve (Q421), for which the water servicing project qualifies. The reserve balance is forecast to be \$1.9 million at 2017-18 yearend.

The municipal LIC costs are estimated at \$119,000, but will not be confirmed until after the project is completed in late 2018. The funding will be required in late fiscal year 2018-19 or early 2019-20.

Budget Summary, Risk Reserves, Q421 General Contingency Reserve

Balance in reserve, August 31, 2017	\$2,192,220
Projected revenue to March 31, 2018	\$ 12,867
Commitments to March 31, 2018	<u>\$ (235,000)</u>
Projected net available balance, March 31, 2018	\$1,970,087
Pending approvals for reports in September:	
St. Pauls' Church	\$ (250,000)
CN Public Crossing Repairs	\$(190,895)
Withdrawal, per recommendation	<u>\$(119,000)</u>

Revised, projected net available balance, March 31, 2018

\$1,410,192

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 budgeted usage of the reserve for the next five (5) years. (excluding any unknown deficits that may occur)

RISK CONSIDERATION

There is a medium level risk that this decision could lead to additional municipal costs in the future, when LICs are put in place. The recommended approach limits this risk, such that a municipal property must be able to benefit, i.e. have a publicly accessible building on site, to be charged. So, parkland or vacant land would not be subject to an LIC charge, based on the approach recommended in this report.

COMMUNITY ENGAGEMENT

Formal community consultation took place on two occasions. On February 27, 2017, staff and Halifax Water held a public meeting and open house in Fall River and on August 15, 2017 a Public Hearing was held in Council Chambers at City Hall. Prior to both events letters describing the project and event were sent out to residents in the proposed Fall River water servicing area. Throughout the project, residents, staff and elected officials were in contact through various means, including e-mail correspondence and phone.

Halifax Water (HW) will continue to inform affected Fall River residents and potential future HW customers of the project, as it progresses through the construction phase. After the project is completed, HRM staff will provide information on the final LIC amounts and payment options to individual property owners.

ENVIRONMENTAL IMPLICATIONS

The project will be completed in accordance will all applicable environmental regulations.

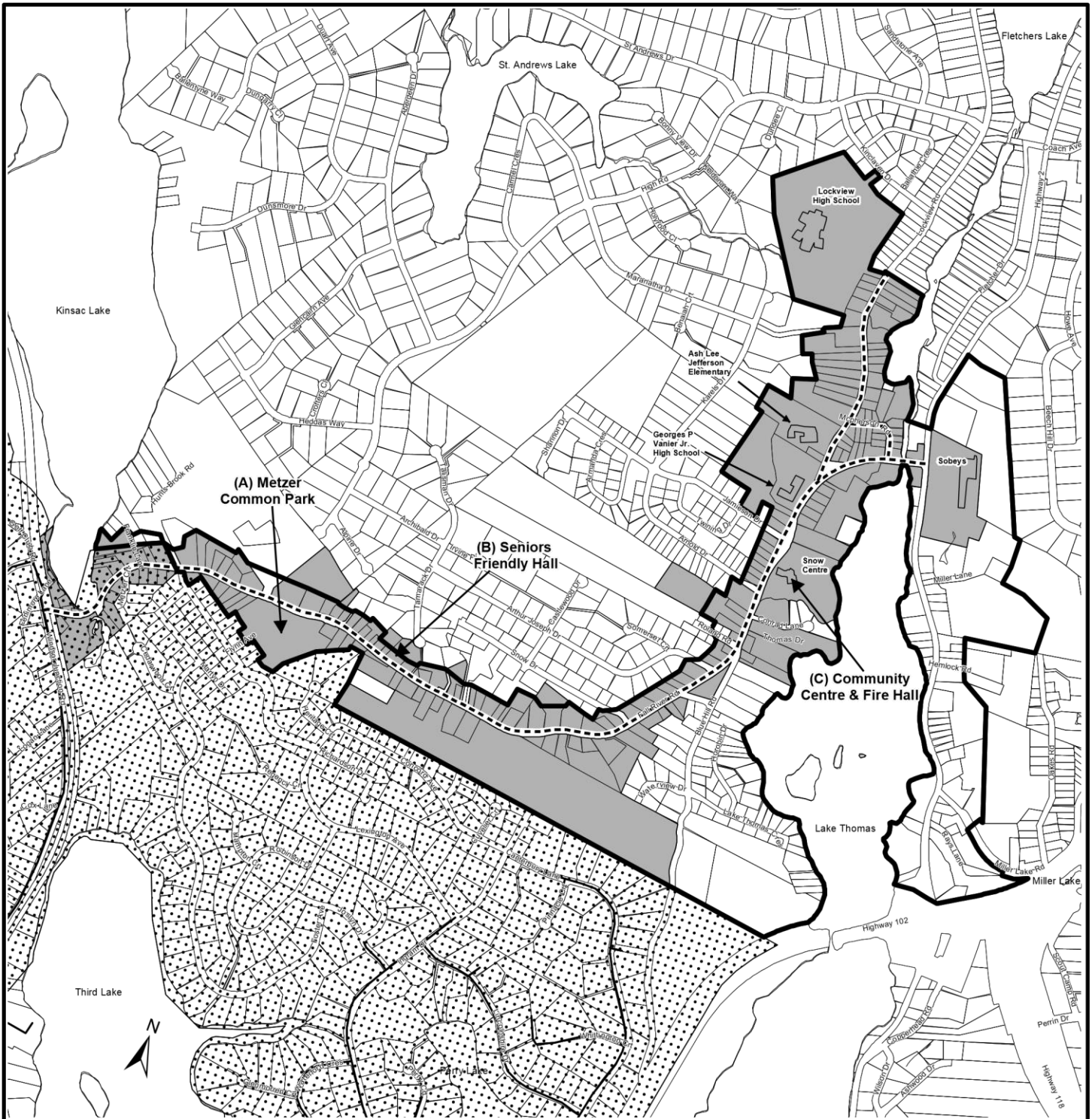
ALTERNATIVES

1. Regional Council could contribute exactly \$100,000 of municipal funds to the Fall River Water Servicing Project. This would achieve essentially the same impact on this project as the recommendation, but would not set a clear precedence for future projects.
2. Regional Council could decline to contribute municipal funds to the Fall River Water Servicing Project. This would be in line with past projects, but would not satisfy the requests of the public for greater municipal financial commitment to the project.

ATTACHMENTS






Attachment 1 - Map 1, Fall River Water Service Area with Three Municipal Properties

Report Prepared by: Andre MacNeil, Senior Financial Consultant, Finance & Asset Management, 902.490.5529



Map 1
Fall River Village Water Service Extension Proposed Scope

HALIFAX

-  Existing Water Service Area
-  Existing Water Mains
-  Water Service Area Extension
-  New Water Mains
-  Local Improvement Charge (LIC) Area



The accuracy of any representation on this plan is not guaranteed.