



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 9.1
Halifax Regional Council
June 20, 2017

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by Director
Amanda Whitewood, Director, Finance and Asset Management

DATE: June 5, 2017

SUBJECT: **Uniform Charge for Sheet Harbour Streetscape Program**

SUPPLEMENTARY INFORMATION REPORT

ORIGIN

On May 23, 2017, Regional Council approved the following motion with respect to item 14.1.6 Uniform Charge for Sheet Harbour Streetscape Program:

That this item be deferred, and that Regional Council request a supplemental report regarding the sidewalk policy and possible implications of applying the localized area rate, or having the urban general tax rate applied to the following scenarios:

- 1. Within the community civic boundary of Sheet Harbour as the area rate;*
- 2. Identifying how the 1 KM within the sidewalk village core territorial boundary within Sheet Harbour could be applied;*
- 3. Access the current multiple communities' catchment area.*

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter (HRM Charter), Subsection 96(2), "The Council may recover annually from the area the amount required or as much of that sum as the Council considers advisable to collect in any one fiscal year by an area rate of so much on the dollar on the assessed value of the taxable property or occupancy assessments in the area."

HRM Charter Subsection 96 (4), "The Council may, in lieu of levying an area rate, levy a uniform charge on each (a) taxable property assessment; (b) dwelling unit, in the area."

BACKGROUND

On June 22, 2010, Regional Council approved the implementation of a uniform charge effective with the 2010-11 fiscal year to fund the construction and on-going maintenance of the Sheet Harbour Streetscape Program. The uniform charge of \$11.84 per taxable property assessment was to be applied to all taxable residential and commercial properties within the catchment area depicted in the map attached to this report as Appendix "A". This was in response to public meetings held in Sheet Harbour beginning in 2008, where there appeared to be consensus for a uniform charge of this amount to cover a community contribution equal to 10% of the total project cost. Based on a project cost estimate at the time of \$3,434,200, the

community contribution would be \$343,420.

As the result of funding provided under the Federal Provincial Infrastructure Stimulus Fund, and funding approved by Council in the 2008-09 Capital Budget, only \$136,680 was required from the community towards construction costs. Council approved the allocation of the remainder of the community contribution, about \$208,000, towards operating and maintenance costs. Based on an estimate of \$28,000 annually for maintenance costs, it was determined that the full amount would be paid out in less than 8 years. In anticipation of the depletion of this amount, Council directed that “prior to the 2017-18 fiscal year, review the area rate to determine the level at which it should be set to provide funding for ongoing operating and maintenance costs.”

In compliance with this direction, staff returned to Council on May 23, 2017 with a recommendation to continue the uniform charge at the same amount per taxable property assessment over the same catchment area. This recommendation was based on the ongoing nature of the maintenance costs and the future need for repairs which makes it unlikely that this charge will disappear in the foreseeable future. Furthermore, the current Tax Structure approved by Council requires that sidewalks outside the Urban area must be funded from area rates or uniform charges. That is because while the Urban General Tax Rate includes funding for sidewalks, the Rural General Tax Rate does not.

Council deferred a decision on the uniform charge pending receipt of a supplementary report providing information on other alternatives to fund the ongoing operating and maintenance costs. The alternatives requested are outlined in the Origin section of this report and are discussed below.

DISCUSSION

Table 1 below provides a summary of the various uniform charge/area rate alternatives requested by Council. One alternative, a 1 km sidewalk rule, has been discussed with Council and has been used as a consideration in modifying the urban/suburban boundary. However, there is no strict 1km rule and the Urban tax boundary has always included homes that are more than 1 km from a sidewalk. The area rates and uniform charges are based on an annual operating budget of \$41,100. A breakdown of this budget amount is provided in the Financial Implications section of the May 3, 2017 report (Appendix D).

Table 1: Uniform Charges & Area Rates for Alternative Catchment Areas		
Catchment Area	Uniform Charge (per Property)	Area Rate based on assessment
Current Approved Catchment Area (Appendix “A”)	\$ 11.84	\$ 0.024
Community of Sheet Harbour only (Appendix “B”)	\$ 62.75	\$ 0.098
Properties within 1 km of the sidewalk (Appendix “C”)	\$ 86.89	\$ 0.122

As Table 1 indicates, as the size of the catchment area decreases, the uniform charges and area rates must increase significantly to offset the smaller number of properties being charged. The current uniform charge and catchment area were determined after consultation with the community in 2008. It is therefore difficult to justify why a different catchment area should now be used for maintenance costs on an on-going basis. It may be difficult to obtain a consensus from property owners within a smaller catchment area to pay a higher charge just so other property owners in the larger original catchment area no longer need to pay. Without community consensus to change the original boundary, the current catchment area appears to remain the best option as the same properties would continue to pay for maintenance, and the uniform charge would remain at \$11.84 per property.

Council requested that the impact of applying the Urban General Tax Rate to these same catchment areas be determined. The Urban General Tax Rate is designed to reflect an urban level of service including the cost of sidewalks in the urban area. In addition, the Commercial Urban Tax Rate is substantially higher as it also funds transit costs. The rate has already been set for 2017-18 and cannot be amended. Moreover, it is difficult to argue that Sheet Harbour is part of the Urban Area. If Council wishes the current tax structure for sidewalks in Sheet Harbour to be altered, it has two options that it could consider for the 2018-19 budget. First, it could general rate sidewalks across all of HRM by setting the same general tax rate in the Urban, Suburban and Rural tax boundaries for sidewalks thus effectively creating a single tax rate across the entire region. Secondly, it could create a common area rate for sidewalk costs across the entire region for properties within a set distance of a sidewalk. Neither of these options, however, may actually lower the sidewalk taxes paid by Sheet Harbour residents. In addition, both of these options have substantial implications for rural and other areas across HRM, not simply for Sheet Harbour. Either option may mean changes in the overall taxes (residential and commercial) paid by others. In addition, there may be higher expectations of extending sidewalks into rural areas. It may not be easy for the municipality to meet these expectations.

Even if it were to be classified as part of the Urban General Tax area, the taxes paid by Sheet Harbour would be higher (as "Urban") than with the current \$11.84 Sheet Harbour sidewalk tax. This is true of the residential taxes in Sheet Harbour but there would also be substantial tax increases for commercial taxpayers in Sheet Harbour. The difference between the Urban and Rural General Tax Rates is as follows for 2017-18:

	Residential	Commercial
Urban General Tax Rate	\$ 0.667	\$ 2.869
Rural General Tax Rate	\$ 0.634	\$ 2.542
Difference between Urban & Rural General Tax Rates	\$ 0.033	\$ 0.327

Table 2 shows the average annual tax increase per property based on the difference between the Urban General Tax Rate and the Rural General Tax Rate. This table also indicates the additional General Tax Rate revenue provided because of the difference between the two General Tax Rates.

Catchment Area	Average Annual Tax Increase per Property		Additional General Tax Rate Revenue		
	Residential	Commercial	Residential	Commercial	Total
Current Approved Catchment Area (Appendix "A")	\$ 16.22	\$ 284.54	\$ 54,700	\$ 27,600	\$ 82,300
Community of Sheet Harbour only (Appendix "B")	\$ 19.51	\$ 433.33	\$ 11,900	\$ 19,500	\$ 31,400
Properties within 1 km of the sidewalk (Appendix "C")	\$ 22.22	\$ 378.05	\$ 9,600	\$ 15,500	\$ 25,100

Since the general tax rates are fixed regardless of the catchment area, differences between catchment areas in the average annual tax increase per property are reflective only of differences between average assessments (Total assessment base / number of properties). The increase in average annual tax per property is higher for the community of Sheet Harbour then it is for the current approved catchment area, and higher still for properties within 1 km of the sidewalk. This would be expected as properties closer to the village centre and sidewalk would likely be higher in assessed value.

As expected, as the size of the catchment area decreases, the additional revenue from the Urban General

Tax Rate decreases. As Table 2 shows, if the Urban General Tax Rate was applied to the current approved catchment area, about \$82,000 in additional revenue would be provided which is double the revenue required to cover the annual maintenance costs of \$41,100. On the other hand, if the Urban General Tax Rate was applied only to the community of Sheet Harbour or only to properties within 1 km of the sidewalk, insufficient additional revenue would be obtained to cover the annual maintenance cost.

Now that the sidewalk and ancillary infrastructure are in place, it must be maintained and the only way to do so under the current tax structure is by means of an area rate or uniform charge. Therefore, the only aspect of the Streetscape Program which the community can realistically be consulted on is the level of service and whether the community wishes a lower or higher level of snow removal and grass cutting.

FINANCIAL IMPLICATIONS

As set out in the report dated May 3, 2017 (Appendix "D").

COMMUNITY ENGAGEMENT

There were no additional community consultations held regarding this report. Community input could be valuable relative to the level of service and whether the community wishes a lower or higher level of snow removal and grass cutting.

ATTACHMENTS

- Appendix A: Map of Current Approved Catchment Area for Sheet Harbour Streetscape Uniform Charge
- Appendix B: Map of the Community of Sheet Harbour
- Appendix C: Map of Properties within 1 KM of the Sheet Harbour Sidewalk
- Appendix D: Recommendation Report dated May 3, 2017

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.

Report Prepared by: Gordon Roussel, Senior Financial Consultant, 902.476.0118

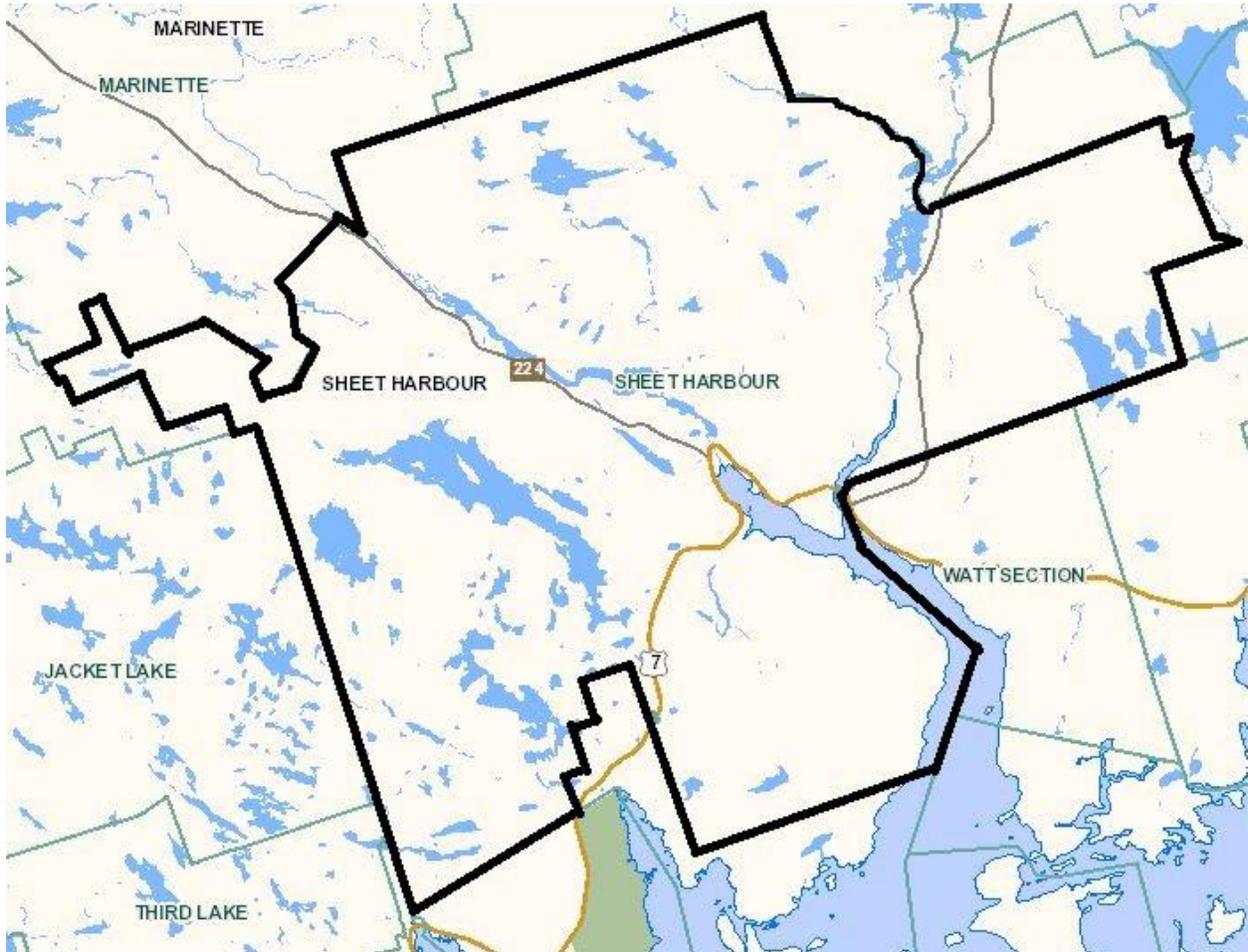
Appendix A

Current Approved Catchment Area for Sheet Harbour Streetscape Uniform Charge



Appendix B

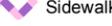
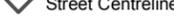
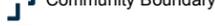
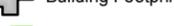
Map of Community of Sheet Harbour

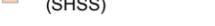


SHEET HARBOUR STREETScape PROGRAM (SHSS)

PARCEL VIEW

- 22361 Civic Number
-  Police Station
-  Fire Station
-  Hospital
-  School

-  Sidewalk
-  Street Centreline
-  Community Boundary
-  Building Footprint
-  HRM Park
-  HRM Owned Parcel
-  Federal Owned Land
-  Provincial Owned Land

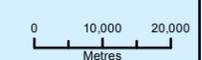
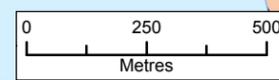
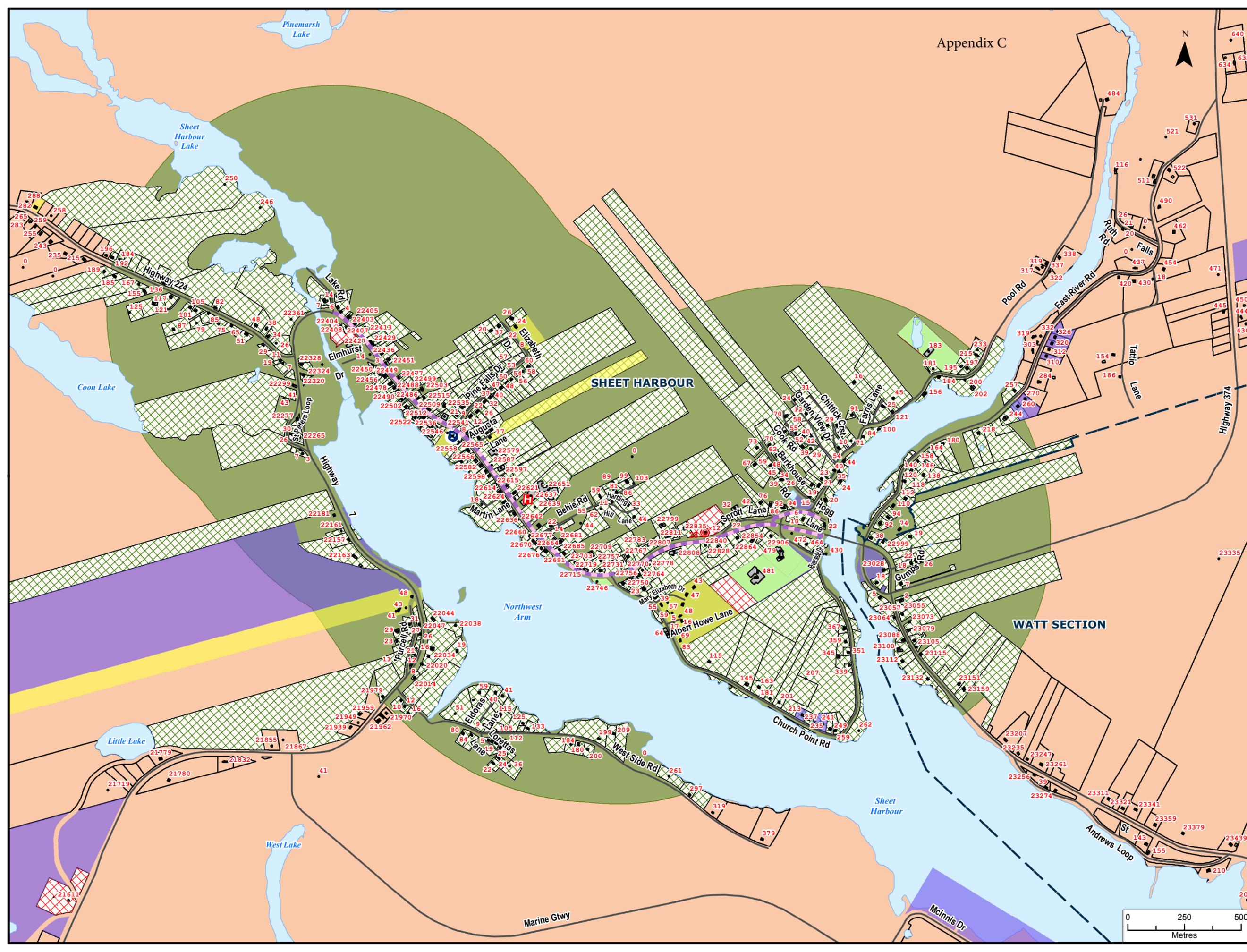
- ### Area Rate Code Boundary
-  Sheet Harbour Streetscape Program (SHSS)
 -  Sheet Harbour Sidewalk - 1km Buffer
 -  Parcel within 1km of Sheet Harbour Sidewalk. Total = 504
 -  Parcel in SHSS Area Rate Boundary. Total = 3752

This map was produced for the internal use of Halifax Regional Municipality (HRM). HRM takes no responsibility for errors or omissions.

Date of map is not indicative of date of data creation.
Revised: 25/05/2017

Projection:
ATS_1977_MTM_5_Nova_Scotia

HALIFAX INSET MAP



TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

Bruce Zvaniga, Acting Chief Administrative Officer

DATE: May 3, 2017

SUBJECT: **Uniform Charge for Sheet Harbour Streetscape Program**

ORIGIN

On June 22, 2010, Regional Council approved a new uniform charge of \$11.84 per taxable property assessment to be applied to residential and commercial properties within an area in and around Sheet Harbour to provide funding for a streetscape program in that community. As part of the approved recommendation, Council directed that "Prior to the 2017/18 fiscal year, review the area rate to determine the level at which it should be set to provide funding for ongoing operating and maintenance costs". The purpose of this report is to provide the results of that review and recommend the level at which an area rate should be set effective with the 2017/18 fiscal year.

LEGISLATIVE AUTHORITY

Halifax Charter, Section 96(2), The Council may recover annually from the area the amount required or as much of that sum as the Council considers advisable to collect in any one fiscal year by an area rate of so much on the dollar on the assessed value of the taxable property or occupancy assessments in the area. Charter section 96 (4), The Council may, in lieu of levying an area rate, levy a uniform charge on each (a) taxable property assessment; (b) dwelling unit, in the area.

RECOMMENDATION

It is recommended that Halifax Regional Council :

1. approve the 2017-18 Operating Budget for Sheet Harbour Streetscape in the amount of \$41,200 in gross expenditures and \$41,200 in uniform charge revenues;
2. approve the 2017-18 Uniform Charge for Sheet Harbour Streetscape at the rate of \$11.84 per property within the catchment area as defined in the map attached to this report as Appendix "A"; and,
3. direct the CAO to direct staff to review the budget and tax rate for Sheet Harbour Streetscape each year, based on the current service level, and return with a recommendation at or before the general tax rates are finalized for the applicable fiscal year.

BACKGROUND

Starting in 2008 the Sheet Harbour and Area Chamber of Commerce held three public meetings to discuss the Sheet Harbour Streetscape project and its funding. Notices of the meetings were distributed to all delivery addresses serviced from the post offices located in Sheet Harbour, Tangier, and Moser River (1,450 addresses) although many of the other properties (including vacant land) did not receive a notice. The first public meeting had 236 people in attendance and feedback received was favorable. The minutes for the second meeting show the 150 people in attendance were told that they would be charged an area rate of \$11.84 per property for 20 years. Feedback was reported to be very favorable. The details of these consultations were reported to Regional Council and the area rate established on June 22, 2010 (see Attachment B).

On November 24, 2009, Regional Council approved the terms of an agreement between HRM and the Sheet Harbour and Area Development Corporation to construct and maintain streetscape improvements, including sidewalks, within the right of way of Highway No. 7 as it runs through the community. A copy of the signed agreement is attached to this report (See Attachment C). Clause 10 of the Agreement states that the "Community Contribution towards capital and maintenance is to be collected through an LIC or area rates." The amount of the community's contribution was decided through the public meetings which were hosted in 2008 by the Sheet Harbour and Area Chamber of Commerce. There appeared to be support for a 10 percent community contribution towards the total cost of the project. Since the total project cost was estimated to be \$3,434,200, the community contribution would be \$343,420.

HRM expected to spend approximately \$1.91 million through the Infrastructure Stimulus Fund program for the first phase of this project with two-thirds of this amount coming from the Federal and Provincial government. Regional Council approved \$500,000 in the 2008-09 Capital Budget for this project, leaving a shortfall in HRM's one-third share of \$136,680. The \$136,680 shortfall would be funded from the community's contribution. The remainder of the community contribution, approximately \$208,000, would be used to cover maintenance costs. Based on an estimate of \$28,000 annually for maintenance costs, it was determined that the full amount would be paid out in less than 8 years. No direction was provided as to how to fund maintenance costs at the end of the eight years.

Regional Council approved a uniform charge of no more than \$11.84 per property effective with the 2010-11 fiscal year, to be applied to all taxable residential and commercial properties within the catchment area as defined in the map attached to the staff report dated June 3, 2010. A copy of the map is attached to this report as Appendix A. Regional Council also approved the use of the uniform charge to provide capital funding of \$136,680 for Phase 1 of the Sheet Harbour Streetscape Project, plus interest costs to debt finance this amount, and maintenance funding of \$208,000 to be disbursed to the Sheet Harbour and Area Development Corporation over a period not to exceed 8 years. Prior to the eighth year, which would be fiscal 2017/18, Council directed that a review of the area rate take place to determine the level at which it should be set to provide ongoing funding for maintenance costs.

The final Sheet Harbour Streetscape program included:

- 2.7km concrete sidewalk (1.5m wide)
- Decorative light standards
- Park benches including concrete pad and decorative garbage can
- Trees
- Electrical boxes for light standards
- Allen Block Walls totalling 186m, an approximate average height of 1m
- Large Block Retaining Walls totalling 45m, an approximate average height of 1.7m

Currently, sidewalk costs in the Urban core are paid for through the Urban General Tax Rate. Outside of the Urban core they are area rated. This approach is the result of a number of Council decisions on this topic, the most recent decision being at its February 12, 2013 Council meeting.

DISCUSSION

While the infrastructure associated with the Sheet Harbour Streetscape is located within the Provincial right-of-way of Highway No. 7, HRM owns the sidewalk, curbs, street lights and other infrastructure and therefore has overall responsibility for its maintenance and condition. Under the agreement with the Sheet Harbour and Area Development Corporation, this responsibility is assigned to the Corporation. The Agreement specifies that “all work is to meet, at a minimum, the Provincial Transportation and Infrastructure Renewal standard; however, where deemed by the Municipality, shall meet a higher standard as set by the Municipality. This includes standards for construction and maintenance.” As owner of the infrastructure, HRM is required to oversee the maintenance work of the Corporation, to ensure minimum standards are met. This can only be achieved by providing the Corporation with adequate funding to do so.

In fiscal 2016-17, the actual cost of maintenance for the sidewalks in Sheet Harbour was \$25,217. About \$900 of this cost was for grass cutting with the remainder for snow plowing. As of the end of fiscal 2016-17, less than \$6,600 remains from the \$208,000 approved by Council in 2010 for maintenance. This balance is insufficient to provide for maintenance costs in 2017-18. Since the Rural General Tax Rate does not include funding for sidewalks, the only remaining funding source under the current tax structure is an area tax rate (based on assessment) or uniform charge (flat charge per property).

Maintenance costs, and especially snow clearing costs, can vary widely from year to year. As the lighting and sidewalks age, there will also be an increasing requirement for repairs and tree management. As with any uniform charge, the uniform charge cannot simply be fixed but has to be reviewed each year to ensure it is still sufficient to cover all costs and that it does not generate unnecessary surpluses. Staff's opinion, however, is that the ongoing nature of the costs and the future need for repairs makes it unlikely that this charge will disappear in the foreseeable future. As required by the *Halifax Charter*, Regional Council would be asked to approve the uniform charge each year as part of the HRM Budget.

FINANCIAL IMPLICATIONS

If the recommendations in this report are approved by Regional Council, all the costs associated with the operation and maintenance of the assets built under the Sheet Harbour Streetscape Program will be covered by the uniform charge. Therefore, there will be no impact on the approved operating and capital budgets funded from the general tax rates. The uniform charge will continue into 2017-18 and can be expected to be levied in future years.

In 2017-18, the uniform charge would be applied to about 3,480 residential and commercial properties within the catchment area as shown in the map attached as Appendix A to this report. At \$11.84 per property, about \$41,200 in uniform charge revenue would be generated. For 2017-18, this revenue would be allocated as follows:

Proposed 2017-18 Operating Budget for Sheet Harbour Streetscape

Snow & Ice Clearing	\$ 24,300
Grass Cutting	900
Debt Payments for Capital	13,300
Contingency for Repairs	<u>2,700</u>
Total Budget:	<u>\$ 41,200</u>

There is limited ability to reduce the area rate due to the demands of ongoing maintenance. While the current overall asset condition is excellent, as street lights and sidewalks get older the maintenance demands tend to increase not decrease. When the current debt payments are finished after fiscal 2021-22, the tax rate will either decline or the available funds will be redirected towards capital repairs.

RISK CONSIDERATION

By continuing the uniform charge and adjusting it each year based on requirements, the risk that there will be insufficient funds to cover maintenance costs is considered low.

COMMUNITY ENGAGEMENT

There were no additional community consultations held with regard to the recommendations in this report. Community input could be valuable relative to the level of service and whether the community wishes a lower or higher level of snow removal and grass cutting.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the recommendations in this report.

ALTERNATIVES

Council could decide to:

1. Revise the catchment area over which the uniform charge is applied.
2. Replace the uniform charge with an area rate based on property assessment.
3. Implement both of the above.

Any of these options would require staff to return to Council with a revised amount for the uniform charge or the area rate. Staff does not recommend these alternatives because the current uniform charge and catchment area were determined after consultation with the community.

ATTACHMENTS

Attachment A: Current Approved Catchment Area for Sheet Harbour Streetscape Uniform Charge

Attachment B: New Area Rate for Sheet Harbour Streetscape Phase 1 (June 22, 2010)

Attachment C: Agreement – Sheet Harbour and Area Development Corporation and HRM,
January 8, 2010

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.

Report Prepared by: Gordon Roussel, Senior Financial Consultant, 902.476.0118

Attachment A

Current Approved Catchment Area for Sheet Harbour Streetscape Uniform Charge





PO Box 1749
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B3J 3A5, Canada

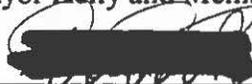
Item No. 11.1.12

Halifax Regional Council

June 22, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Mike Labrecque, DCAO - Corporate Services and Strategy

DATE: June 3, 2010

SUBJECT: New Area Rate for Sheet Harbour Streetscape Phase 1

ORIGIN

Regional Council approved \$500,000 in HRM funding in the 2008-09 Capital Budget for a streetscape project in Sheet Harbour (Capital account CDX01145). On November 24, 2009, Regional Council approved the terms of an agreement between HRM and the Sheet Harbour Development Association to construct and maintain streetscape improvements within the right of way of Highway #7 as it runs through the community. Part of the Recommendation approved by Council was to direct staff to bring forward the necessary terms for the local area charges and area rates as per the agreement for adoption by Regional Council.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Implement an Area Rate of no more than \$11.84 per property effective with the 2010-11 fiscal year, to be applied to all taxable Residential and Commercial properties within the catchment area as defined in the map attached to this report as Appendix "A".
2. Approve the use of the Area Rate to provide capital funding of \$136,680 for Phase 1 of the streetscape project, plus interest costs to debt finance this amount, and operating and maintenance funding of \$208,000 to be disbursed to the Sheet Harbour and Area Development Corporation over a period not to exceed 8 years.
3. Prior to the 2017/18 fiscal year, review the area rate to determine the level at which it should be set to provide funding for ongoing operating and maintenance costs.
4. Approve a funding swap in the amount of \$136,680 for Capital Account No. CDX01145 - Sheet Harbour Streetscape by decreasing the LIC Charges Budget and increasing the Area Rate Budget with no net change to the budget for this project; as outlined in the Budget Implications section of this report.

BACKGROUND

The Sheet Harbour Chamber of Commerce developed a plan for improvements to park and tourist features as well as a streetscape program which includes sidewalks, lighting, trees, and street furniture within the right of way of Highway #7 as it runs through the centre of the community. The streetscape improvements are the first phase of implementation and are designed to provide better safety for pedestrians and present a positive image for residents and tourists. The Chamber worked with the three levels of government and the community to develop a funding plan for the project. Details of the funding plan were provided in the staff report dated November 7, 2009.

DISCUSSION

Clause 10 of the Agreement states that the “Community Contribution towards capital and maintenance is to be collected through an LIC or area rates.” Following approval by Council of the agreement between HRM and the Sheet Harbour and Area Development Corporation, staff began developing an area rate to provide a portion of the capital and operating funding required for the project. The funding required from an area rate for these purposes is as follows:

Capital Cost:	\$ 136,680 (1)
Interest Cost to Debt Finance Capital:	\$ 60,000 (2)
Operating & Maintenance Cost:	<u>\$ 208,000 (3)</u>
Total Revenue Required from Area Rate:	<u>\$ 404,680</u>

- (1) This amount was specified in the November 7, 2009 staff report.
- (2) This amount is an estimate based on a recent debenture issue.
- (3) The Agreement and November 7, 2009 staff report did not specify an amount for operating and maintenance. This amount is based on the balance remaining after subtracting the capital amount of \$136,680 from a 10% community contribution to the overall cost of the project.

\$208,000 in operating and maintenance funds would be paid out over a 8 year period. The amount paid out each year would be based on the funds remaining from the area rate revenue collected each year after the annual debt payment has been made. This would provide approximately \$28,000 each year for 7 years for operating and maintenance costs, leaving a balance of about \$12,000 to be paid out in the eighth year. Prior to the eighth year, which would be fiscal 2017/18, a review of the area rate would be required to determine the level at which it should be set to provide ongoing funding for operating and maintenance costs.

The catchment area for the proposed area rate is based on the boundaries of the 31 communities which would have received notices of the public meetings to discuss the area rate. These communities were identified from a list provided by Canada Post of the delivery area for the post offices located in Sheet Harbour, Tangier and Moser River. A map of the catchment area formed

by those 31 communities is included as Appendix “A” of this report. There are 3,177 residential properties and 101 commercial properties within the 31 communities.

The current status of this area rate in terms of the Interim Area Rate Guidelines is as follows:

1. ***Area rates can only be used for the provision of services within the municipal mandate; services traditionally provided by the municipality.***

Section 79(1)(aa) of the Charter permits the Municipality to expend funds on “streets, culverts, retaining walls, sidewalks, curbs and gutters”. Section 83(4)(a) of the Charter permits the Municipality to “borrow money with the approval of the Minister of Transportation and Infrastructure Renewal, to improve a street that is the property of Her Majesty in right of the Province”.

2. ***Area rates are not to be used to provide different levels of a municipal service within urban and suburban areas where said service is covered by the general tax rate.***

The communities to which the area rate would be applied are entirely within the rural area of HRM.

3. ***In order for a proposed new area rate to move to the process as outlined in #4 below, it must have the support of the area's Councillor(s).***

The catchment area for this area rate falls entirely within District 1. Councillor Streach has indicated that he supports an area rate to provide funding for this project.

4. ***Proposals for new area rates must be advertised publicly, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged. A public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness.***

The Sheet Harbour and Area Chamber of Commerce held three public meetings to discuss this project and the funding for it. Notices of the meetings were distributed to all delivery addresses serviced from the post offices located in Sheet Harbour, Tangier, and Moser River.

Approximately 1,450 addresses are serviced from these post offices. This is considerably less than the 3,278 residential and commercial property accounts identified in the area. This discrepancy is mostly attributable to vacant land.

The first public meeting was held on February 8, 2008 to present a concept plan developed by Ekistics Planning and Design. 236 people were in attendance and feedback received was favorable. A follow-up meeting open to the general public was held on June 24, 2008 to discuss how the community would contribute 10% of the cost of the project. A copy of the notice for that meeting is included as Appendix B to this report. Property owners and businesses abutting

Highway #7 between Falls Bridge and East River Bridge were invited to a meeting on June 18, 2009 to discuss what they might expect with regard to possible intrusions and disruptions on their properties. A copy of the meeting notice is included as Appendix C to this report.

Staff have reviewed the minutes taken at the June 24, 2008 meeting and can confirm that the method of collecting the community contribution was discussed. The 150 people in attendance were told that they would be charged an area rate of \$11.84 per property for 20 years. Feedback to the area rate from those in attendance was reported to be very favorable. This rate was determined from the following information provided at the meeting:

Total Estimated Project Cost:	\$ 3,434,200
10% Community Contribution:	\$ 343,420
Number of Properties:	1,450
Total Contribution per Property:	\$ 236.84
Area Rate required for 20 Years:	\$ 11.84

The community contribution of \$343,420 approximately equals the \$136,680 in capital funding and \$208,000 for operating and maintenance referred to earlier in this report. However, it did not include the borrowing cost for the \$136,680 in capital funding which staff has estimated to be about \$60,000 over 20 years.

Another issue with the area rate calculation is that the number of properties that would be paying it was based on the total number of delivery addresses as supplied by Canada Post for three post offices in the area. While there are 1,450 Canada Post delivery addresses in the proposed catchment area, 3,278 residential and commercial property accounts were identified. HRM's tax billing system does not have the capacity to bill based on whether or not a property has a local delivery address.

While including borrowing costs significantly increases the total funding which must be raised from the area rate, billing 3,278 instead of 1,450 properties more than offsets any need to increase the amount of the area rate over the \$11.84 amount stated to the community. In fact, were it not for the requirement to review the level of the area rate prior to 2017/18 for ongoing maintenance and operating costs, the area rate would only be required for 11 instead of 20 years.

- 5. With the concurrence of the Councillor, the request is forwarded to the Community Council for review and a recommendation to Halifax Regional Council. Where a Community Council does not exist, the request will go directly to Halifax Regional Council.***

Since Regional Council has already approved the use of an area rate to provide part of the

funding for this project, it is not necessary or appropriate in this case to seek Community Council approval before proceeding to Regional Council.

6. *Any proposed new area rates recommended by a Community Council (or, in the absence of a Community Council, the Councillor for the area) will be submitted to Halifax Regional Council through a staff report with a recommendation from the Chief Administrative Officer. The staff report will identify the implications to the Municipality along with the results of any public meeting.*

The purpose of this report is to provide Regional Council with the necessary information required to decide whether to proceed with the area rate as recommended in this report. The implications to the Municipality are identified under the Budget Implications section which follows.

7. *Halifax Regional Council is responsible for approving all area rates.*

BUDGET IMPLICATIONS

Regional Council previously approved \$500,000 in HRM funding in the 2008-09 Capital Budget for a streetscape project in Sheet Harbour (Capital account CDX01145). The area rate is intended to provide a community contribution to the project. Since it was anticipated that the communities contribution would be entirely from local improvement charges (LICs), the Recommendation includes a change to the project budget to acknowledge that \$136,680 of that contribution will be from an area rate rather than a LIC. This change does not affect the net budget for the project.

The area rate will be sufficient to cover the principle and interest payments for the \$136,680 in capital costs, as well as the annual operating and maintenance costs. Therefore, there is no net impact on the Operating and Capital Budget for 2010-11 resulting from this report.

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.

COMMUNITY ENGAGEMENT

Details of the public consultation process are provided under Interim Area Rate Guideline #4 in the Discussion section of this report. Staff are satisfied that the community was sufficiently informed of the intent of this area rate, and was given adequate opportunity to provide feedback.

ALTERNATIVES

Council could decide to (1) amend the catchment area for the area rate, (2) change the amount of the rate itself, and/or (3) base the area rate on assessment rather than a flat dollar amount per property as proposed in this report.

ATTACHMENTS

Appendix A: Map of Catchment Area for Sheet Harbour Streetscape Phase 1 Area Rate

Appendix B: Notice of Public Meeting held June 24, 2008

Appendix C: Notice of Public Meeting held June 18, 2009

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Gordon Roussel, Financial Consultant, Finance 490-6468

ORIGINAL SIGNED

Report Approved by:

Paul Fleming, Manager, Budget & Financial Analysis 490-7203

ORIGINAL SIGNED

Financial Approval by:

Cathie O'Toole, CGA, Director of Finance, 490-6308



Appendix B

Sheet Harbour & Area Chamber of Commerce

Tom McInnis, President

NOTICE OF PUBLIC MEETING

Dear Resident,

**Re: June 24th – 7:00 PM Lion’s Centre – Public Meeting
Mainstreet/Streetscape - Falls Bridge to East River Bridge
Cost to Property Owners**

For the past two years the Sheet Harbour & Area Chamber of Commerce, in conjunction with the public, have researched and planned a number of developments associated with our main street in Sheet Harbour and the Falls water course and adjacent lands.

Ekistics Planning & Design following a request for proposals was selected to research, plan and design a Master Conceptual Plan for the main street and water front.

At a town hall meeting February 2, 2008, 236 individuals saw the proposal and unanimously agreed that the Mainstreet/Streetscape should be Phase I and should therefore be pursued first.

Due to the fact that there is a requirement to have the communities pay ten (10%) percent of the capital cost of Phase I, it is important that we hear from you in this proposed public forum scheduled for Tuesday, June 24, 2008 at 7:00 PM at the Lion’s Centre in Sheet Harbour.

There will be a brief presentation followed by an open discussion.

PLEASE MAKE EVERY EFFORT TO ATTEND.

Appendix C

Sheet Harbour & Area Chamber of Commerce

Tom McInnis, President



Dear Resident,

Re: June 18th – 7:00 PM Lion's Centre – Meeting for Businesses & Resident's- Who Own Property #7 Highway, between Falls Bridge - East River Bridge – Proposed Sidewalks

For the past two years the Sheet Harbour & Area Chamber of Commerce have been working on several projects. One such project is the Mainstreet/Streetscape – Waterfront Development. The Chamber retained the services of Ekistics Planning & Design to prepare a Master Conceptual Plan of various possible developments.

The plan was presented to the public on February 2, 2008 where 236 residents were in attendance. The plan includes seven phases in total. When asked as to their top priority, the unanimous choice was the Mainstreet/Streetscape project for a number of reasons.

The Chamber believes it now important to hear from the community again.

The first meeting will be with the business owners and residents between the bridges who actually are located on the #7 Highway. We will discuss to the extent possible what intrusion might occur to your frontal property and possible disruption. We will explain what the project actually is and what it may include.

It is important that we have your input and that you hear from the Chamber.

Hopefully, we will see you next Wednesday at 7:00 PM at the Lion's Centre.

Sincerely,

Tom McInnis

AGREEMENT

Between the

**Sheet Harbour and Area Development Corporation
(‘the Corporation’)**

and the

**Halifax Regional Municipality
(‘the Municipality’)**

APPROVED
AS TO FORM
Original Signed
Municipal Solicitor

Hereinafter collectively called ‘the parties’.

WHEREAS the Corporation has developed a master plan for improvements in the community of the Sheet Harbour including construction of sidewalks and streetscape improvements along a section of Highway 7;

AND WHEREAS Halifax Regional Council has approved an upset amount of \$500,000 toward the construction of the streetscape improvements project should sufficient cost sharing from other partners come forward;

AND WHEREAS the Corporation and the Municipality wish to work jointly with respect to these improvements as outlined in Attachment A;

IN CONSIDERATION of the mutual covenants and conditions hereinafter contained, the parties agree as follows:

1. The parties will work cooperatively in respect of the streetscape improvements to the Sheet Harbour section of Highway 7, outlined in Attachment A. The project will generally include repaving, new sidewalks, improvements to storm water management, lighting and streetscape amenities contained in the Ekistics report entitled Sheet Harbour Waterfront Master Plan.
2. The Municipality shall own the sidewalk, curbs, street trees, street lights, and street furniture.
3. The Corporation shall certify to the municipality that all standards and specifications have been met for the works.
4. Upon completion of the works, the Corporation shall assume responsibility for the maintenance of the streetscape improvements including, but not limited to, cost, litter cleanup, sweeping, snow clearing, periodic painting, life cycle maintenance and replacement.
5. The Municipality agrees to conduct periodic scheduled assessment of their owned assets

and provide that information to the Corporation for whatever purpose is deemed necessary.

6. All work is to meet, at a minimum, the Provincial Transportation and Infrastructure Renewal standard, however, where deemed by the Municipality, shall meet a higher standard as set by the Municipality. This includes standards for construction and maintenance
7. The Corporation shall carry insurance and name the Municipality as saved harmless from its actions.
8. The Corporation shall be responsible for assembling and administering the funds for the project.
9. The Corporation shall be responsible to facilitate the community's agreement for capital and charges associated with the community's share.
10. The Community Contribution towards capital and maintenance is to be collected through an LIC or area rates.
11. Any cost overruns shall be the responsibility of the Corporation, which may use presently announced Federal/Provincial/Municipal Stimulus funds with the municipal share being covered from the LIC or area rates.
12. The Municipality agrees to "front end" the community's portion of capital funding to be collected over a twenty year period. The Community Capital contribution shall include the principal and interest of the capital amount.
13. The Corporation shall endeavor to minimize costs associated with the capital and maintenance works and shall apply for any applicable tax and or HST rebates. All savings are to be applied to the works as outlined in this agreement.
14. The project shall not proceed beyond detailed design unless the project is fully funded in accordance with cost estimates developed as part of the detailed design process.
15. The parties agree to form a working committee to develop and oversee the work through design development, detailed design, tendering and construction.
16. The Corporation shall employ a project manager with responsibilities for day to day administration of the project, project team, consultants and contractors.
17. The Municipality shall have approval on all detail design, and construction components of the project.
18. Upon successful completion of the detailed design phase and approval of the parties, the Corporation will secure the necessary approvals from the Province for the improvements

to be located within the ROW and for the work to be carried out in accordance with appropriate PNS standards.

19. Any cost requirements for additional property or easements shall be appropriated to the project. Any additions to the right-of way shall be in the name of the Province of Nova Scotia.
 20. The Corporation shall be responsible for contracting project work, by competitive process suitable to the Municipality, with technical assistance from HRM staff and others (i.e. the Province). Such work shall only be awarded and contracted with the approval of the Municipality. The parties may jointly determine to phase or scale the project to reflect available funds. No tender award for construction shall be made without full funding reflective of tendering prices and applicable HST.
 21. Any changes ordered after work is contracted, whether resulting in additional costs or not, shall be by agreement of the parties. Should such changes not be agreed to mutually, the Municipality, as the owner, shall have the final decision. It is understood that where additional work is required by the Province of Nova Scotia to meet its need to pave or improve the vehicular travel way it will be responsible for funding any additional costs associated with such changes.
 22. Failure to secure the necessary funding and commence construction within nineteen months of this agreement being signed shall require an extension of the agreement by all parties. If any or all of the parties does not agree to an extension, this agreement shall become null and void.
 23. This agreement may be terminated by either party upon providing four (4) weeks written notice.
 24. Construction signage on the joint project site shall acknowledge the contributions of all parties involved.
 25. To facilitate the administration of this Agreement, the contact person at HRM shall be Wayne Anstey, Deputy CAO, HRM and the contact person at the Corporation shall be Wayne Malay, President.
-

Agreed to this 8th day of January, 2010 2009

Halifax Regional Municipality
per

Sheet Harbour and Area Development Corporation
per

~~Mayor~~

Original Signed

President

Peter Kelly

[Signature]

Wayne Malay *[Signature]*

Original Signed
Witness

Original Signed

A. Clerk

Original Signed

Treasurer B Jack Mar

Attachment 'A'

Original Signed

[Signature]
Witness

Construction of new concrete curb and gutters, new concrete sidewalks, (one side only), Mainstreet- Streetscape to include street furniture, street lighting, trees along trunk number 7 highway at Sheet Harbour from the Falls Bridge at West River to the East River Bridge, a distance of approximately 2.7kms.