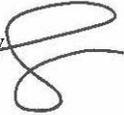


HALIFAX

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Item No. 3.1
Budget Committee
July 19, 2019

TO: Chair and Members of Budget Committee
(Standing Committee of the Whole on Budget)

Original Signed by 

SUBMITTED BY:

Jane Fraser, Director of Finance, Asset Management & ICT/CFO

Original Signed

Chief Stuebing, Acting Chief Administrative Officer

DATE: July 10, 2019

SUBJECT: 2019/20 Supplemental Gas Tax Funding

ORIGIN

"Because many municipalities across Canada continue to face serious infrastructure deficits, Budget 2019 proposes a one-time transfer of \$2.2 billion through the federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities. This will double the Government of Canada's commitment to municipalities in 2018–19 and will provide much needed infrastructure funds for communities of all sizes, all across the country." – Infrastructure Canada

LEGISLATIVE AUTHORITY

Pursuant to the Halifax Charter, section 35(1), the Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that Budget Committee recommend Halifax Regional Council direct the CAO to allocate the 2019/20 supplemental Gas Tax amount to fund the capital projects totalling a maximum of \$26,551,460, as selected by the Budget Committee from Attachment A of this report, in the appropriate budget year as indicated.

BACKGROUND

The Gas Tax Fund is a permanent annual funding source under the federal government's Investing in Canada Plan. Supporting approximately 3,600 Canadian communities, funding allocations within the program are determined by the municipalities based on how their prioritized infrastructure needs fall within 18 different project categories.

A one-time supplemental funding allocation, resulting in a doubling of the 2018/19 amount, was announced in March 2019.

DISCUSSION

The annual capital budget is funded by various sources, regularly including: annual municipal tax revenues (capital-from-operating), reserves, debt, annual federal Gas Tax Fund, other federal infrastructure programs (such as PTIF-Public Transit Infrastructure Fund, Green Infrastructure Fund, etc.), various one-time cost sharing agreements, and to a lesser degree area rates, local improvement charges and pavement impact charges.

Within the previous seven-year period, capital-from-operating and Gas Tax funds have accounted for an average of 50% of the total annual capital budget. Due to the significant and stable long-term nature with a broad scope for application of these funding sources, staff recommend that these sources are used to first fund Asset Renewal projects. This is supported by the defined requirements of the federal Gas Tax Fund: "provides predictable, long-term funding for communities...to help build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities."

Other sources which have the potential to fluctuate and have a more short-term nature with narrow scope and unpredictable availability would be recommended to generally fund Growth projects. The defined eight-year term of the PTIF federal program supports this approach in its definition to build new urban transit networks and service extensions.

In March 2019, the federal government announced a one-time supplemental Gas Tax Fund allocation across Canadian municipalities. For Halifax, this amounts to \$26,551,460. Although the funds transfer has not yet occurred, the municipality is able to proceed with determining how it will allocate these funds across capital priorities. Gas Tax funds can be allocated to the majority of HRM's capital projects with few exceptions, such as land acquisitions for example; eligibility guidelines of the Gas Tax Fund are included in Attachment B of this report.

Staff reviewed projects from the existing prioritized capital plan portfolio against the following criteria to determine the recommended list in Attachment A of this report for Budget Committee:

- Projects not currently funded;
- Projects not eligible for funding under other federal programs (Gas Tax funding can not be combined with other federal funding programs in a single project);
- Projects with a high Capacity to Deliver rating, indicating that work should be ready to deliver in the indicated timelines;
- Projects that were on the list for year 2 and 3 of the 2019/20 capital budget.

Additional potential projects which were considered, yet determined to not be included in the recommended list, based on the projects currently being explored for funding contributions under other programs, include:

- MacDonald Bridge Bikeway – Halifax Side Connection
- Pinecrest and Brule Street Local Street Bikeway
- Graves-Oakley Memorial Park Fieldhouse
- Sheet Harbour Recreation Centre / Eastern Shore Lifestyle Facility

As a result of the review, staff compiled a recommended list of 19 projects totalling \$49,290,000, which is presented in Attachment A to this report, from which Budget Committee may select. The listing additionally includes the projects' prioritized order for each Business Unit.

FINANCIAL IMPLICATIONS

The Gas Tax Funding agreement requires that funds received must be kept and tracked separately. Federal funding allocations, received annually in November and March, are placed in Q626 – Gas Tax Reserve. Once infrastructure projects are approved for this funding source, withdrawals are made from the reserve against project expenditures and reported annually to Infrastructure Canada. As part of the program requirements, HRM staff erect signage indicating federal funding support for the project.

The capital projects selected by the Budget Committee from Attachment A of this report, totalling an amount less than, or equal to \$26,551,460, are to be funded by Q626 – Gas Tax Reserve and included in the capital budget of the respective year indicated. If projects are indicated to occur in the current fiscal year, Council's approval will result in an unbudgeted increase to the 2019/20 gross capital budget but no change to the net capital budget as a result of the increase being funded by an equal unbudgeted withdrawal amount from the Q626 – Gas Tax Reserve account.

Any associated Operating Costs of Capital (OCC) budget required as a result of the infrastructure investment will be included in the operating budget for the fiscal year indicated by the project budget details.

RISK CONSIDERATION

Risk is now formally evaluated for each capital project annually, as part of the capital prioritization framework.

COMMUNITY ENGAGEMENT

Halifax Regional Council meetings are open to public attendance, and a live webcast is provided of the meeting. The agenda, reports, minutes, and meeting video are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Environmental implications will be formally evaluated for each capital project individually beginning in 2019/20, as part of the capital prioritization framework.

ALTERNATIVES

1. Budget Committee can recommend alternate capital projects from the prioritized capital plan list to be funded by the 2019/20 \$26.6M supplemental Gas Tax Fund allocation, dependent on program eligibility.
2. Budget Committee could defer recommending any capital projects for funding using supplemental gas tax funding until such time as the three year capital plan is presented for debate in late Fall 2019.
3. Budget Committee could direct the CAO to further shorten the projects' list and return to Committee with a recommendation which presents an amount less than, or equal to the \$26,551,460 funding available.

ATTACHMENTS

Attachment A – Proposed 2019/20 Supplemental Gas Tax Fund – List of Proposed Capital Projects

Attachment B – Gas Tax Fund Eligibility Guidelines

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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Attachment A - 2019/20 Supplemental Gas Tax Fund - List of Proposed Capital Projects

Business Unit	Business Unit Priority	Project Name	Planned Start Date	Planned End Date	Estimated Total Project Cost	Estimated Total Project OCC	General Project Location	Additional Project Details
Halifax Fire & Emergency Services	1	Emergency generators	Q2/2019	Q4/2019	1,500,000	-	Multiple locations	This would provide for 10 emergency generators in comfort centers all across HRM
Halifax Transit	1	West Bedford Park & Ride	Q3/2019	Q3/2020	3,500,000	40,000	West Bedford	Construction of bus platform with Park & Ride. MFTP implementation to this area in November 2019; routes will exist and circle the block, the creation of a Park & Ride will create an anchor and increase ridership to these new routes.
Halifax Transit	2	Conventional Bus Replacement	Q4/2018	Q3/2019	6,160,000	-	Multiple locations	The replacement buses for 2018/19 assumed 40% external funding, which has not been secured. The buses will be arriving in summer 2019.
Parks & Recreation	1	Halifax Commons Pool Replacement	Q2/2020	Q2/2022	15,000,000	-	Halifax Common	Replacement for current pool which is at end of it's asset life.
Parks & Recreation	2	Tremont Plateau Ball Park	Q2/2020	Q3/2020	500,000	30,000	Rockingham	New lights.
Parks & Recreation	3	Harbour East All-Weather Field	Q2/2021	Q3/2021	3,500,000	-	Harbour East All-Weather Field	Replacement of the all-weather turf and pathway paving, players benches/shelters/fence between field/bleachers/2 new scoreboards.
Parks & Recreation	4	Mainland Common Ball Field Upgrades	Q2/2020	Q3/2020	2,000,000	60,000	Mainland Common	Convert to an accessible field with all-weather turf and new LED lights.
Parks & Recreation	5	Splash Pads Installation	Q1/2021	Q2/2023	1,500,000	-	Dartmouth Common, BLT, Eastern Passage Common	Install three new splash pads.
Parks & Recreation	6	Off-Leash Dog Park - Don Bayer Park	Q1/2021	Q3/2021	800,000	105,000	Burnside	Creating specialized space to support safety and environmental priorities.
Parks & Recreation	7	Accessibility Installations on Beaches	Q2/2020	Q2/2020	100,000	-	Chocolate Lake, Kearney Lake Beach, Oakfield Provincial Park, Williams Lake Beach	Site preparation for, and implementation of accessible features and equipment.
Parks & Recreation	8	Dartmouth North Community Centre Project	Q1/2022	Q3/2023	2,750,000	-	Dartmouth North	Updated building layout to incorporate crime prevention through environmental design; updated interior finishes, electrical and mechanical systems.
Parks & Recreation	9	Kiwanis Park Washroom (Grahams Grove)	Q2/2021	Q3/2022	1,300,000	-	Lake Banook - Grahams Corner	New building and washrooms.
Parks & Recreation	10	Point Pleasant Park Upgrades - Eastern Shoreline/ Bonaventure Anchor	Q1/2023	Q3/2023	1,500,000	-	Point Pleasant Park	Phase one of three-phase upgrades - shoreline stabilization improvements.
Parks & Recreation	11	Point Pleasant Park Upgrades - Eastern Shoreline/ Point Pleasant Battery	Q2/2024	Q3/2024	1,500,000	-	Point Pleasant Park	Phase two of three-phase upgrades - shoreline stabilization improvements.
Parks & Recreation	12	Point Pleasant Park Upgrades - Eastern Shoreline/ Sailors Memorial	Q1/2025	Q3/2025	1,500,000	-	Point Pleasant Park	Phase three of three-phase upgrades - shoreline stabilization improvements.

Business Unit	Business Unit Priority	Project Name	Planned Start Date	Planned End Date	Estimated Total Project Cost	Estimated Total Project OCC	General Project Location	Additional Project Details
Transportation & Public Works	1	Road Safety Improvements	Q1/2021	Q3/2023	500,000	-	Multiple locations	Road safety improvements at HRM's top 10 collision intersections. Safety reviews are currently underway to determine recommended improvements. \$500k represents an initial estimate to get the improvement program started
Transportation & Public Works	2	Dutch Village Road Complete Street	Q1/2021	Q3/2024	2,280,000	17,000	Fairview	Protected bike lanes, new sidewalk, complete street design and modernization of the cross section.
Transportation & Public Works	3	Bus Stop Sidewalk Accessibility	Q1/2020	Q3/2023	1,000,000	4,000	Multiple locations	To complement MFTP implementation, targeted improvement to sidewalk connections for reconfigured routes to complete an accessible system.
Transportation & Public Works	4	New Paving HRM Gravel Roads	Q1/2020	Q3/2022	2,400,000	5,000	Multiple locations	Recover investment in paving HRM owned and maintained gravel roads as this program was reduced in order to balance the 2019/20 capital budget.

Total Proposed Projects 49,290,000 261,000

Note: The fiscal quarter is an estimate, as the actual timeline for when the projects could start would be dependent on a number of readiness factors which will be addressed during project planning.

Attachment B – Gas Tax Fund (GTF) Eligibility Guidelines

What are the eligible GTF project categories?

Eligible projects include investments in infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. **Local roads and bridges** – roads, bridges and active transportation infrastructure (active transportation refers to investments that support active methods of travel; this can include cycling lanes and paths, sidewalks, and hiking and walking trails)
2. **Highways** – highway infrastructure
3. **Short-sea shipping** – infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean
4. **Short-line rail** – railway-related infrastructure for carriage of passengers or freight
5. **Regional and local airports** – airport-related infrastructure (excludes the National Airport System)
6. **Broadband connectivity** – infrastructure that provides internet access to residents, businesses, and/or institutions in communities
7. **Public transit** – infrastructure that supports a shared passenger transport system which is available for public use
8. **Drinking water** – infrastructure that supports drinking water conservation, collection, treatment and distribution systems
9. **Wastewater** – infrastructure that supports wastewater and storm water collection, treatment and management systems
10. **Solid waste** – infrastructure that supports solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage
11. **Community energy systems** – infrastructure that generates or increases the efficient usage of energy
12. **Brownfield redevelopment** – remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes: o the construction of public infrastructure as identified in the context of any other category under the GTF, and/or; the construction of municipal-use public parks and publicly-owned social housing
13. **Sport infrastructure** – amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams, e.g. Junior A)
14. **Recreational infrastructure** – recreational facilities or networks
15. **Cultural infrastructure** – infrastructure that supports arts, humanities and heritage
16. **Tourism infrastructure** – infrastructure that attract travelers for recreation, leisure, business or other purposes
17. **Disaster mitigation** – infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters
18. **Capacity building** – includes investments related to strengthening the ability of municipalities to develop long-term planning practices

Please Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

What types of project costs are NOT eligible under the GTF?

The following are ineligible GTF costs:

- Routine repairs and maintenance (however, upgrades to infrastructure are considered eligible)
- Land purchases
- Legal fees
- Leasing of equipment (with some exceptions)
- Staff salaries (with some exceptions)