



2016/17 Annual Report Overview

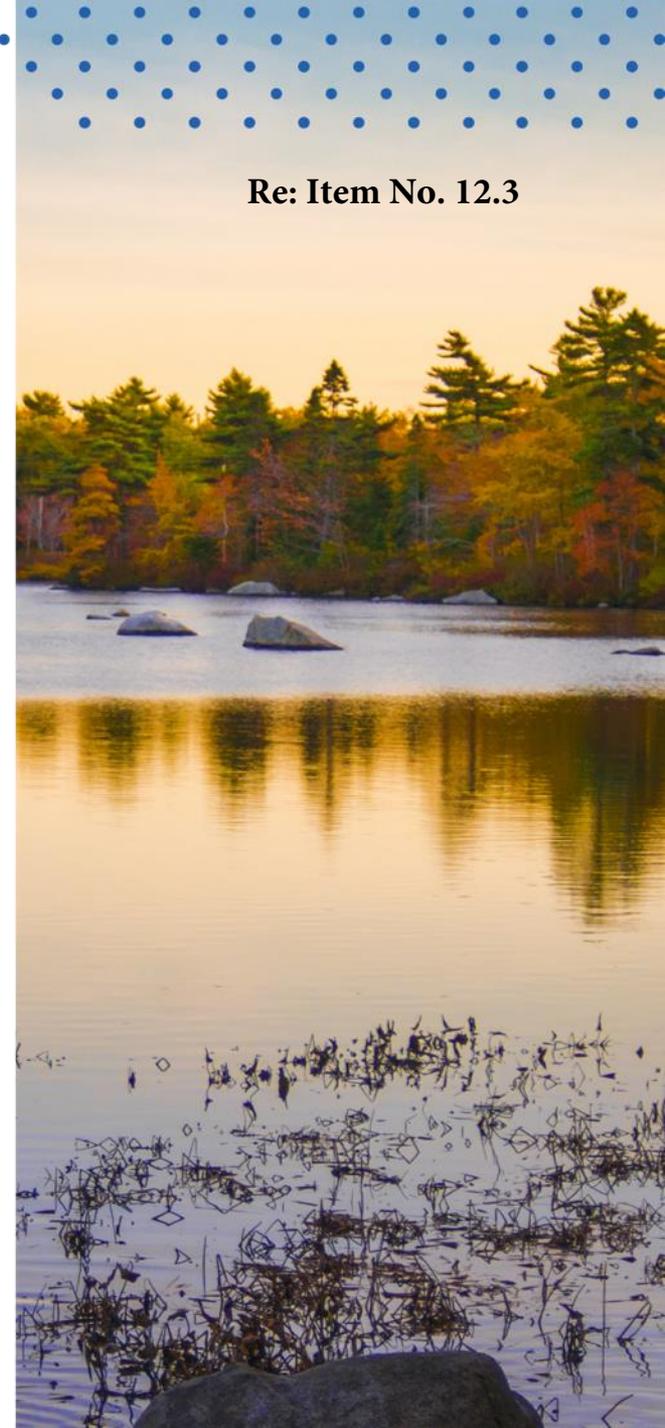
Presentation to HRM Council

Carl Yates, General Manager

December 12, 2017

**STRAIGHT from
the SOURCE**

Re: Item No. 12.3



Halifax Water Board

Ray Ritcey, Chair

Councillor Russell Walker, Vice Chair

Councillor Lorelei Nichol

Councillor Lisa Blackburn

Councillor Steve Streach

Darlene Fenton

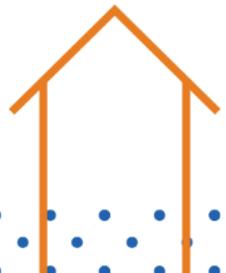
Craig MacMullin

Jacques Dubé



Context

- **2017 marks the tenth anniversary for Halifax Water as a “One Water” utility [responsibility from source to tap and back to the source again]**
- **2007 Transfer of Wastewater and Stormwater Assets from HRM was based on recognition that the services were underfunded, out of compliance with regulations, and not aligned with cost causation principles**



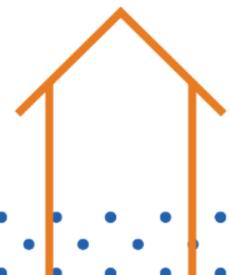
A Decade of Progress

- **By next year, all wastewater treatment facilities will be in compliance with regulations [completion of Aerotech WWTF in spring 2019].**
- **Formal Cost of Service Manual in place [last revision in 2017] with all rate structures aligned with cost causation principles.**
- **Depreciation schedules set up for wastewater and stormwater assets [basis of capital funds for asset renewal] .**
- **Regional Development Charge in place [Growth pays for Growth].**
- **Water service investments kept pace [guided by NSERC Industrial Research Chair through Dalhousie University].**
- **Consistent high customer satisfaction [annual surveys through CRA].**
- **Utility is not there yet in terms of sustainability; significant gaps in infrastructure funding [particularly for wastewater assets].**



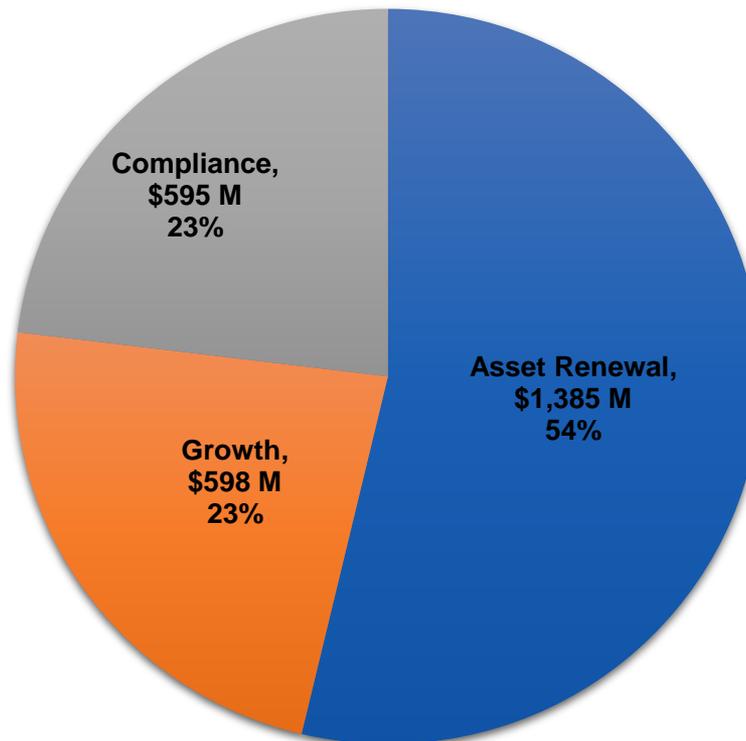
Path to Sustainability

- **As a regulated utility, Halifax Water must recover its capital and operating costs in conformance with the Public Utilities Act of Nova Scotia.**
- **Halifax Water must renew aging water and wastewater infrastructure, achieve compliance with regulations and facilitate growth.**
- **The 2012 Integrated Resource Plan indicated investments over 30 years in the order of \$2.6 Billion [net present value].**



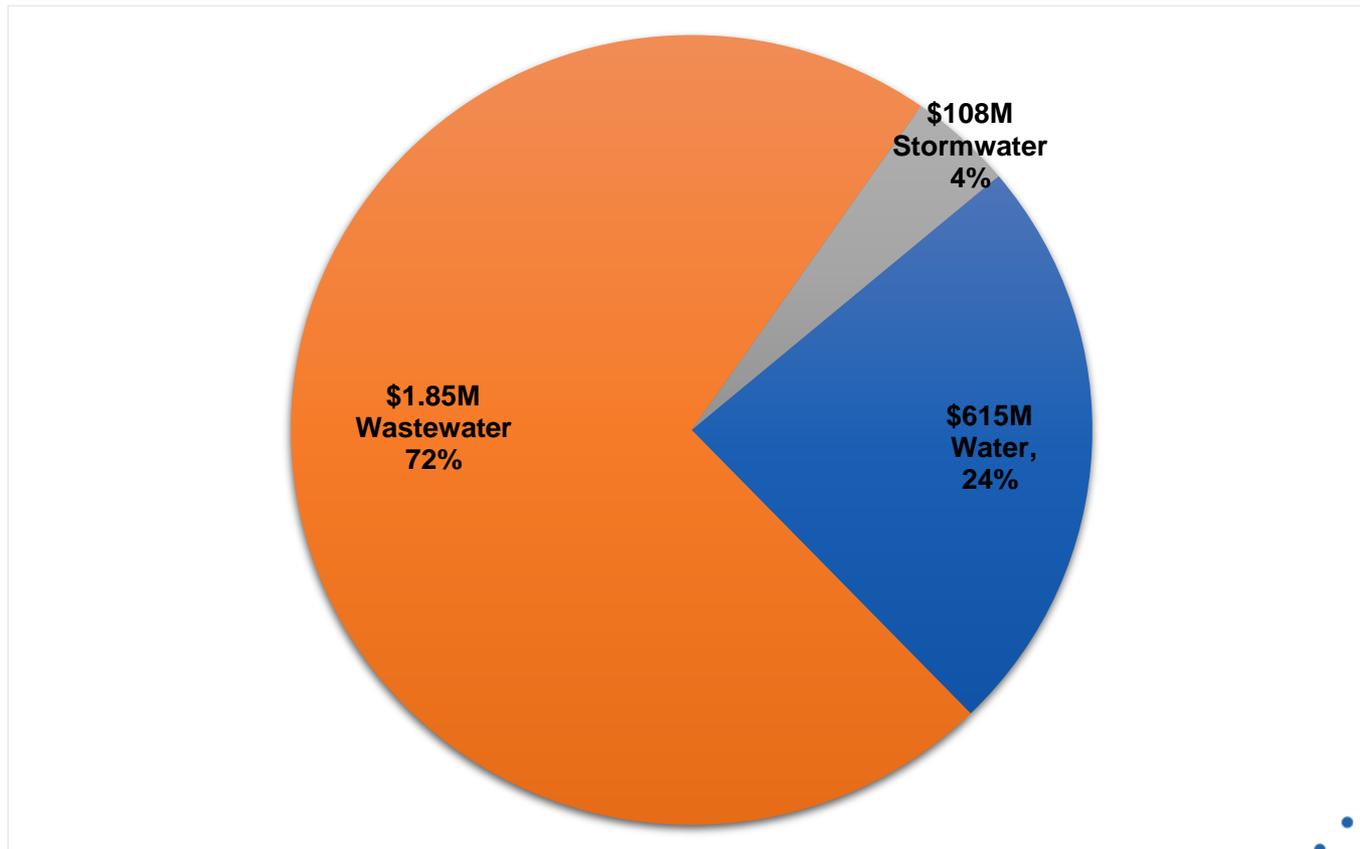
2012 Integrated Resource Plan Total \$2,579 Million [30-Year NPV]

- IRP 30-year Project Driver Allocation



2012 Integrated Resource Plan Total \$2,579 Million [30-Year NPV]

- IRP 30-year Asset Category Allocation



Major Initiatives in 2016/17

- **Aerotech Wastewater Treatment Facility Upgrade and Expansion [\$21 Million]**
- **MacDonald Bridge Main Replacement [\$7.5 Million]**
- **Advanced Metering Infrastructure Upgrade [\$25 Million]**
- **Implementation of Operations Maintenance Management System in partnership with HRM [CityWorks]**



Major Initiatives in 2016/17

- Revised Lead Service Line Replacement Program
- Application to NSUARB for Revised Stormwater Rate Structure [Incentives to Reduce Peak Flow and Tiered Rates for Residential Customers; Rates Decreased]
- Response to summer drought [lowest level recorded at Lake Major]

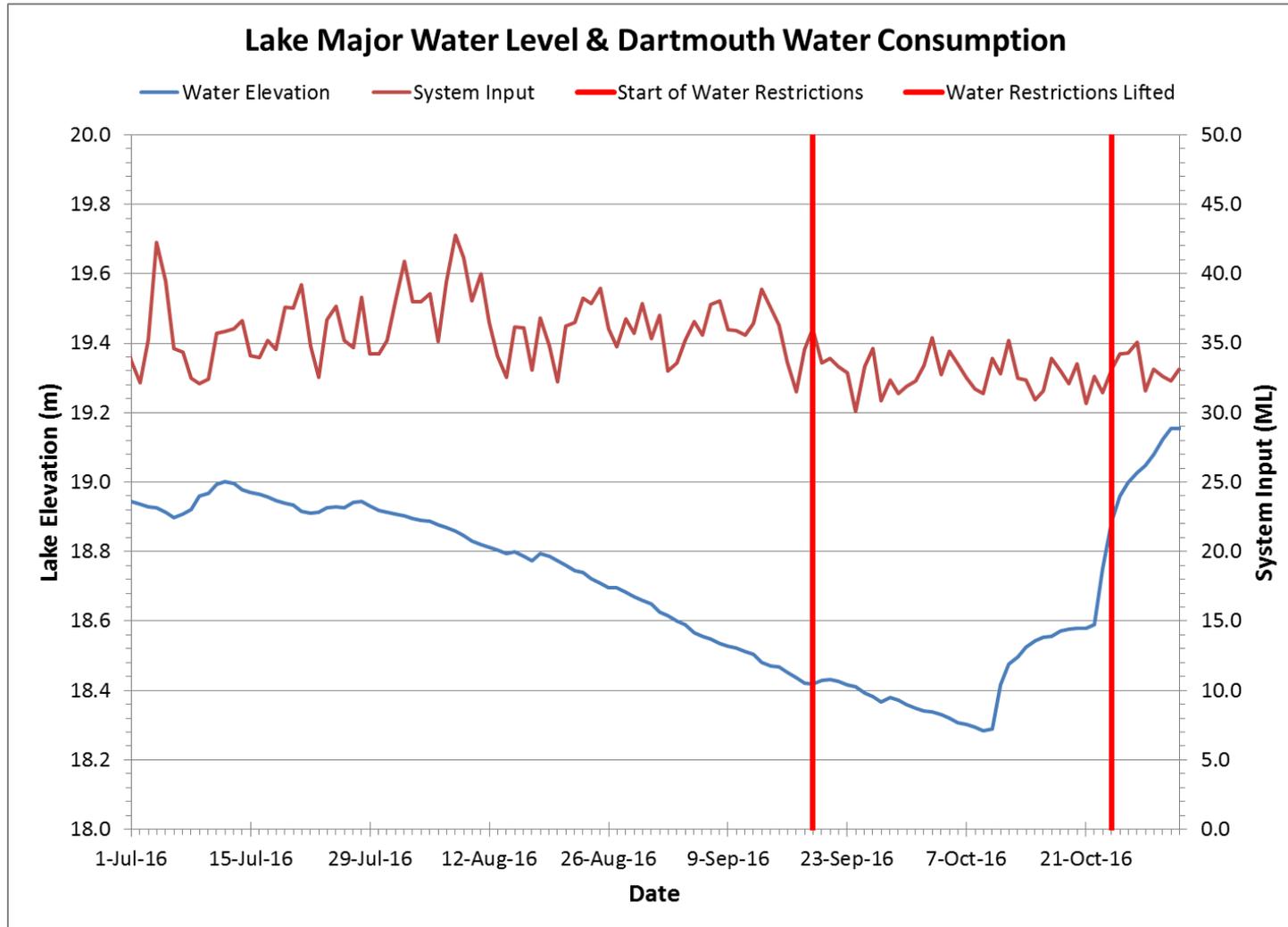


Lake Major Dam – Low Level

September 14, 2016



Lake Major Lake Levels Summer 2016



Lake Major Dam – Normal Level

October 21, 2016



Major Initiatives in 2016/17

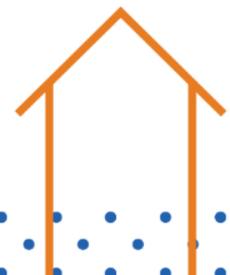
Focus on Asset Renewal with assistance through CWWF program:

- **Northwest Arm Sewer Rehabilitation [\$23.3 Million]**
- **Sullivan's Pond Storm Sewer Replacement/Upgrade [\$11.7 Million]**
- **Halifax Peninsula Transmission Main Renewal [\$7.3 Million]**
- **Lake Major Dam Replacement [\$4.5 Million]**
- **Filter Media and Underdrain Replacement at J.D. Kline water supply plant – Pockwock Lake [\$9.8 Million]**



2016/17 Audited Financial Results

- **Second set of IFRS financial statements**
- **Clean audit**
- **Surplus of \$8.9 Million [NSUARB Handbook]**
- **Addition of driveway and cross culverts to capital assets, valued at \$102 Million**
- **Continued positive financial results in 2018/19 [predict postponement of rate application until fall 2019]**



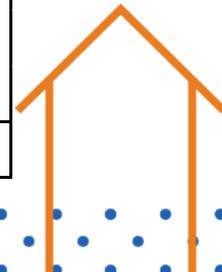
Summarized Consolidated Operating Results [NSUARB Handbook]

Summarized Consolidated Operating Results

	Actual YTD 2016/17 '000	Actual YTD 2015/16 '000	\$ Change	% Change
Operating Revenue	\$137,997	\$131,716	\$6,280	4.8%
Operating Expenses	\$97,839	\$96,238	\$1,601	1.7%
Operating Profit (Loss)	\$40,158	\$35,479	\$4,679	13.2%
Non Operating Revenue	\$3,322	\$3,370	(\$48)	-1.4%
Non Operating Expenditures	\$34,622	\$33,972	\$650	1.9%
Net Surplus (Deficit)	\$8,858	\$4,877	\$3,981	81.6%

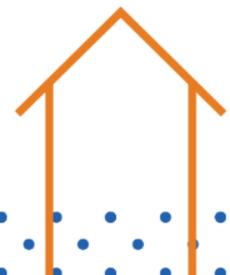
Year to Date Operating Results by Service

	2016/17 '000	2015/16 '000
Water	\$3,731	\$1,136
Wastewater	\$3,369	\$1,621
Stormwater	\$1,759	\$2,120
Net Surplus (Deficit)	\$8,858	\$4,877



Balance Sheet Highlights

- **Assets increased by 1.5% or \$19.7 Million compared to prior year, bringing total assets to \$1.29 Billion.**
- **Liabilities decreased by 1.5% or \$5.0 Million, bringing total liabilities to \$323.3 Million.**
- **Long term debt -5.8%**
 - **Total debt including the current portion, is \$226.0 Million**
 - **\$7.1 M in new debt was issued, repayments of \$21.2 Million**
 - **Debt service ratio is 21.7% [well below threshold of 35% approved by HRM Council]**



**Do not follow where the path may lead.
Go instead where there is no path and blaze a trail**

