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Item No.14.1.10
Halifax Regional Council
July 17, 2018

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed
Dave Reage, Acting Chief Administrative Officer

DATE: June 14, 2018

SUBJECT: **Amendment of By-Law L-100 to Include Phase 2-Fall River Water Service Extension Properties**

SUPPLEMENTARY REPORT

ORIGIN

May 22, 2018 motion that Halifax Regional Council:

1. Approve entering into a Contribution Agreement with the Province of Nova Scotia to receive up to an additional \$3,421,464 in Clean Water and Wastewater Funding (CWWF) to be used towards expansion of the Fall River Water Servicing Project.
2. Subject to execution of the CWWF Contribution Agreement with the Province, authorize the CAO to amend HRM's Contribution Agreement with Halifax Water for the Fall River Water Servicing Project to reflect the expanded scope, extended completion date and increase in HRM's total financial commitment by \$3,175,000.

March 20, 2018 motion that Halifax Regional Council:

1. Approve the transfer of \$2,381,250 in Clean Water & Wastewater Funds from Herring Cove Water Servicing, CS000001, to Fall River Water Servicing, CS000002, and increase the Local Improvement Charge component of the Fall River Water Servicing project by \$793,750;
2. Approve a budget increase to CS000002, Fall River Water Servicing in the amount of \$3,175,000;
3. Expand the project scope as approved on April 25, 2017, thereby extending the water service area 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 for a total length of 6.6 km; and
4. Direct staff to prepare amendments to By-law L-100, *Respecting Charges for Local Improvements*, to change provisions of the Fall River Water Service Extension section to include the expanded

scope of the project, the estimated total project cost, the funding from the Clean Water & Wastewater Fund and the interim Local Improvement Charges.

January 16, 2018 motion that Halifax Regional Council:

1. Direct CAO to write the province to request a final response with respect to additional funding to complete the full scope of the project;
 - a. If additional funding is available from the federal and provincial governments, request an extension for a scope change to allow the municipality to conduct the Local Improvement Change process (LIC) for the project;
2. If no additional funding is available from the federal and provincial governments, withdraw the CWWF application for the Herring Cove water servicing project as approved on February 7, 2017;
3. Resubmit the full scope of the project in the amount of \$7,311,190 as originally described on June 21, 2016, for phase 2 of the federal infrastructure funding program, as HRM's top priority request; and,
4. Increase the capital project, Herring Cove Water Servicing, CS000001 to \$7,311,190 if full project is approved.

October 31, 2017 motion 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 Local Improvement Charge (LIC) calculation for the Fall River Water Servicing project approved by Regional Council on July 18th, 2017,
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 staff report, and
3. Authorize the CAO to update HRMs letter of request to the Province of NS for infrastructure funding to enable the total infill of water service to the currently approved water service boundary essentially adding the remainder of Fall River Village.

July 18, 2017 motion that Halifax Regional Council:

1. Direct the CAO 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 this report, and approve the transfer of the required project funds to Halifax Water for the installation of the water service;
2. Adopt By-law L-137, respecting an amendment of By-law L-100, the Local Improvement By-law as provided in Attachment 2 of this report, 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;

3. Direct the CAO to negotiate a Contribution Agreement with Halifax Water for the transfer of the required project funds and to return to Council with the resulting Contribution Agreement for approval; and
4. Direct the CAO to apply for funding for federal/provincial funding respecting the expansion of water services in Fall River, including the addition of services along Highway #2, from near Fall River Road to the Highway 102 Overpass, and connect the existing system at Ingram Drive to Fall River Road.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter (HRM Charter) subsections 74 (1)(2)

- (1) "The Municipality may agree with...the Government of the Province or of Canada or a department or agency of either of them...to provide or administer municipal or village services.
- (2) An agreement made by the Municipality pursuant to subsection (1) may...(a) include any service provided by the Municipality;"

HRM Charter, clauses 79(1)(al) and (am) "The Council may expend money required by the Municipality for...

- (al) wastewater facilities and stormwater systems;
- (am) water systems;"

HRM Charter, clauses 104 (1)(a) and (e) "The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for

- (a) wastewater facilities or stormwater systems, the use of wastewater facilities or stormwater systems and connecting to wastewater facilities or stormwater systems;
- (e) the municipal portion of the capital cost of installing a water system"

RECOMMENDATION

It is recommended that Halifax Regional Council:

Adopt By-law L-138, respecting an amendment of By-law L-100, the Local Improvement By-law, as provided in Attachment 2 of this report, to set the 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.

BACKGROUND

Phase 1 of the Fall River water servicing project received approval for the full 75% cost share from federal and provincial governments (\$5,944,304) for the 3.5 km project. In November 2016, Council directed staff to investigate the possibility of extending water service along Highway 2. Early estimates indicated that water services could be extended along Highway #2, from the Village Centre to the Highway 102 overpass, within the \$7.93 million approved budget. The resulting LIC was estimated to be \$7,500 per single-family home and would apply to 208 residential (and small commercial) properties. In April 2017, Council approved a public hearing 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, at a cost of \$7.93M. The water servicing project then totaled 6.6 km. A request to expand the project was submitted to the federal and provincial governments and subsequently approved.

A tender for the expanded scope of work was issued in April 2017. When the bids were received and evaluated in early May, it was seen that the engineering cost estimates had underestimated the market.

The lowest bid for the expanded project scope came in at \$11.6 million, \$3.65 million above the approved budget. In July 2017 Council opted to proceed with the original, 3.5 km project and submit a funding request to the federal and provincial governments for the expanded 6.6 km scope.

With the withdrawal of the Herring Cove water servicing project in January 2018, there was \$3.42 million available in the CWWF. The Provincial government has asked whether Council would like to apply the freed-up funds in the CWWF towards the expansion of Fall River. If not used by HRM, the funds would be rolled into the next phase of the federal infrastructure program. There was \$2.28M in federal and \$1.14M in provincial funds available, leaving HRM's portion at \$1.14 million. This was sufficient to cover the cost of the project approved by Council in April 2017, which included 49 properties along Highway #2, from near Fall River Road to the Highway 102 Overpass and along a portion of Ingram Drive, connecting the water main through to Fall River Road. This 3.1 km project is referred to as Phase 2 of the Fall River water servicing. The areas included in Phase 1 and Phase 2 are shown on Map 1 in Attachment 3.

The incremental Phase 2 costs were estimated to be \$3.175 million. Under the CWWF terms, the federal share would be \$1,587,500, and the provincial and municipal shares would be \$793,750 each. This would use \$2,381,250 of the remaining CWWF funds, leaving slightly more than \$1 million in the fund to be rolled into Phase 2 of the infrastructure program though not necessarily allocated to HRM.

A significant portion of the Phase 2 costs are related to the Ingram Drive connection to Fall River Road. This connection improves the water service for all properties in both Phase 1 and Phase 2, so it was reasonable to share this cost across the entire area receiving the water service. Therefore, one LIC for the entire project was recommended and the LIC was estimated to remain at \$11,500 per home, due to the new CWWF funding and a slight reduction to the Phase 1 cost allocation.

On March 20th, Halifax Regional Council directed staff to prepare amendments to By-law L-100, Respecting Charges for Local Improvements to include the expanded scope of the project, the estimated total project cost, the funding from the Clean Water & Wastewater Fund and the interim Local Improvement Charges.

DISCUSSION

The LIC By-law L-100 will be amended to include Phase 2 by changing Map A to include those properties along Highway #2, from near the Fall River Road to Highway 102 and along Ingram Drive, by revising the cost estimate, amount of funding provided by the CWWF and revising the frontage charge. The total project value has been increased by \$3.175 million and CWWF contribution increased by \$2,381,250. The estimated LIC unit charge for road frontage of commercial properties has been re-estimated to be \$180 per metre (of length). The proposed changes to By-law L-100 are shown in Attachment 1.

Project Update

On June 6, 2018, the municipality received a signed contribution agreement from the Province including the additional funding \$3.42 million available in the CWWF. The following day, in accordance with Council direction on May 22nd, the contribution agreement between HRM and Halifax Water was amended to reflect the increased scope of work and project cost with the addition of Phase 2, as well as extend the project completion deadline to March 31st, 2019.

FINANCIAL IMPLICATIONS

There are no additional financial implications due to this report. The funding sources for the project were approved by Halifax Regional Council through previous reports. This report amends the LIC By-law L-100 to reflect the new scope of work, but does not alter the overall or net municipal project cost.

The cost of the water extension project will be covered by federal and provincial funding and the Local Improvement Charge (LIC). The final cost of the project will be used to set the final LIC amount.

RISK CONSIDERATION

The federal infrastructure program requires projects to be completed by March 31, 2019. A significant amount of work has been completed and the scope of the construction work was increased to include Phase 2 in early June. The project is being managed to mitigate the risk of cost overruns and completion beyond the infrastructure program deadline. In addition, the federal/provincial governments may allow applications for project extensions as required, for projects well underway.

ENVIRONMENTAL IMPLICATIONS

No additional concerns have been identified beyond those raised in this report.

ALTERNATIVES

Regional Council could propose different amendments to the By-law L-138.

ATTACHMENTS

Attachment 1 - Showing Proposed Changes to By-law L-100 Schedule A re: Fall River Water Service Extension

Attachment 2 - Amending By-law L-138

Attachment 3 - Fall River Water Service Extension – Phases 1 and 2 Map

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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

**Attachment 1
(Showing Proposed Changes)**

**HALIFAX REGIONAL MUNICIPALITY
BYLAW NUMBER L-100
RESPECTING CHARGES FOR LOCAL IMPROVEMENTS**

SCHEDULE "A"

Fall River Water Service Extension

(a) The Fall River Water Service Extension Project is a project to install a public water system in the area, known as the Water Service Area, as shown on the attached Map A;

(b) The Project provides for the installation of the Water Service, including water mains, valves, and hydrants as well as the installation of the public portion of the service laterals within the right of way within the Local Improvement Charge Area;

(c) The estimated cost for the Project is ~~\$8,625,000~~ **\$11,800,000**, with ~~\$5,944,304~~ **\$8,325,554** to be provided from the Clean Water & Wastewater Fund Program, with the net residual amount to be funded from a Local Improvement Charge;

(d) The interim Local Improvement Charge shall be levied on all properties shown within the Local Improvement Charge Area as follows:

PROPERTY TYPE	AMOUNT OF CHARGE
Residential Properties that contain no more than three dwelling units	\$11,500.00
Commercial Properties no more than 3,716 square metres in size	\$11,500.00
Abutting properties, owned by all the same owners	\$195 \$180 .00 per metre of total calculated frontage plus \$1.80 per square metre of total land area, within the water service area, or \$11,500.00 per lateral connection, whichever is greater

All other properties	\$180.00 per metre of calculated frontage plus \$1.80 per square metre of land area, within the water service area, or \$11,500.00, whichever is greater.
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(e) The interim Local Improvement Charges shall be adjusted at the completion of the project, and shall be calculated on the basis of the total net cost of the project at the adjustment date; and

(f) A further charge based on the property type pursuant to clause (d) of this section shall be levied in respect of future connections to the Fall River water system for any properties either existing or created within the Water Service Area which were not assessed a local improvement charge at the time of the coming into force of this schedule.

**Attachment 2
(Amending By-law)**

**HALIFAX REGIONAL MUNICIPALITY
BY-LAW L-138
RESPECTING THE AMENDMENT OF BY-LAW L-100
THE LOCAL IMPROVEMENT BY-LAW**

BE IT ENACTED that Council of the Halifax Regional Municipality that the By-law L-100, the *Local Improvement By-law*, is further amended as follows:

1. Schedule "A" of By-law L-100 is amended by changing the following in the section titled "Fall River Water Service Extension":
 - (a) replace the existing Map A with the attached new Map A;
 - (b) striking out the number \$8,625,000 after the words "Project is" and before the word "with" in clause c;
 - (c) adding the number \$11,800,00 after the words "Project is" and before the word "with" in clause c;
 - (d) striking out the number \$195 in the first line of the third text box under the heading "Amount of Charge";
 - (e) adding the number \$180 in the first line of the third text box in the column under the heading "Amount of Charge";
 - (f) striking out the number \$195 in the first line of the fourth text box under the heading "Amount of Charge"; and
 - (g) adding the number \$180 in the first line of the fourth text box in the column under the heading "Amount of Charge".

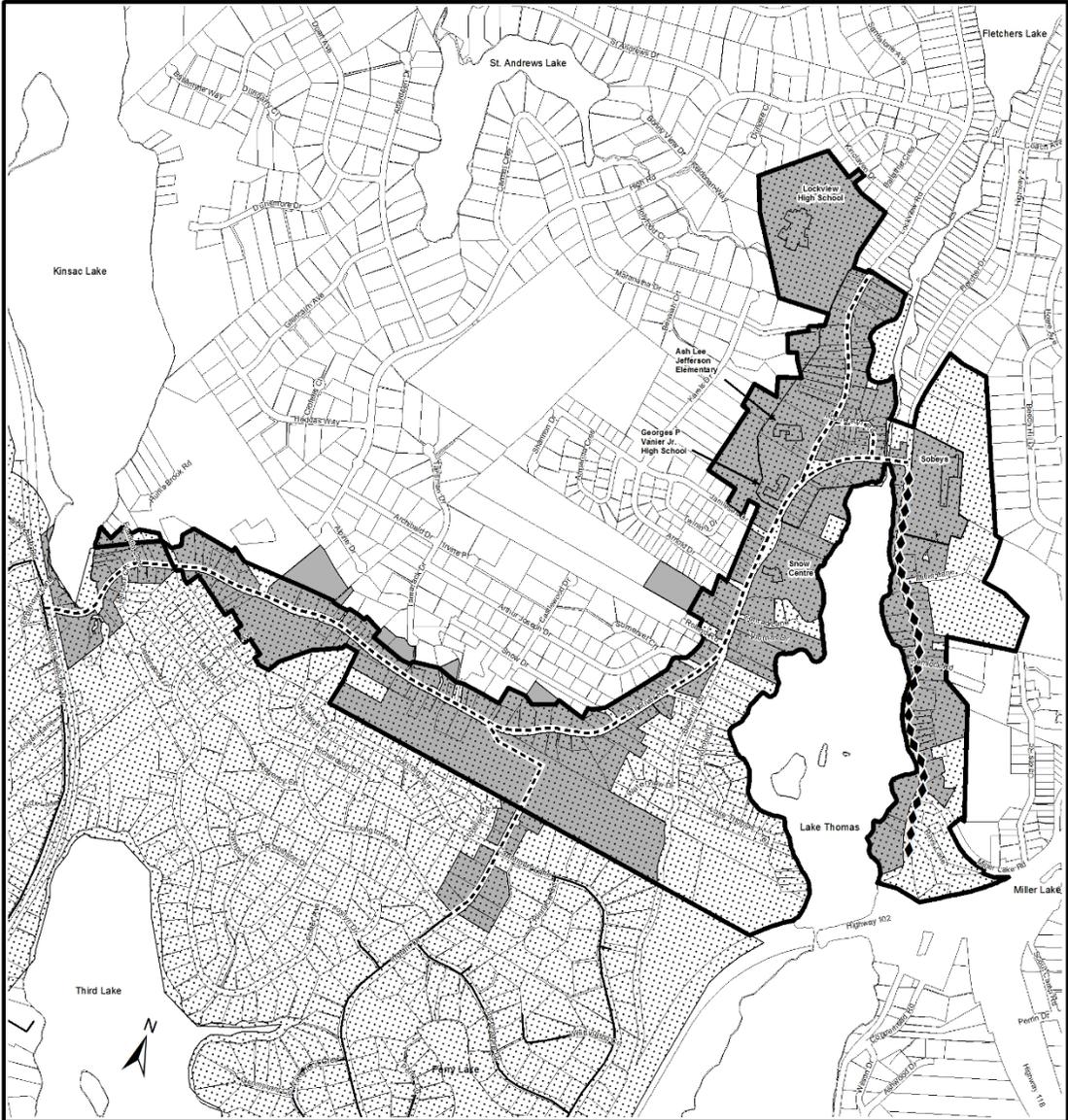
Done and passed in Council this _____ day of _____, 2018.

Mayor

Municipal Clerk

I, Kevin Arjoon, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above-noted By-law was passed at a meeting of Halifax Regional Council on _____, 2018.

Kevin Arjoon, Municipal Clerk



Map A
Fall River Village Water Service Extension

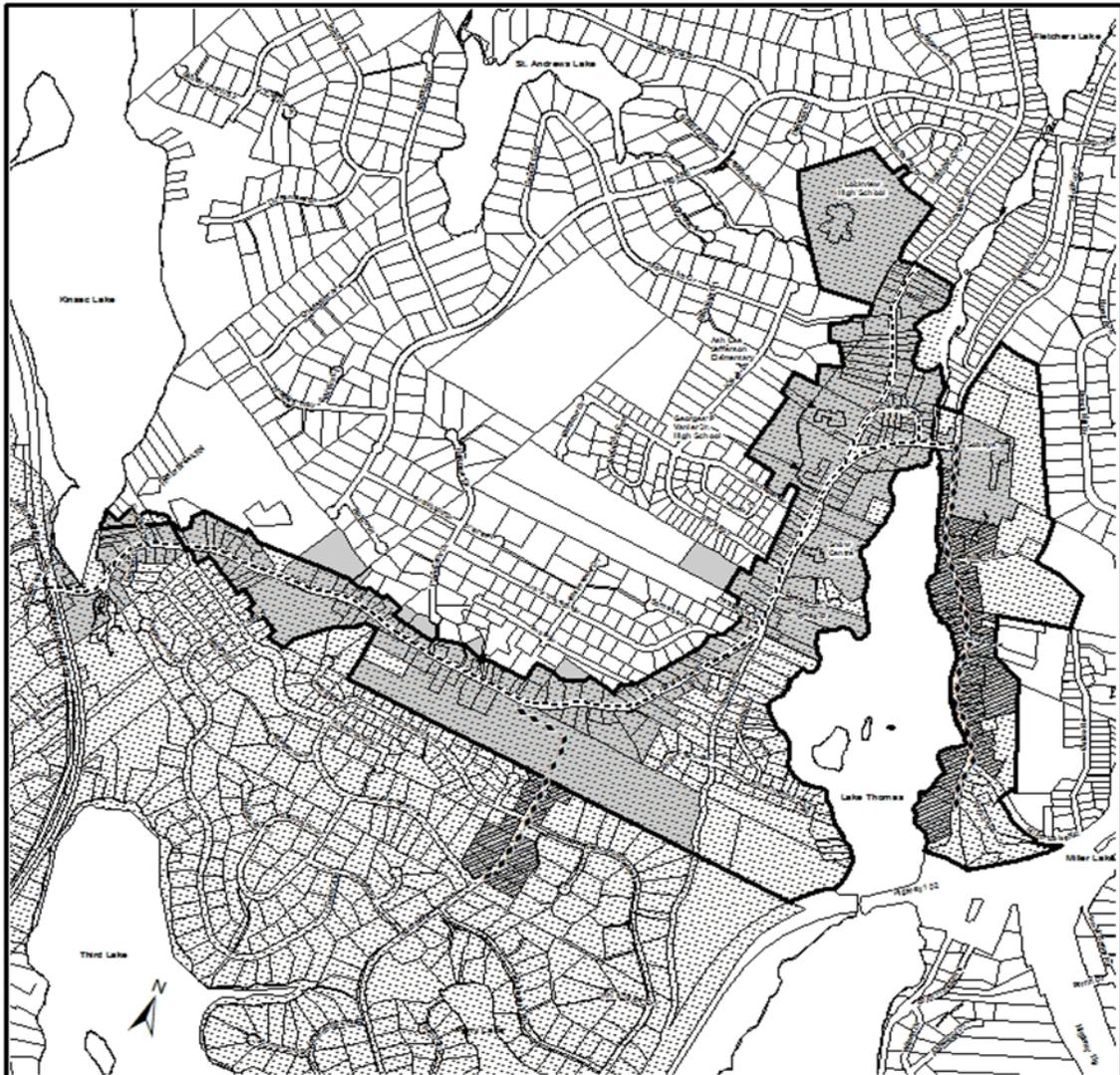
-  Existing Water Service Area
-  Existing Water Mains
-  Water Service Area Extension
-  New Water Mains
-  Local Improvement Charge (LIC) Area

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

Attachment 3 Fall River Water Service Extension – Phases 1 and 2 Map



Fall River Water Servicing Project Scope

- | | | | |
|---|---|---|---------------------------|
|  | Existing Water Service Area |  | Phase 2 - New Water Mains |
|  | Existing Water Mains |  | Phase 2 - LIC Charge Area |
|  | Water Service Area Extension | | |
|  | Phase 1 - New Water Mains | | |
|  | Phase 1 - Local Improvement Charge (LIC) Area | | |

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