



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

Item No. 15.2.1
Halifax Regional Council
December 7, 2021

TO: Mayor Savage and Members of Halifax Regional Council

- Original Signed -

SUBMITTED BY: Councillor Paul Russell, Chair, Audit and Finance Standing Committee

DATE: November 23, 2021

SUBJECT: **Herring Cove Water and Wastewater Servicing – Phase 4**

ORIGIN

November 17, 2021 meeting of the Audit and Finance Standing Committee, Item 12.2.1:

MOVED by Councillor Deagle Gammon, seconded by Councillor Cleary

THAT the Audit and Finance Standing Committee recommend that Halifax Regional Council:

1. Direct the Chief Administrative Officer to proceed with the detailed design of Herring Cove Water and Wastewater Servicing Phase 4 at the same time as Phase 2B.
2. Approve an unbudgeted reserve withdrawal of \$200,000 from the General Contingency Reserve - Q421 for the detailed design on Herring Cove Water and Wastewater Servicing Phase 4.
3. Approve an increase of \$200,000 to capital project account CS210001 – Herring Cove Water and Wastewater Servicing Phase 4.
4. Authorize a sole source award to the Halifax Regional Water Commission up to a maximum amount of \$200,000 for the detailed design of the Herring Cove Water and Wastewater Servicing Project Phases 2B and 4.

MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

The *Halifax Regional Municipality Charter*, S.N.S. 2008, c. 39 subsections 79A, and 120(4) provide:

79A(1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;

RECOMMENDATION ON PAGE 2

79A(4) The Municipality may authorize capital expenditures that are not provided for in its capital budget if the total of such expenditures does not exceed the greater of ... (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

120(4) A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for (a) capital expenditures for which the Municipality may borrow; ...

The *Audit and Finance Standing Committee Terms of Reference*, in Schedule 2 of Administrative Order 1, the *Procedure of the Council Administrative Order*, section 8 provides:

8. 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: ... (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

The *Financial Reserves Administrative Order 2014-015-ADM*, section 5 provides:

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

Administrative Order 2020-004-ADM (the *Procurement Administrative Order*) Appendix A exempts the purchase of Goods, Services and Construction from enterprises that are controlled by or affiliated with the Municipality, or between the Municipality and another government body or enterprise or their affiliates from the competitive requirements of the Administrative Order and allows the CAO to approve and execute such expenditures at any value.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Direct the Chief Administrative Officer to proceed with the detailed design of Herring Cove Water and Wastewater Servicing Phase 4 at the same time as Phase 2B.
2. Approve an unbudgeted reserve withdrawal of \$200,000 from the General Contingency Reserve - Q421 for the detailed design on Herring Cove Water and Wastewater Servicing Phase 4.
3. Approve an increase of \$200,000 to capital project account CS210001 – Herring Cove Water and Wastewater Servicing Phase 4.
4. Authorize a sole source award to the Halifax Regional Water Commission up to a maximum amount of \$200,000 for the detailed design of the Herring Cove Water and Wastewater Servicing Project Phases 2B and 4.

BACKGROUND

A staff recommendation report dated September 28, 2021 pertaining to budgetary changes and funding increases for Phase 4 of the Herring Cove Water and Wastewater Servicing project was before the Audit and Finance Standing Committee for consideration at its November 17, 2021 meeting.

For further information, please refer to the attached staff recommendation report dated September 28, 2021.

DISCUSSION

The Audit and Finance Standing Committee considered the request and approved the recommendations as outlined in the September 28, 2021 staff report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached September 28, 2021 staff report.

RISK CONSIDERATION

Risk considerations are outlined in the attached September 28, 2021 staff report.

COMMUNITY ENGAGEMENT

The agenda, reports, and minutes of the Audit and Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Environmental Implications are outlined in the attached September 28, 2021 staff report.

ALTERNATIVES

Alternatives are outlined in the attached September 28, 2021 staff report.

ATTACHMENTS

Attachment 1 - Staff recommendation report dated September 28, 2021 staff report.

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: Annie Sherry, Legislative Assistant, Office of the Municipal Clerk. 902.943.8741.



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

Attachment 1
Audit & Finance Standing Committee
November 17, 2021

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: September 28, 2021

SUBJECT: **Herring Cove Water and Wastewater Servicing – Phase 4**

ORIGIN

At the July 16, 2019 meeting of Halifax Regional Council, the following motion was put and passed:

“That Halifax Regional Council request a staff report with respect to undertaking detailed design work for Herring Cove Phase 4 water and wastewater servicing, in advance of an application for Federal and Provincial funding support.”

At the January 28, 2020 meeting of Halifax Regional Council the following motion was put and passed in regard to Item 15.2:

“That Halifax Regional Council: 4. Add the detailed design for Phase 4 with costs coming back to Council prior to beginning.”

LEGISLATIVE AUTHORITY

The **Halifax Regional Municipality Charter**, S.N.S. 2008, c. 39 subsections 79A, and 120(4) provide:

79A(1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality’s operating budget or capital budget or is otherwise authorized by the Municipality;

79A(4) The Municipality may authorize capital expenditures that are not provided for in its capital budget if the total of such expenditures does not exceed the greater of ... (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

120(4) A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for (a) capital expenditures for which the Municipality may borrow; ...

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RECOMMENDATIONS ON PAGE 2

8. 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: ... (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

The **Financial Reserves Administrative Order** 2014-015-ADM, section 5 provides:

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

Administrative Order 2020-004-ADM (the Procurement Administrative Order) Appendix A exempts the purchase of Goods, Services and Construction from enterprises that are controlled by or affiliated with the Municipality, or between the Municipality and another government body or enterprise or their affiliates from the competitive requirements of the Administrative Order and allows the CAO to approve and execute such expenditures at any value.

RECOMMENDATION

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

1. Direct the Chief Administrative Officer to proceed with the detailed design of Herring Cove Water and Wastewater Servicing Phase 4 at the same time as Phase 2B.
2. Approve an unbudgeted reserve withdrawal of \$200,000 from the General Contingency Reserve - Q421 for the detailed design on Herring Cove Water and Wastewater Servicing Phase 4.
3. approve an increase of \$200,000 to capital project account CS210001 – Herring Cove Water and Wastewater Servicing Phase 4.
4. Direct the CAO to execute an agreement with the Halifax Regional Water Commission up to a maximum amount of \$200,000 for the detailed design of the Herring Cove Water and Wastewater Servicing Project Phases 2B and 4.

BACKGROUND

In 1999, Regional Council agreed to provide central water and sewer services to the community of Herring Cove due to the co-location of the Harbour Solutions Wastewater Treatment Facility, and subsequently approved \$5 million from a Community Integration Fund for community enhancements.

The project has been broken into four phases (Refer to Attachment A). In 2005, Regional Council approved a Local Improvement Charge ("LIC") for phases 1 to 3, which resulted in a charge of \$12,300 for a typical property with 100 feet of road frontage receiving both water and sewer services.

Although included in the Serviceable Area Boundary, a LIC has yet to be approved for the fourth and final phase.

By 2008, Phases 1A, 1B, and 2A were completed. Multiple sources of funding were applied to hold the LIC to the original approved amount, including the following:

- Federal/Provincial funding;
- Oversized infrastructure contributions in respect of properties outside of the immediate service area;
- Halifax Harbour Solutions Project Contingency; and,
- Halifax Regional Water Commission Stewardship contributions.

In December 2016, Council approved funding to complete the preliminary design for the remaining two phases: 2B and 4 (Refer to Attachment B).

In June 2014, Regional Council approved the addition of the Herring Cove Servicing Phase 2B project to HRM's Building Canada Fund submissions. The project was not approved and Phase 2B was resubmitted for the Clean Water and Wastewater Fund (CWWF) in 2016. Phase 2B was approved under the program but there were insufficient funds for the project to proceed. HRM considered a project with reduced scope but the number of properties covered made the LIC unaffordable (\$40,250 for properties with an average market value of \$129,000). HRM withdrew the project with the stipulation that it be Council's top priority for any future intergovernmental water infrastructure funding.

The Investing in Canada Infrastructure Program ("ICIP") was announced in April 2018 and in the following November, the Minister of Municipal Affairs issued a call for applications under the ICIP Environmental Quality Sub-stream, this being the main source of ICIP funding for water and wastewater projects. Under this Program, approved projects typically receive 40% federal and 33% provincial cost-sharing, with municipalities covering the remaining 27%.

On January 15, 2019, HRM submitted Phase 2B as one of two projects for consideration under the ICIP Environmental Quality Sub-stream call of applications. Phase 2B will provide water and wastewater servicing to approximately 70 properties in the Herring Cove area.

In July 2019, Phase 2B received federal and provincial ICIP funding approval, with estimated total cost for the project being \$7,880,161. The combined federal and provincial cost share is \$5,778,522, with HRM being responsible for covering the remaining \$2,101,639, to be funded through a LIC.

DISCUSSION

The LIC adopted in 2005 applied to Phases 1 through 3. An LIC has never been approved for Phase 4, and additionally an amendment to the LIC which has been approved for Phase 2B will be needed solely to account for inflation since 2005.

Phase 4 is the last remaining phase in the Herring Cove water and wastewater servicing project. The total project cost, based on the preliminary design completed by WSP Limited in January 2017, was estimated at \$8.8 million. Factoring in inflation, the estimated project cost is now \$9.3 million. Design costs are estimated at \$150,000. This assumes that Halifax Water would manage the project on behalf of HRM, and includes Halifax Water's costs (Refer to Attachment C).

The estimated cost to complete the detailed design of Phase 2B is \$50,000 if carried out at the same time as the design of Phase 4. The cost of design for Phase 2B would be \$75,000 if carried out alone.

There has been significant price volatility because of labour and material supply issues during the COVID-19 pandemic. For this reason, estimates which have been prepared to date for phases 2B and 4 cannot be relied upon and should be updated based on a final detailed design and more recent comparable bids.

Next Steps

If the recommendations contained in this report are approved, staff will complete the detailed design of the water and wastewater system for Phases 2B and 4 and return to Council with a revised funding program including a revised LIC.

FINANCIAL IMPLICATIONS

HRM is responsible for the design and construction costs for Phases 2B and 4, as the projects fall outside of the area currently serviced by Halifax Water. After the construction of each phase, HRM will convey the system to Halifax Water for operation and maintenance on a full cost recovery basis.

Provincial and Federal government's share for Phase 2B in the amount of \$5,778,522 has been secured in Investing in Canada Infrastructure Program (ICIP) funding. This funding is contingent upon an LIC to fund the costs not covered by the ICIP. Should the residents decide not to support the LIC, the project will be withdrawn from the ICIP. In January 2018, the LIC was estimated at approximately \$30,000 per property.

Phase 4 does not have project funding. If Phase 4 were to secure federal and provincial cost-sharing on similar terms as Phase 2B under the ICIP, then HRM's share would be approximately \$2.32 million. It is unlikely that Phase 4 would be able to proceed in the absence of federal and provincial cost-sharing. Like Phase 2B HRM's cost-share for Phase 4 would need to be financed through an LIC. The average cost would be approximately \$38,000 per property based on 63 existing properties.

Note: Costs presented in this section do not have any allowance for capital cost contributions or LIC's from future development that may occur within the existing serviceable boundary. At this time, \$200,000 is required to develop the detailed design for Phase 2B and 4. The detailed design can be funded from the General Contingency Reserve, Q421. Should the projects eventually proceed, the design costs can be recovered through the LIC which would have no impact on the general tax rate.

Budget Summary: **Capital Project Account CS210001 - Herring Cove Water and Wastewater Servicing Phase 4**

Cumulative Available Balance	\$	0
Add: Approved transfer from Reserve	\$	<u>200,000</u>
Balance	\$	200,000

General Contingency Reserve Q421

Beginning Balance	\$	17,585,451
Less: Unbudgeted withdrawals	\$	<u>200,000</u>
Remaining Balance	\$	17,385,451

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.

RISK CONSIDERATION

Proceeding with the detailed design of both Phase 2B and 4 at this stage, in advance of a Council decision on LIC rates and cost sharing, represents a financial risk to the Municipality as these funds may not be able to be recovered in the future.

Proceeding with the detailed design at this stage will provide a more accurate cost estimate and help reduce the risk of future cost overruns.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

1. Council may direct the Chief Administrative Officer to proceed with the detailed design of Phase 2B only.
2. Council may direct the Chief Administrative Officer not to proceed with the detailed design of Phase 2B and 4.

ATTACHMENTS

- A. Phase Boundaries Map & 2005 Local Improvement Charge Area
- B. Phase 2B & Phase 4 Boundaries Map
- C. Letter from Halifax Water
- D. Background Council Report Dated June 14, 2005

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: Peter Duncan, P.Eng. Director, Infrastructure Planning 902.489.4634

Attachment A - Phase Boundaries & 2005 LIC Map

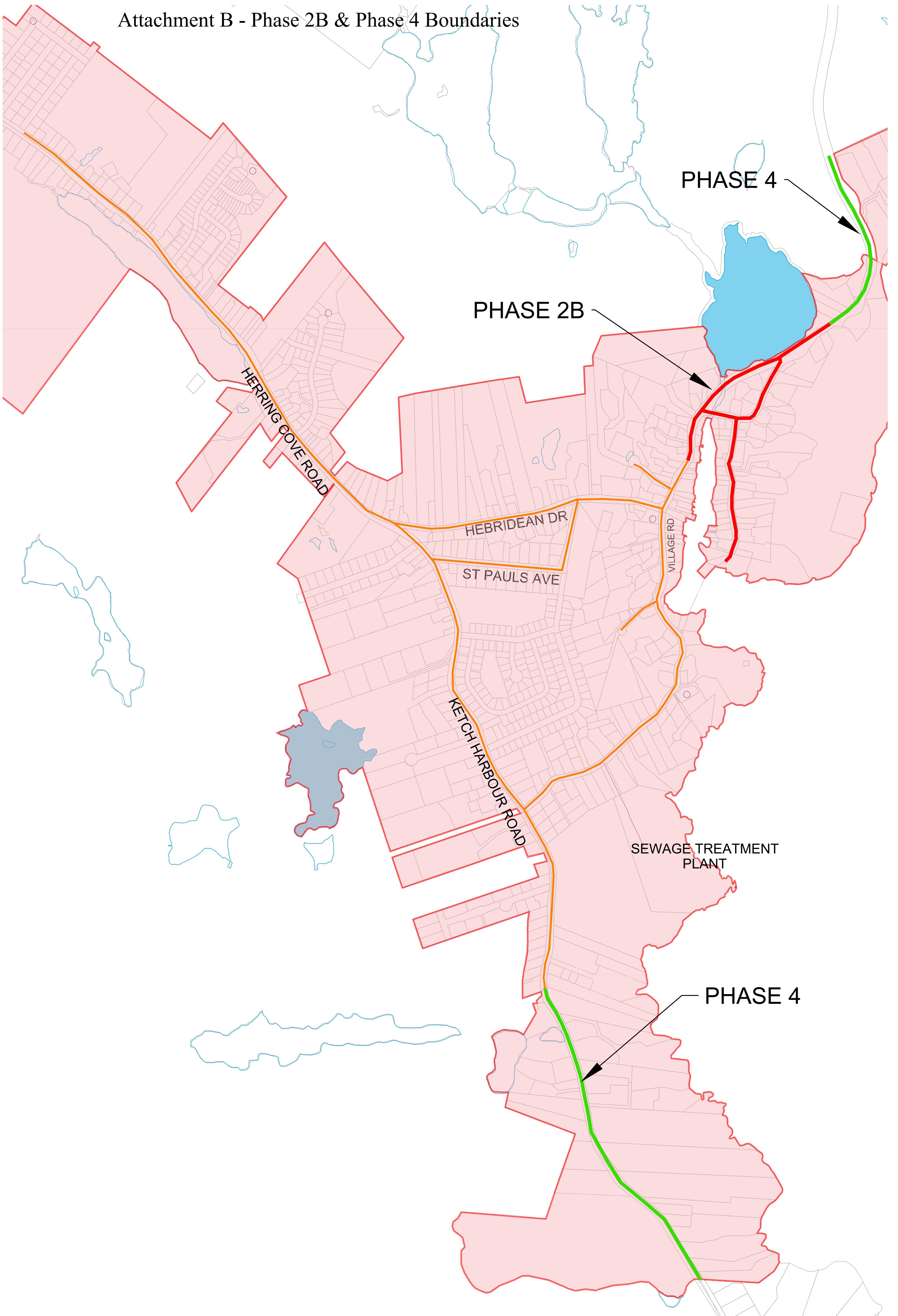


**Water and Sewer Phases
Herring Cove**

Date: April 20, 2010



Attachment B - Phase 2B & Phase 4 Boundaries



PHASE 4

PHASE 2B

SEWAGE TREATMENT PLANT

PHASE 4

Attachment C



902-420-9287
450 Cowie Hill Road
P.O. Box 8388 RPO CSC
Halifax, Nova Scotia
Canada B3K 5M1

August 13, 2021

Ms. Kelly Denty, Director
Planning & Development
Halifax Regional Municipality

Dear Ms. Denty,

Re: Herring Cove Water & Wastewater Servicing - Phases 2B & 4

Pursuant to the letter dated February 25, 2020, Halifax Water advises that we would be able to complete the detailed design work for the Herring Cove Phase 2B & 4 project if requested by Regional Council.

Please keep us informed of the approval process and subsequent timelines for this project. Please contact me at (902) 441-1048 if you have any questions on the above.

Yours truly,

Original Signed

Reid Campbell, M.Eng., P.Eng.
Director, Engineering & Technology Services
Halifax Water



**STRAIGHT from
the SOURCE**

Attachment D

8.3 (ii)



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council

May 24, 2005

June 14, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: ORIGINAL SIGNED

George McLellan, Chief Administrative Officer

ORIGINAL SIGNED

Dan English, Deputy Chief Administrative Officer

DATE: May 18, 2005

SUBJECT: Herring Cove Water and Sewer Services, Herring Cove, NS

ORIGIN

Approved Infrastructure Program and Council's commitment to provide servicing to Herring Cove as a component of the Harbour Solutions Project.

RECOMMENDATION

It is recommended that Regional Council:

1. Approve the Capital Budget for Herring Cove Water and Sewer Servicing in the amount of \$14,700,000 (gross) with the net residual amount (after funding from pre-approved capital budgets for Community Integration Funds within the Harbour Solutions Project, HRWC, Infrastructure Funding and other recoveries) funded from a Local Improvement Charge as defined in By-Law L-124.
2. Approve funding in the amount of \$540,000 from the Sewer Redevelopment Reserve (Q104) for the sewer oversizing component of this project.

3. Approve in principle, and begin the formal process for the adoption of By-Law Number L-124 respecting charges for the Herring Cove Water and Sewer Servicing, attached hereto.
4. Approve the allocation of \$300,000 from the Harbour Solutions Project, Community Integration Fund to be used for community trails at the future Wastewater Treatment Plant (WWT) site and for recreational uses at the Latter Pond area of Herring Cove, as per the recommendation of the Herring Cove Community Liaison Committee and consistent with the Policy for Expenditures from Community Integration Funds.
5. Approve \$4,500,000 from the Harbour Solutions Project, Community Integration Fund to be used for the design and construction of water and sewer services in the Community of Herring Cove, as per the recommendation of the Herring Cove Community Liaison Committee and consistent with the Policy for Expenditures from Community Integration Funds.

BACKGROUND

The community of Herring Cove has been selected as the site of a future Wastewater Treatment Plant (WWTP) as part of the Halifax Harbour Solutions Project (HHSP). The HHSP includes the allocation of funds to be made available for host community enhancements. A motion was adopted by Regional Council on April 20, 1999, to “approve, in principle, that the \$5 million Community Integration Fund (CIF) be moved to Phase 1 of the Harbour Solutions Project”. This motion was reaffirmed on August 22, 2000, by Regional Council.

In November, 1999 HRM Regional Council approved a public participation program in order to obtain community input on the preparation of municipal planning strategy amendments which would be undertaken in order to assist in the integration of the proposed sewer and water project into the community. The program consisted of several community meetings which were well attended and enabled residents to clearly indicate how they would like to see their community develop over time once central services are available.

In December 2000 a planning and servicing report, entitled “Herring Cove Area - Settlement and Servicing Strategy” was completed. This report was intended to provide residents with key information about land capability and central servicing so that they could make informed recommendations about the future of their community. Although this study included some cost estimates on the proposed water and sewer servicing, it also recommended that a pre-design study be undertaken to provide better cost estimates with consideration of various servicing options. The report indicated that it was stated at public meetings that the goal of the servicing project is “...to achieve a potential cost per connection in the order of what a new well and on-site system would cost.” It is estimated that an on-site sewage system given the soil and rock conditions in Herring Cove would cost between \$14,000 and \$20,000 to construct and a new drilled well would cost approximately \$6500.

In February, 2001, Regional Council adopted amendments to the municipal planning strategy, land use by-law and subdivision by-law applicable to Herring Cove in order to carry out recommendations which were made as a result of the consultant’s study and the public participation process. These amendments became effective on May 5, 2001.

In February 2003 a pre-design study detailing the servicing requirements for Herring Cove was awarded to an engineering consultant. This pre-design study was completed in May 2004 and defined the size and layout of infrastructure required to service the community. The report included cost estimates and considered a number of servicing options. The results of the pre-design study were presented to the Herring Cove CLC. Subsequently the Herring Cove CLC endorsed the use of part of the CIF to proceed with the detailed design.

In July 2004 Council awarded the detailed design for Herring Cove Water and Sewer Servicing to an engineering consultant. Throughout the detailed design process staff worked closely with the CLC to develop a cost effective servicing plan for Herring Cove.

At this time there is approximately \$4,854,575 remaining in the CIF. The CLC has recommended that \$300,000 from the CIF be used for community trails at the future WWTP site and for recreational uses at the Latter Pond area. Details regarding the application of the \$300,000 will be provided to Council in a separate report since since the use of this funding requires the approval of Regional Council. The CLC has also recommended that \$4,500,000 from the CIF be used to reduce the cost of servicing the community with water and sewer.

On April 11, 2005 a notice describing the servicing plan was produced jointly by the CLC and HRM staff. The notice described the proposed servicing plan, the estimated project costs and Local Improvement Charges (LICs), and included a survey (a single question) asking the residents if they were in favour of receiving services based on the plan presented. A copy of the notice and the survey question is attached to this report.

Copies of the notice and survey were distributed to residents living within the Herring Cove service boundary by the CLC and included properties on Private Roads which will not receive servicing under the plan and properties within Churchill Estates and other areas which are now serviced by water and/or sewer services.

The servicing plan was presented to the community at a neighbourhood meeting on April 20, 2005, where residents were given an opportunity to discuss the servicing plan and ask questions to the CLC and HRM staff. Approximately 300 people attended this meeting. During the meeting, residents were encouraged to complete the survey.

The results of the survey are presented on a per property basis, in the tables below. The first table indicates the results from the entire community. The second table includes the results from those residents who will be serviced under the proposed plan.

Results - Entire Community

	Number	%
Surveys Delivered	526	100%
Surveys Returned	173	41%
Unreturned/Unmarked	353	67%
Affirmative Replies (of those returned)	98	57%
Negative Replies (of those returned)	75	43%
Affirmative Replies (of total delivered)	98	19%
Negative Replies (of total delivered)	75	14%

Results - Those being serviced under this plan

Results - of those being serviced	Number	%
Surveys Delivered	365	100%
Surveys Returned	148	39%
Unreturned/Unmarked	217	59%
Affirmative Replies (of those returned)	86	60%
Negative Replies (of those returned)	62	40%
Affirmative Replies (of total delivered)	86	24%
Negative Replies (of total delivered)	62	17%

DISCUSSION

The servicing plan endorsed by the CLC and presented to the community includes servicing of approximately 240 properties with sewer and 360 properties with water. There are a number of properties within the Herring Cove service boundary that are not included in the servicing plan and are described as follows:

1. Approximately seventy (70) properties located on twenty-two (22) private roads will not receive direct servicing under this servicing plan as the cost to service these roads is relatively high plus HRM does not own land required to access these properties. Additionally the District 5 MPS Policy E-30 states "Extension of sewer and water service to existing or proposed lots which are located on a private road, or which are created under lot frontage exemptions, shall be entirely at the expense of the property owners on such roads."
2. Approximately thirty (30) properties in the northern and southern areas of the community (designated as Phase 4 under the plan) will not receive direct servicing under this servicing plan as the cost to service these areas is high while the density of existing development is low. Additionally the properties in this area tend to be large, which provides those property owners with adequate lot area to address any problems with on-site systems.

The project plan being recommended for approval is consistent with the plan presented to the

community, with two exceptions. Based on the results of the survey and input received from the community at the May 5, 2005, CLC meeting, it was agreed that two changes would be made to the project plan, as follows:

1. Add approximately 70 metres of services to Ketch Harbour Road, south of the intersection with Taylor Drive.
2. Delete approximately 350 metres of services on John Brackett Drive, north of the intersection with Powers Drive.

Churchill Estates is an existing serviced subdivision within the Herring Cove Plan area. Water service is supplied by an HRWC owned water supply plant and distribution system, and the sewer is collected via an HRM owned public sewer collection system. The existing Churchill Estates water and sewer systems will interconnect with the proposed water and sewer services. However, as no new services are required within Churchill an LIC charge is not applicable to Churchill residents. In addition these current HRWC customers are exempted from the Capital Cost Contribution (CCC) charge as the Churchill system could be sustained should this project not proceed. HRWC is choosing to disconnect the existing groundwater supply in favour of a connection to the Pockwock system.

If this plan is approved by Council, staff intend to implement this project in three phases as follows:

- Phase 1 - water and sewer to the western portion of Herring Cove (planned for 2005).
- Phase 2 - water and sewer to the eastern portion of Herring Cove (planned for 2006)
- Phase 3 - watermain twinning and water reservoir at Oceanbreeze Drive (planned after 2005 construction and pending rate of development).
- Phase 4 - future phase not included in this plan - northern and southern portions of Herring Cove.

The gross capital cost (including oversizing) to implement this plan is estimated to be \$9,500,000 for water and \$5,200,000 for sewer for a total of \$14,700,000.

In addition, the plan area is part of the Herring Cove Road Water Service District (WSD) and is subject to a CCC on behalf of HRWC which will be added to the project costs and used in calculating the final LIC to each resident. The charge rate for this area, subject to the formal approval of the Nova Scotia Utility & Review Board, is \$3600/acre which funds the capital cost of master water infrastructure (or oversizing) necessary to support the full development area including transmission mains, pressure reducing chambers, and a reservoir. The oversizing costs for the water system are estimated to be \$3,360,000. A portion of these costs will be collected as part of the LIC for those properties being serviced under this plan. The balance of the oversizing cost will be recovered from future development within the WSD as properties access the water system and through Fire Protection charges to HRM.

The oversizing costs for the sewer system include larger main pipes in a few locations as well as some oversizing of parts of some of the sewage pumping stations. The oversizing costs for the sewer system are estimated to be \$540,000 and are funded as described in the Budget Implications section of this report.

There are three external funding sources identified for the Herring Cove water and sewer project as

follows:

- HRM Community Integration Fund (CIF)- \$4,500,000 budgeted funding available
- Canada Nova Scotia Infrastructure Program (CNSIP) budgeted funding available \$2,070,000
- HRWC Stewardship Fund - 8% of certain distribution system costs (estimated to be \$395,000)

The table below shows the estimated net project costs for water and sewer which is calculated by taking the gross costs less oversizing and external funding. The net costs are to be recovered from the residents receiving the benefits from servicing via a Local Improvement Charge (LIC).

	Water	Sewer	Total
Gross Project Costs - estimated	\$9,500,000	\$5,200,000	\$14,700,000
Less: Oversize Infrastructure	-\$3,360,000	-\$540,000	-\$3,900,000
Less: HRM CIF Funding*	-\$2,250,000	-\$2,250,000	-\$4,500,000
Less: CNSIP Funding	-\$1,035,000	-\$1,035,000	-\$2,070,000
Less: HRWC Funding**	-\$395,000	0	-\$395,000
Net Costs - estimated	\$2,460,000	\$1,375,000	\$3,835,000

*In addition to this amount the Herring Cove CLC has recommended that a further amount of \$300,000 of the CIF be set aside for other community uses .

**The HRWC stewardship contribution is subject to approval by the HRWC Board and the Nova Scotia Utility and Review Board (NSURB). If this project plan is approved by Council, HRWC will move the approval of the stewardship fund approval forward with the HRWC Board and the NSURB.

The Herring Cove CLC approached staff with a LIC recovery plan that involves a blend of frontage and per lot charge and staff agreed this plan was feasible. Using this method the resulting estimated interim LIC rate is as follows:

- \$20 per foot of frontage plus \$4700 per property for water
- \$10 per foot of frontage plus \$4600 per property for sewer

For example, using this LIC recovery plan, a lot with 100 feet of road frontage will pay \$6700 for water service, and \$5600 for sewer service, or \$12,300 for both. If residents have already paid the required charges for water or sewer services, they will not be billed for the same services again. The above LIC includes the CCC water charge.

The financing plans do not take into consideration any future servicing requests associated with lots outside the plan area, which may attach to this sewer and water system in the future. Should this servicing plan be approved by Regional Council, a separate report will be presented to Regional Council at a later date, dealing with the servicing of these lots.

The cost estimates and figures used in this correspondence were based on a preliminary design of the servicing requirements using recent average tender prices by HRM and the HRWC for this type of

work. The actual cost will vary from the estimate depending upon the detail design requirements and the actual tender prices. Therefore, the ultimate abutter frontage charge may increase or decrease depending upon the actual costs, and the plan being approved by Regional Council.

The servicing plan for the area identified on the attached map will involve the installation of sanitary sewer and water main in the travelled portion of the public roads in Herring Cove indicated in the servicing plan. One service lateral will be provided up to the property line of each existing lot. The laterals will be installed at a location mutually agreed upon with the property owner. Some storm drainage work is also included. A fire hydrant will be installed at intervals of approximately 150 metres.

The responsibility for removing or decommissioning the existing individual on-site sewage facilities is the responsibility of each property owner and is regulated by Nova Scotia Environment and Labour (NSEL). Property owners will also be responsible to construct the service connections from the dwelling to the property line.

As the municipal planning strategy, land use by-law and subdivision by-law applicable to Herring Cove were amended in 2001 in anticipation of the installation of sewer and water services, there is no requirement to undertake additional plan and by-law amendments in order to carry out the capital works described in this report. Minimum lot size requirements for fully serviced residential lots in Herring Cove of 10,000 square feet (minimum area) and 75 feet (minimum frontage) were adopted as part of the 2001 amendments. It should also be noted that the 2001 amendments adopted by Council include policies (Policies RES-2C and RES 2-D) and land use by-law provisions whereby any; “ subdivisions which include new or extended public streets may only be considered by development agreement”.

BUDGET IMPLICATIONS

The table below shows the estimated net project costs for water and sewer. The net costs are to be recovered from the residents receiving the benefits from servicing via a Local Improvement Charge.

Herring Cove Water and Sewer LIC Summary	Capital Project #	Total
Gross Project Costs - estimated	New Project	\$14,700,000
Less: Funding from Pre-approved Capital Budgets		
- CIF Budget Allocation from HHSP	CSE00389	-\$4,500,000
- CNSIP Budget Allocation	CGU00645	-\$2,070,000
Less: Sewer Redevelopment Reserve (Q104) for Oversizing		-\$ 540,000
Less: Other Recoveries (HRWC)		-\$3,755,000
Net Costs for LIC Recovery - estimated		\$3,835,000

A Local Improvement Charge will be levied to reflect the actual net cost of servicing after HRM, HRWC, and Infrastructure Funding and other external revenue sources has been deducted.

Pollution Control Charges, Trunk Sewer Charges and Sewer Redevelopment Charges, as per By-Law S-100 respecting Sewer Charges will apply to the property owners as the central sewer services

become available.

Sewer oversizing costs will be funded from the Sewer Redevelopment Reserve (Q-104). The purpose of this account is to fund upgrading and installation of trunk sewer systems within existing developed areas in accordance with By-Law S-100, Respecting Sewer Charges.

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.

The request to use \$300,000 for community trails and recreation purposes complies with the intended use of the Community Integration Fund. It does not, however, meet the criterion for intended uses under Bylaw S-100 respecting Sewer Charges. Due to the mix of funding sources for the Harbour Solution Project reserve - investment income, cost sharing and environmental protection levy revenues - the request does meet funding compliance through the Reserve Business Case.

ALTERNATIVES

Council could reject the recommendation and abandon the project.

ATTACHMENTS

1. By-Law L-124 respecting charges for Herring Cove Water and Sewer Servicing
2. Letter and survey presented to residents of December 15, 2004.
3. Policy for Expenditures from Community Integration Funds.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jamie Hannam, P.Eng., Chief Engineer, HRWC, 490-4804
Charles Lloyd, P.Eng., Sr. Environmental Engineer, 490-6942

Financial Review by: ORIGINAL SIGNED
May 12-18/05 Kellea Redden CMA Financial Consultant, Environmental Management Services, 490-6267

Report Approved by: ORIGINAL SIGNED
[Signature] Brad Anguish, P.Eng., Director, Environmental Management Services, 490-4825

ORIGINAL SIGNED
[Signature] Carl Yates, P.Eng., General Manager, HRWC, 490-~~4812~~ 4840

ORIGINAL SIGNED
[Signature] Dale MacLehnan, C.A., Director, Financial Services, 490-7203

**HALIFAX REGIONAL MUNICIPALITY
BY-LAW NUMBER L-124
RESPECTING CHARGES FOR LOCAL IMPROVEMENT PROJECTS**

Be It Enacted by the Council for the Halifax Regional Municipality that By-Law L-100, the Local Improvement By-Law, be amended as follows:

1. Schedule "A" of By-Law L-100 is amended by adding the following:
 - a) The Herring Cove Water and Sewer Servicing project is a plan to install sewer lines, water lines and some storm drainage systems to service properties located within the boundaries identified on a plan entitled "Plan of Herring Cove Water and Sewer Servicing, Local Improvement Charge Area, By-Law L-124, dated May 12, 2005" as attached.
 - b) The Project will be funded by Local Improvement Charges based on the entire cost of the project less any Halifax Regional Municipality, Halifax Regional Water Commission, (HRWC) Infrastructure Funding and other external recoveries.
 - c) The interim Local Improvement Charges will be imposed at an interim rate of \$20 per foot of calculated frontage plus \$4700 per property for water, and \$10 per foot of calculated frontage plus \$4600 per property for sewer.
 - d) The interim Local Improvement Charges will be adjusted at the completion of the project and will be calculated on the basis of the total net cost of the project at the adjustment date,
 - e) The plan area is part of the Herring Cove Road Water Service District (WSD) and, pending approval by the Nova Scotia Utility and Review Board, is subject to a Capital Cost Contribution (CCC) of \$3600/acre on behalf of HRWC. The HRWC CCC charges are included in "c" above for those properties included in the current project plan. For properties outside the current project plan area the CCC charges will be levied at the time these properties receive water service.
 - f) A further charge, yet to be determined, will be levied in respect of all future connections to the sewer and water systems for any properties either existing or created, which are not assessed a local improvement charge.

Done and passed by Council on this day of , 2005.

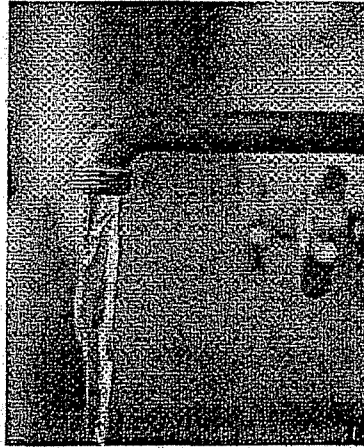
MAYOR

MUNICIPAL CLERK

I, Jan Gibson, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above noted by-law was passed at a meeting of the Halifax Regional Council held on , 2005.

Jan Gibson, Municipal Clerk

Water and Sewer Meeting



**HERRING COVE COMMUNITY LIAISON
COMMITTEE**

FULL COMMUNITY MEETING
All residents are encouraged to attend the meeting:

WEDNESDAY, APRIL 20, 2005
7:00 P.M.

HERRING COVE FIRE HALL
57 Ketch Harbour Road

HRM staff will provide a full presentation on the water and sewer servicing plan for Herring Cove. At this meeting we are asking the community for their feedback on the proposed plan.

To: Property Owners in the Community of Herring Cove who may be subject to a Proposed Water and Sewer Servicing Strategy

Date: April 11, 2005

Survey - Community of Herring Cove - Proposed Water & Sewer Servicing

Over the past year a number of meetings have been held with HRM staff and a Herring Cove Community Liaison Committee (CLC) to develop a sewer and water servicing plan for Herring Cove. The purpose of this letter is to briefly describe the plan to you and to inform you of the next steps in the process of obtaining approval to proceed with this project.

The scope of work included in the current plan allows for water and sewer services to be provided to properties abutting the public roads indicated on the attached sketch, described as follows:

- Phase 1 - water and sewer to the western portion of Herring Cove (scheduled for 2005).
- Phase 2 - water and sewer to the eastern portion of Herring Cove (scheduled for 2006)
- Phase 3 - watermain twinning and water reservoir at Oceanbreeze Drive (scheduled after 2005 construction and pending rate of development).
- Phase 4 - future phase not included in this plan - northern and southern portions of Herring Cove.

The proposed work includes constructing the water and sewer main pipes in the street and service laterals (one per property) up to the street boundary line. The estimated gross cost to construct these works is approximately \$9,500,000 for water and \$5,200,000 for sewer, for a total of \$14,700,000. Each property owner will be responsible to construct and pay for the connection from the building to the street boundary line. The connection cost will vary depending on a number of factors including the location of the building, amount of rock encountered, and modifications required to internal plumbing. Additionally, some buildings may require pumping in order to access the sanitary sewer.

Some of the water and sewer infrastructure needs to be constructed larger than required for local service in order to accommodate future development within the MPS servicing boundary and beyond the area being directly serviced under the current plan. For the water system this includes part of the reservoir and watermain twinning and installing some slightly larger pipes in certain locations. For the sewer system this applies to some share of the sewage pumping station costs and larger pipes in certain locations. For the purposes of this plan these costs are referred to as oversize costs and will be deducted from the gross cost estimate and recovered later from future development as those areas connect to the system. For the current servicing plan, these oversize costs are approximately \$3,360,000 for water and \$540,000 for sewer.

There are three external funding sources identified for the Herring Cove water and sewer project as follows:

- HRM Community Integration Fund (CIF) - approximately \$4,800,000 available.
- Canada Nova Scotia Infrastructure Program (CNSIP) - approximately \$2,070,000 available.
- HRWC Stewardship Fund - 8% of certain distribution system costs (estimated to be \$395,000)

The net project costs after the oversize costs and external funding sources are deducted, are shown in the table below. The net costs will be recovered from those property owners of Herring Cove who are directly serviced under this plan in the form of a Local Improvement Charge (LIC).

	Water	Sewer
Gross Costs	\$9,500,000	\$5,200,000
Oversize Infrastructure (deduct)	-\$3,360,000	-\$540,000
HRM CIF Funding* (deduct)	-\$2,250,000	-\$2,250,000
CNSIP Funding (deduct)	-\$1,035,000	-\$1,035,000
HRWC Funding** (deduct)	-\$395,000	0
Net Costs	\$2,460,000	\$1,375,000

*The Herring Cove CLC has recommended that \$300,000 of the CIF be set aside for other community uses - leaving approximately \$4,500,000 to be applied equally to water & sewer servicing.

**The HRWC stewardship contribution is subject to approval by the Nova Scotia Utility and Review Board.

The estimates and figures quoted in this correspondence have been rounded off and are based on a design of the servicing requirements using recent average tender prices in the Municipality for this type of work. The actual cost will vary depending upon the actual tender prices, the amount of rock encountered or for other reasons. Therefore, the final LIC rates may increase, or decrease from the estimates provided. All project/financial plans must be approved by Regional Council.

By-Law L-100 Respecting Charges for Local Improvements allows the LIC to be calculated and recovered a number of ways. Based on discussions with the Herring Cove CLC, the plan that appears to be most favourable is a LIC recovery plan that involves a blend of frontage and per lot charge. Using this method the resulting estimated interim LIC rate is as follows:

- \$20 per foot of frontage plus \$4700 per property for water
- \$10 per foot of frontage plus \$4600 per property for sewer

As an example, under this LIC recovery plan, a lot with 100 feet of road frontage will pay \$6700 for water service, and \$5600 for sewer service, or \$12,300 for both. If you have already paid the required charges for water or sewer services, you will not be billed for the same services again. The per property interim LIC rate will be adjusted to reflect actual construction costs.

LIC charges can be financed over 20 years with interest charged at the rate of 2% above the Municipality's Bankers Prime Rate of Interest at the time the project is approved to go forward by Halifax Regional Council. Billings will be issued annually, and additional or full payments can be made at any time without penalty. Any property lien as a result of charges can be transferred to new owners as long as it is requested by legal counsel and communicated to HRM by the counsel.

Property owners should also be aware that the Sewer Charges By-Law, which applies to all of HRM requires payment of Trunk Sewer Charge for all existing buildings in the amount of \$500.00 per dwelling unit and \$0.30 per square foot of floor space for all other buildings. New buildings and all building additions require payment of a Sewer Redevelopment Charge of \$0.30 per square foot of floor space. By-Law Number S-100, the "Sewer Charges By-Law describes all of these charges in more detail. There is also a Sewer Connection Permit fee of approximately \$100 and an HRWC water connection fee of \$30.

Subsequent to the installation of services, property owners will be billed quarterly for water usage and sewer discharge based on metered water consumption. As of April 1, 2004, the residential rate structure is as follows:

Environmental Protection & Wastewater/Stormwater Mgmt	\$0.9290/m ³
Water consumption	\$0.2780/m ³
Water base rate	\$33.05/quarter

For information purposes, the average residential quarterly water consumption within HRM is 64 m³ resulting in an average quarterly (three months) water and sewer bill of \$110.30. Please note that the Environmental Protection and Wastewater/Stormwater Management charges are subject to change from time-to-time.

For current or future lots outside this project plan, a fee, yet to be determined, will be levied at the time of service connection.

In an effort to help determine the desire of the community to continue the project based on the above plan, we are requesting that each property owner fill out the attached survey form (one survey per property) to indicate support for or against the plan. **Please provide a response by April 25, 2005 by one of the methods indicated at the bottom of the survey.**

Please note that any plan must be approved by Halifax Regional Municipality Council. This project has not been presented to Regional Council and all decisions in respect to this servicing strategy rest with Regional Council.

There is a Community Meeting planned for 7pm, April 20, 2005 at the Herring Cove Fire Hall. Representatives of the Herring Cove CLC and HRM Staff will be in attendance to present the plan in more detail and answer questions.

Charles Lloyd, P.Eng.
Sr. Environmental Engineer
Halifax Regional Municipality
490-6942

Jamie Hannam, P.Eng.
Chief Engineer
Halifax Regional Water Commission
490-4804

attachments: Plan Showing Proposed Water and Sewer Phasing - Herring Cove Area (Map)

Survey - Community of Herring Cove - Proposed Water & Sewer Servicing

This survey is to be completed and returned to HRM by April 25, 2005.

Question:

Based upon the estimated costs and the plan described in the attached staff correspondence entitled "Survey - Community of Herring Cove - Proposed Water & Sewer Servicing", dated April 11, 2005, are you in favour of receiving Water and Sewer Services ?

YES NO (Circle One)

Name or Company Name - Please Print

Civic Address of the Subject Property - Please Print

Authorized Signature(s)

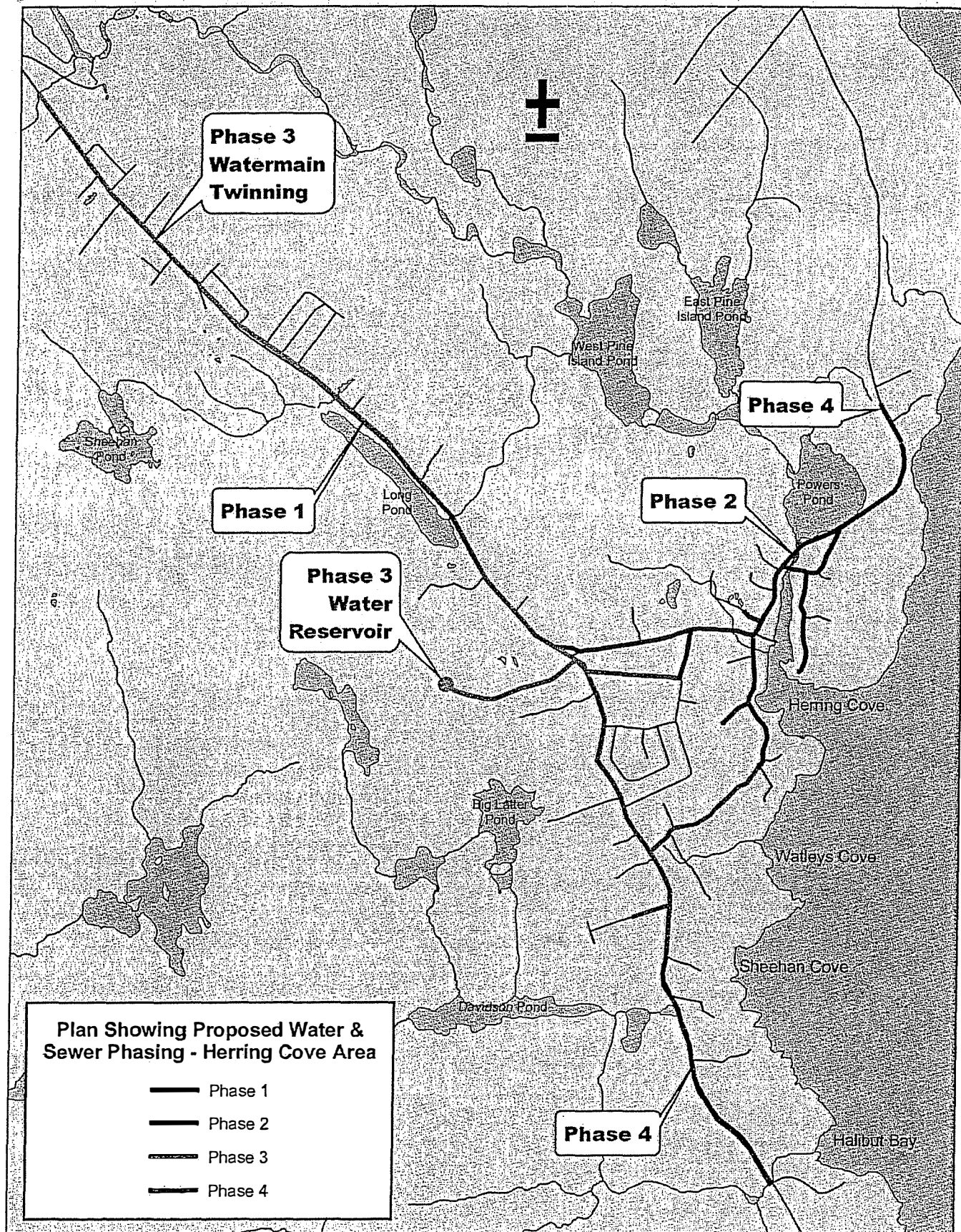
Date

This questionnaire and any written comments should be forwarded via one of the following:

<u>By Mail:</u>	Halifax Regional Municipality Design Services P. O. Box 1749 Halifax, NS B3J 3A5 Attention: Ann Reid	<u>By Hand:</u>	Halifax Regional Municipality Design Services 21 Mt. Hope Avenue Dartmouth, NS Attention: Ann Reid
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By Fax: (902) 490-4858

You may also return your completed survey at the April 20, 2005 Community Meeting.
Additional copies of this survey will be available at the meeting.



Harbour Solutions

Policy for Expenditures from Community Integration Funds

Basic Principles

Community Integration Funds (CIFs) have been established for each community hosting a Harbour Solutions' Sewage Treatment Plant (STP). Funds are spent to integrate the STPs into their host communities as determined by the residents of those communities through their CLC. The CLC seeks Council approval of the proposed expenditure. All expenditures will follow HRM Procurement policies.

Budget

CIF budgets have been approved by Council as follows:

Halifax (CSE00396)	\$1 Million
Dartmouth (CSE00397)	\$1 Million
Herring Cove (CSE00398)	\$5 Million

Policies

Capital expenditures recommended by CLCs will be brought to HRM Council for approval in a report prepared by appropriate HRM staff. This process parallels that of any other capital project approved by Council during the year.

Operating expenditures may be pre-approved at the aggregate level by Council or approved individually in exceptional circumstances.

All purchases will follow HRM guidelines, regulations and procurement policies.

Pre-approved operating expenses such as general office expenditures will be arranged through the Harbour Solutions office for the CLC. This will ensure that HRM's favourable pricing will apply to such items as office supplies and newspaper ads, non-recoverable HST is minimized, and that an audit trail will be maintained. Expenses will be charged to the appropriate internal order for each community integration fund.

Original receipts will be required for all expenditures. Any receipts for which reimbursement is sought will be submitted in a timely manner. No advances will be issued. Requests for payment and reimbursement should be signed by the Community Liaison

Committee as indication that the related good or service has been satisfactorily received and that the expenditure has been made in accordance with the approved purpose.

HRM has the capability to readily report on expenditures through SAP and will respond to reasonable requests for information.

The authority and responsibility for the administration of permissible expenses is that of HRM Financial Services.

This policy shall be reviewed after one year of implementation to evaluate its scope, relevance, and effectiveness. Responsibility for policy review and revision lies with HRM Financial Services.