

# HALIFAX REGIONAL MUNICIPALITY

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## HALIFAX REGIONAL COUNCIL COMMITTEE OF THE WHOLE MINUTES November 6, 2001

### PRESENT:

Mayor Peter J. Kelly  
Deputy Mayor Jerry Blumenthal  
Councillors: Steve Streach  
Gary Hines  
Keith Colwell  
Ron Cooper  
Harry McInroy  
Brian Warshick  
Condo Sarto  
Bruce Hetherington  
Jim Smith  
John Cunningham  
Dawn Sloane  
Sue Uteck  
Russell Walker  
Diana Whalen  
Linda Mosher  
Stephen Adams  
Brad Johns  
Robert Harvey  
Len Goucher  
Reg Rankin  
Gary Meade

### REGRETS:

Councillor Sheila Fougere

### STAFF:

Mr. Dan English, Deputy Chief Administrative Officer  
Mr. Wayne Anstey, Municipal Solicitor  
Ms. Vi Carmichael, Municipal Clerk  
Ms. Julia Horncastle, Assistant Municipal Clerk

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**1. CALL TO ORDER**

The meeting was called to order at 1:30 p.m.

**2. APPROVAL OF THE MINUTES - OCTOBER 23, 2001**

**MOVED by Deputy Mayor Blumenthal, seconded by Councillor Goucher, that the minutes of October 23, 2001, be approved. MOTION PUT AND PASSED UNANIMOUSLY.**

**3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS**

**MOVED by Councillor Goucher, seconded by Councillor Hetherington, that the Order of Business, be approved. MOTION PUT AND PASSED UNANIMOUSLY.**

**4. HARBOUR SOLUTIONS**

- Correspondence from the Halifax WaterWorks Group, dated October 31, 2001, was circulated to Council.
- Correspondence from the Halifax WaterWorks Group, dated November 5, 2001, was circulated to Council.
- Correspondence from Jerry Ackerman, dated November 1, 2001, was circulated to Council.
- Correspondence from Fred Dickson, dated November 2, 2001, was circulated to Council.
- Correspondence from Russ MacDonald, Director Halifax WaterWorks Group, dated October 30, 2001, was circulated to Council.

Mayor Kelly advised the process would be for staff to provide an overview noting, a suggested agenda was contained in the package. Following the presentation, discussion would be held and time frames would be set.

Councillor Uteck requested Councillors not respond individually to requests and questions posed in submitted correspondence but rather, the correspondence be referred to staff for a response.

Mr. Dan English, Deputy Chief Administrative Officer, outlined the recommendation of the Acting Chief Administrative Officer and requested that it be tabled.

**MOVED by Councillor Cunningham, seconded by Councillor Uteck, that it be**

**recommended to Council to accept the recommendations of the report, dated October 25, 2001, as provided by the Acting CAO.**

The recommendation in the October 25, 2001 report of the Acting CAO states:

- 1. That Council adopt the recommendation of the Proposal Selection Committee of the Halifax Harbour Solutions Project, as presented to Council on October 29, 2001.***

***In response to this recommendation, Council accept, in principle, the recommendation and direct staff to enter into negotiations with the selected Proponent. Further, that staff return to Council within a mandated time frame, with the terms of any amendments to the form of the Project Agreements that may be necessitated by a review of the current situation regarding available sites and financing for the overall project.***

- 2. In reviewing the Committee's report and recommendations, that Council continue to emphasize open and objective dialogue, recognizing we have a responsibility to protect the municipality from any undue risks legally and procedurally.***
- 3. Should Council, in its review and discussion of the recommendations, opt to consider alternate courses of action citing specific Cause that represent material deviation from the RFP process and the current status of the RFP, that it abandon its current process.***

In response to Councillor Walker, Mr. Anstey, Municipal Solicitor, advised that until there is a vote on the motion, Council has not tied its hands in any way, it is just a motion that is on the floor. Council will ultimately debate the motion and will either vote in favour or against it or, during the course of events, there may be amendments put forward which may alter the effect of it. If the motion on the floor is approved, it would come forward to Council. If not, some other motion may go forward to Council.

Mr. Anstey advised the motion is that Council adopt the recommendations in the staff report. He stated this is putting it on the table for debate and it is his understanding that the motion would be voted on at some future date after all the debate has taken place.

Mayor Kelly suggested the motion be tabled and brought back upon completion of the discussion as there may be other motions coming forward.

Councillor Cunningham spoke against the tabling noting, a motion cannot be debated once it is tabled until it is lifted from the table and brought back to the floor.

Mr. Anstey advised that if it is the wish of Council the motion can be tabled and the presentations and discussion proceed according to the outlined agenda. Following this, the

motion will be taken off the table. He noted that if somewhere in the process, as the result of a presentation, an amendment is made to the motion, then the motion won't be on the floor to amend. If Council agrees that all it will do now is to receive information and ask questions, then that process would work.

Mayor Kelly advised that any motions that come forward can be tabled and dealt with such that they will come off the table in the order they were made and tabled.

**MOVED by Councillor Cunningham, seconded by Deputy Mayor Blumenthal, that the motion be tabled.**

In response to Councillor Uteck whether the words "in principle" have a different meaning in law, Mr. Anstey advised "in principle" would mean that you are accepting it conceptually but not necessarily all of the detail.

Councillor Uteck reiterated that acceptance as per the recommendations in the Acting CAO report was "in principle" only.

**MOTION PUT AND PASSED.**

### **Review of Reference Bid/Reference Estimate**

Mr. Dan English, advised since the tabling of the Proposal Selection Committee's report there has been discussion and confusion over the term "reference estimate" noting, the intention of the reference estimate was not a bid as there was no one to bid it, no one to award it to and no one to guarantee it.

In response to Councillor Warshick, Mr. English advised it is a reference estimate or a benchmark as if HRM was to undertake it. It was not a bid because there is no one to bid it or guarantee the prices. It is there as a reference and when the addendum was sent out to the Proponents it indicated that the purpose of the bid was for HRM to ensure that the concept design build operate public/private was more cost effective than the public sector approach.

Mr. Kulvinder Dhillon, Director, Public Works and Transportation, advised Mr. Dan O'Halloran would review the preparation of the reference bid/estimate. He stated they had prepared an estimate of the costs from the information they had available.

**Mr. Dan O'Halloran** advised that at the end of May, 2000, Mr. Lloyd requested that the consulting team, in conjunction with HRM staff members, prepare the estimate. The estimate was prepared in two principal sections. The capital costs would be the costs estimated as if

HRM set out on a course to seek offers to design and build the project. There were no operations in that estimate. He advised staff looked at all the physical components in the project which included collection systems on both sides of the harbour as well as plants and effluent outfalls. It had already been determined that the collection systems would be a design/build item in the RFP; therefore, HRM was mirroring what the Proponents were being asked to provide firm offers on.

The second component was the plants and outfalls and the capital portion of that included all of the estimated costs to prepare the appropriate sites noting, they were initially looking at four sewage treatment plants, the site preparation, any road relocation necessary, the development of the buildings themselves and all the process works within the plants and the outfalls to the harbour.

The second part of the estimate included operating costs and staff was asked to put together a projection of the operating costs for both four and three sewage treatment plants. The operations would be costed as if HRM was the operator which meant HRM would be providing the staff and there would be many expenses such as power for the sewage treatment plants, chemicals for the process works and the sludge disposal costs. In addition, the operating cost portion of the estimate has with it the renewal costs for equipment and other items which were projected to be required over a thirty year period.

The HRM consulting team prepared the capital and operating cost estimate and it is the result of that exercise which has been presented in the form of the net present values. Mr. O'Halloran advised the estimate provides the best available independent estimate of what the project costs to design and build if HRM were to be the operator. He emphasized that all of the reference estimate numbers were put together without any knowledge of the Proponents offers.

In response to Councillor Warshick on how much time was spent in preparing the shadow bid, Mr. Dhillon advised he would provide that information.

In response to Councillor Smith, Mr. Dhillon advised the mandate was to prepare the reference estimate on the same basis as if the RFP had to be done by the private sector. Councillor Sloane expressed concern that there were no plans or drawings prepared with the reference estimate.

In response to Councillor Walker as to whether Council had been given the memorandum, dated May 31, 2000, from Mr. Lloyd to Mr. Ken Meech, Mr. Dhillon advised it had been provided to Council. The Councillor stated he wanted the record to show that when he, Councillor Hetherington and the Mayor had put out a press release they had discovered the shadow bid was no longer included. Subsequently, at an In Camera session, a request was made to bring back the shadow bid but it did not seem to happen.

### **Update on Acquisition of Sites**

Mr. Dhillon advised HRM is looking at three plants, one in Halifax, one in Dartmouth and one in Herring Cove Road. He advised the site in Herring Cove is 360 Networks noting, Council has approved expropriation based on the general layout of the plant. Once a Proponent is chosen, the expropriation of that site will be filed.

In response to Councillor Adams, Mr. Dhillon advised it will take approximately 90 days for the expropriation to be completed once it is filed.

Mr. Anstey advised that once the meetings take place and assuming there is some agreement between the parties, the only delay in filing the resolution would be to complete the survey which may take approximately ten days. Possession is normally 90 days after the resolution is filed although the owner may allow you to take immediate possession if he so chooses.

Mr. Dhillon advised the Dartmouth site is the Coast Guard site and HRM has been negotiating with the Federal Government and the Coast Guard noting, a general agreement has been reached on how to split the site between the two parties. He advised appraisals of the site are currently taking place.

Mr. Dhillon advised site three is in Central Halifax and as of two weeks ago HRM has possession of the site. He advised staff is moving forward with tests on the site and demolition of the buildings.

Councillor Sloane suggested an addition be made to number three outlining the effect it would have on the Cogswell Street Interchange redevelopment. Mr. Dhillon advised they would add this.

Mr. Dhillon advised the fourth site is the Halifax DND site and staff has been meeting with DND staff noting, there are certain issues to be addressed. He advised DND has expressed concern with treating the sewage from both sides of the harbour as well as how the construction and operation of that treatment plant is going to affect the operation of the Navy in that area. They have also expressed a concern with security. He advised their internal sewer system is discharging into the harbour and they are asking HRM to pay for reconnecting their sewer to the new harbour solution noting, that cost could be anywhere from two hundred thousand to four hundred thousand dollars. He advised that because this site is on DND property there will be a more rigorous environmental approval process.

### **Costs - Operating and Capital**

Mr. Eric Schibler advised the net present value cost is based on three factors, the cost of the project, the timing when those costs would occur and the discount rate that HRM has used to determine, on a present day value basis, what the cost of that project would be. The

differences relate to several items, one being the actual cost of construction, the cost of operating and in the timing in the cost of renewal expenditures. All these were projected by the Proponents and given to HRM in a fixed bid format for the first thirty years. Staff has taken some of those costs and extended them out beyond the thirty year period to determine what is called a total life cycle. The cost of each of those years is then taken and, using the estimated borrowing rate by the Municipality, discounted back to a present day value.

Councillor Warshick asked if the Municipality is bound to borrow through the Municipal Finance Corporation if HRM was to undertake the project. In response, Council was advised there is no other option available to the Municipality other than the Municipal Finance Corporation.

In response to Councillor Uteck, Mayor Kelly advised the current formula allows for two thirds funding with the other third coming from the other levels of government. To date, those levels have advised they do not have any funds for the next two years. He advised there is ongoing dialogue with the Provincial and Federal governments which will continue until a clear answer is received.

Councillor Hetherington stated the Municipality should have the authority to float its own bond and suggested the authority to do this should be sought from the Province.

Mr. Dhillon advised the breakdown includes the costs of different sites from the two Proponents and the reference bid. He referenced table 2 on page 12 of the Selection Committee Report and outlined the present value and financial merit points awarded with tunnel and without tunnel. Referencing the table, he provided a breakdown of the capital as well as the operating and maintenance costs on the net present value.

Councillor Cooper referenced the capital costs for all the bids and asked if these costs were to handle the collection system to the year 2041. In response, Mr. Dhillon advised the collection system is designed to 2041 and these were the flows given to the Proponent. The Proponent was asked to maintain those costs and it is his understanding these are the ultimate costs.

In response to Councillor Cooper, Mr. Dhillon advised the Proponents cost and the reference cost include the disposal of the sludge. The Proponents are required to obtain approval from the regulatory bodies and will be responsible for managing and paying for the sludge disposal.

In response to Councillor Sloane, Mr. Dhillon advised a condition of DND is that the parking spaces have to be replaced. He advised DND are willing to take HRM land on Upper Water Street for those parking spaces noting, the bank will have to be cut back to create these additional parking spaces.

In response to Councillor Streach, Mr. Dhillon advised the submission from HWG advising they were prepared to transfer their price from the DND site to the HRM site was received by HRM. The Selection Committee did not feel this was a complete bid.

In response to Councillor Hines, Mr. Dhillon advised the Provincial and Federal governments are prepared to approve the advanced primary treatment which is called for on this project. If the secondary becomes a requirement in future, these plants can be expanded to accommodate that change.

## **5. ADJOURNMENT**

The meeting adjourned at 3:45 p.m. with the next meeting scheduled for Wednesday, November 14, 2001 at 1:00 p.m. and every Wednesday thereafter as necessary.

Vi Carmichael  
Municipal Clerk