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PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Halifax Regional Council  
March 9, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
George McLellan, Chief Administrative Officer

  
Dan English, Deputy Chief Administrative Officer

**DATE:** March 3, 2004

**SUBJECT:** Herring Cove Sewer and Water - Status Report

### SUPPLEMENTARY REPORT

#### ORIGIN

On February 18, 2003, Regional Council approved the award of the Pre-Design Study - Herring Cove Sewer and Water Services, Item No. 9.4.4. This study is currently in a final draft form and this report will provide Council with an update and have Council confirm the next steps in the process.

#### RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve the allocation of \$5,000,000 from the Harbour Solutions Project, Community Integration Fund to assist in the design and construction of sewer and water services in the Community of Herring Cove, subject to alternative funding proposals being brought forward by the Herring Cove Community Liaison Committee (CLC) that are subsequently approved by Regional Council;
2. Approve the allocation of \$2,070,800 in funding from the Canada / Nova Scotia Infrastructure Program to assist in the design and construction of sewer and water services in the Community of Herring Cove.
3. Authorize staff to proceed with the design of Phase I of sewer and water services for the Community of Herring Cove.

**BACKGROUND**

Under the Halifax Harbour Solutions Project (HHSP) the community of Herring Cove has been selected as a site for a future Wastewater Treatment Facility. The HHSP allows for an integration fund of \$7 million to be made available to host communities for enhancements. Regional Council had previously approved in principle that a \$5 million Community Integration Fund be made available to the community of Herring Cove.

Initially the Herring Cove Ratepayers Association served as the area Community Liaison Committee (CLC) and participated in the development of the Settlement and Servicing Strategy for the community, which was completed in December of 2000. This study included a significant community consultation component and concluded that sewer and water servicing was a high priority for the community. The study stated that the Community Integration Fund offered an opportunity to move forward with municipal services at a reasonable cost to the community. The use of the integration fund requires the approval of Regional Council.

One of the recommendations from the 2000 report was that a pre design study should be undertaken to provide more accurate cost estimates and take into consideration various servicing options identified in the Settlement and Servicing Strategy. In February 2003, HRM commissioned a Pre-Design Study - Herring Cove Sewer and Water Services. The pre design study report is currently in final draft form.

Recently the Herring Cove CLC has been reestablished through a community election.

**DISCUSSION**

Providing Council approval is obtained, the objective will be to design and tender Phase I by the fall/winter of 2004. Actual construction will not take place until an approved plan and Local Improvement By-Law is in place to fund the balance of the project costs. The objective will be to have Council approve this By-Law by winter 2004 or sooner.

The Pre-Design Study - Herring Cove Sewer and Water Services consists of a preliminary design and an estimate of the costs to provide sewer and water services for the entire service area including public and private roads. This study is currently in final draft form. However staff feel that it is appropriate to share the preliminary cost information with Regional Council at this time.

Based on the information provided in the draft study, staff have developed two potential project plans to service Herring Cove. The first potential plan includes constructing sewer and water within the service boundary in four phases. The second potential plan is similar to the first except that it does not include Phase IV because of the high construction costs versus the number of properties served. The various areas covered under each phase are shown on the attached sketch.

The estimated per property charge for each of the above project plans has been calculated based on the following assumptions:

- \$2,200,000 in oversizing costs have been deducted. This amount is typically recovered from charges to areas beyond the immediate area where water and sewer is installed, and through fire protection rates;
- \$1,750,800 in Canada/Nova Scotia Infrastructure funding designated for Herring Cove has been deducted. This amount represents the remainder of the final \$10,077,800 granted under the

- Council amendments on February 10, 2004;
- \$320,000 of the \$1,400,000 in Canada/Nova Scotia Infrastructure funding recently considered to be allotted to the Prince's Lodge Water and Sewer project has been redirected to the Herring Cove Water and Sewer and has been deducted. This funding has become available due to the revision in project cost estimate for Prince's Lodge from \$2,100,000 to \$1,617,000;
- Staff have projected per property estimated recovery costs based on three different Integration Fund levels being applied to the sewer and water project: \$5,000,000, \$4,000,000, and \$0; and,
- There are no other sources of funding identified for this project at this time.

	Entire Service Area (Phase I - IV)	Entire Service Area (excluding Phase IV)
Estimated Cost (Gross)	\$18,700,000	\$16,000,000
Oversizing Costs	- \$2,200,000	- \$2,200,000
Infrastructure Funding (Herring Cove)	- \$1,750,000	- \$1,750,000
Infrastructure Funding (from Prince's Lodge)	- \$320,000	- \$320,000
Estimated Cost (Net)	\$14,430,000	\$11,730,000
Estimated # properties	440	380
Estimated Per Property Charge (with the remaining balance of the \$5M Integration Fund applied)	\$21,400	\$17,700
Estimated Per Property Charge (with \$4M Integration Fund applied)	\$23,700	\$20,300
Estimated Per Property Charge (with \$0M Integration Fund applied)	\$32,800	\$30,900

The amounts shown in the table include an allowance for engineering, contingency and net HST. These amounts are estimates only, based on a preliminary design of the servicing requirements using recent average tender prices for this type of work. The actual cost will vary from the estimate depending upon the final scope of work, the number of properties serviced, the detailed design requirements and actual tender prices received.

Council may consider alternative proposals for using the Integration Fund. However, it should be noted that there are no other sources of funding for this project at this time. If less funding from the Integration Fund is applied to the project, the amount recovered from service recipients will increase accordingly through Local Improvement Charges. The effect of applying various amounts of Integration Funding to the project is illustrated in above table. It also should be noted that one of the goals identified in the Settlement and Servicing Strategy was for HRM to pursue a funding plan that reduces the connection charge for existing dwelling to the equivalent of the provincial average cost for on-site installation. In the pre design study the

consultant estimated that the provincial average for an on-site septic system is \$13,500 and the cost of a drilled well is \$6500 for a total of \$20,000.

Based on current estimates, this goal can be met by applying the remaining balance of the \$5 million Integration Fund toward the project, and by not including Phase IV in the project.

The intent is that some or all of Phase I be designed and tendered in 2004 and constructed in 2005. However, the actual construction schedule will depend upon having an approved plan in place for funding the balance of the project costs, including having a Local Improvement By-Law approved by Regional Council. Later phases will be designed and tendered in subsequent years.

The community of Herring Cove presents some unique challenges such as the lot configuration, a high percentage of private roads, narrow public roads and a number of existing residents that have water and/or sewer services now. Staff will continue to address these issues and at the appropriate time, will produce the final pre design study and an executive summary.

**BUDGET IMPLICATIONS**

None at this time

**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.

**ALTERNATIVES**

None.

**ATTACHMENTS**

Map showing project phases

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: Charles Lloyd, P.Eng., Senior Environmental Engineer, EMS 490-6942

Report Approved by: \_\_\_\_\_  
John P. Sheppard, P.Eng., Senior Environmental Engineer, EMS 490-6958

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Brad Anguish, P.Eng., PMP, MBA, Director, Environmental Management Services 490-4825

