

10.1.9



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
March 27, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Dan English", written over a horizontal line.

Dan English, Chief Administrative Officer

A handwritten signature in black ink, appearing to read "Wayne Anstey", written over a horizontal line.

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: March 5, 2007

SUBJECT: Station Road, Hubbards

ORIGIN

Item 7.10 of Regional Council meeting of September 12, 2006:

MOVED by Councillor Meade, seconded by Deputy Mayor Walker, that Mayor Kelly, on behalf of Regional Council, request that the Honourable Jamie Muir, Minister of Service Nova Scotia and Municipal Relations, provide Provincial Capital Assistance Program funding in the amount of \$60,000 to conduct a study in regard to sewage problems on Station Road, Hubbards. MOTION PUT AND PASSED UNANIMOUSLY.

Item 10.3.2(ii) of Regional Council meeting of February 27, 2007:

Staff report requested on what HRM can do to eliminate the sewage problem on Station Road in Hubbards. MOTION PUT AND PASSED UNANIMOUSLY.

RECOMMENDATION

It is recommended that Regional Council:

1. Approve an HRM allocation of \$30,000 to match the \$30,000 provided by the Province from the Provincial Capital Assistance Program, with the \$30,000 HRM funding to be provided from Account No. CDV00721 Watershed/Env. Studies.
2. Approve staff proceeding with a Request for Proposals for a detailed servicing study for the Community of Hubbards.

BACKGROUND

HRM staff understand that the residents of Station Road are currently serviced by a private septic system that discharges into Hubbards Cove and is constructed on separate land that is leased to the residents under a 99 year lease agreement. The sewer and the septic tank are privately owned, and therefore are regulated by the Province. HRM has no legislated responsibility with respect to this system. HRM further understands from Provincial staff that the septic system performance is inadequate to meet public health/environmental regulations of the Province and that Provincial Staff are fulfilling their obligations as Regulators in this matter.

The Station Road sewage issue was previously before Regional Council on September 12, 2006. The outcome of that Council meeting was that a letter was sent from the Mayor to the Province requesting that funding in the amount of \$60,000 be provided by the Province from the Provincial Capital Assistance Program (PCAP) to conduct a study in regard to the sewage problems at Station Road. The Province wrote back, agreeing to fund only 50% of the study, up to a maximum of \$30,000.00. Copies of both letters are attached.

Because the Province have committed a maximum of \$30,000 only, there is an estimated shortfall of \$30,000 to complete the study.

Hubbards is one of the communities identified pursuant to the Regional Plan as a Rural Commuter District Centre. As such, it is envisioned that Hubbards be serviced at some time in the future with water and wastewater services in order to facilitate its growth. It is staff's opinion that it is best to plan for the resolution of the Station Road sewage problem in the context of the eventual wastewater servicing plan for the entire Hubbards community. To do otherwise would very likely result in the construction of infrastructure to solve the Station Road problem that would not be able to be utilized as part of the eventual wastewater servicing for the full community.

Further, HRM staff understand anecdotally that there are other wastewater problems in the community of Hubbards, such as malfunctioning onsite systems and direct discharges to Hubbards Cove, that also necessitate identification, investigation and action. With this in mind, it is staff's opinion that the Station Road sewage problem should not be studied in isolation.

Further, the capital cost of the wastewater infrastructure required to address the Station Road sewage issue on its own has been estimated by HRM staff (using in part information provided by the Province) to be in the order of \$750,000. There are understood to be approximately 15 residences on Station Road, so the capital cost of \$750,000 represents a cost of about \$50,000 per residence for solving the sewage problems at Station Road on its own.

This is an extremely high cost per residence, which is predictable given the small number of residences involved. This cost can be reduced significantly if the Station Road solution is incorporated into the overall Hubbards community servicing.

For these various reasons, the sewage problems and solutions should be studied on a community basis, not just for Station Road alone.

The Member of Parliament for the area, Gerald Keddy, recently wrote Councilor Gary Meade with respect to the Station Road sewage issue. With assistance from staff, Councillor Meade prepared a response to MP Keddy's letter. Both letters are attached for reference purposes.

DISCUSSION

As an outcome of the Regional Plan, Regional Council approved a capital project to fund watershed and environmental studies in HRM as a precursor to providing servicing to communities identified in the Regional Plan as Rural Commuter District Centres. An amount of \$300,000 was approved. One study - for Musquodoboit Harbour - is underway. Another - for Fall River - is expected to be awarded to a consultant soon.

Staff are recommending that \$30,000 be allocated from this account to match the \$30,000 conditional grant provided from PCAP, to facilitate the servicing study for Hubbards, including Station Road.

Central servicing for Hubbards may not be provided for a period of time - possibly five years or more - but staff are recommending that the study be done now, given the acute nature of the sewage problem at Station Road. Having said this, the study will look for more immediate solutions to the Station Road problem, if such solutions are available and feasible.

The study is the next logical step in the process of identifying solutions, options and costs.

In the meantime, HRM staff understand there are immediate concerns from the local residents and boaters regarding the Station Road septic discharge into Hubbards Cove. This is an issue for the Province to respond to and to manage, given that onsite wastewater systems are a Provincial responsibility, not Municipal. Notwithstanding this, HRM staff have identified possible opportunities to assist in managing this issue in the short term, until community servicing is provided. Those opportunities are identified in the aforementioned letter to MP Gerald Keddy.

BUDGET IMPLICATIONS

The PCAP funding will take the form of a conditional grant, with the stipulation that HRM will have until the end of next fiscal year (March 31, 2008) to complete the study. This is documented in a letter to HRM dated March 8, 2007, copy attached.

Capital Account No. CDV00721, Watershed Environmental Studies

Cumulative Unspent Budget	\$228,219
Less: Hubbards Servicing Study	<u>\$ 30,000</u>
Uncommitted Balance	\$198,219

The balance of the funds remaining in the account will be used for watershed and environmental studies in other areas of the Municipality including the Fall River Study which is expected to be awarded soon.

HRM's allocation of \$30,000 towards the study is part of the overall project cost, and so it is intended that the full \$30,000 will be recovered later, if and when the actual servicing project proceeds, through the appropriate community charges, e.g. local improvement charges, area rates, capital cost contribution charges, or others.

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

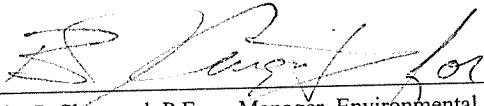
1. Regional Council could decide to not approve the use of the \$30,000 to contribute to the cost of the study. In this circumstance, the study would not proceed, and the PCAP conditional grant would be returned to the Province. If this should happen, the further result may be that HRM may pay the full cost of such a study later, without funding assistance from the Province, when HRM conducts a servicing study of Hubbards later as recommended by the Regional Plan. This action would also likely compel the Province to increase compliance activities with the residents.
2. The \$30,000 funding shortfall for the study could be funded by the Station Road residents. The number of residences is understood to be approximately 15. If this number is accurate, a contribution of \$2,000 per residence would be required. This approach is not recommended at this time. Staff recommend the funds to be recovered if and when the actual servicing implementation proceeds.
3. Council could direct staff to provide a sewage solution for the residents of Station Road only, and not the full community of Hubbards, using any available external funding, and recovering the rest from the citizens via Local Improvement Charges. This alternative is not recommended because:
 - a. There is currently a land dispute between the residents and the septic land owner;
 - b. The Station Road only solution is expensive, misses other discharges, and potentially places the sewage system in the wrong location to be expanded upon/utilized in the future for the full community of Hubbards;

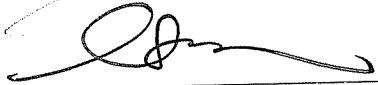
- c. There are higher priorities for external funding based on the Stormwater and Wastewater Priority Rating Process approved by Regional Council.
- 4. Council could direct staff to provide a sewage solution for the residents of Station Road only, using general revenue. This is not recommended because service extensions in HRM have been typically completed without the use of general revenue by using external funds combined with Local Improvement Charges.

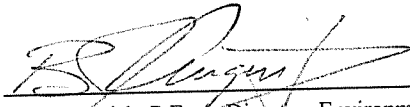
ATTACHMENTS

- 1. Letter of November 17, 2006, from Mayor Peter Kelly to the Honourable Jamie Muir
- 2. Letter of December 14, 2006, from the Honourable Jamie Muir to Mayor Peter Kelly
- 3. Letter of January 15, 2007, from Gerald Keddy, MP, to Councillor Gary Meade
- 4. Letter of March 6, 2007, from Councillor Gary Meade to Gerald Keddy, MP, with attached memo of March 6, 2007, from Brad Anguish to Councillor Gary Meade
- 5. Letter of March 8, 2007, from Marvin MacDonald to Brad Anguish

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: 
John P. Sheppard, P.Eng., Manager, Environmental Engineering Services, 490-6958

Financial Approval by: 
Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Report Approved by: 
Brad Anguish, P.Eng., Director, Environmental Management Services, 490-4825

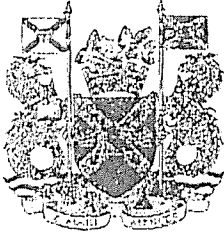
HALIFAX REGIONAL MUNICIPALITY

Attachment 1

NOV 24 2006

MUNICIPAL CLERK

Halifax Regional Municipality



November 17, 2006

The Honourable Jamie Muir
Minister of Service Nova Scotia
and Municipal Relations
P. O. Box 216
Halifax, NS B3J 2M4

MUNICIPAL CLERKS OFFICE
Distributed to: Regional Council
Rouncillors Meeting
Mayor
CAO
DCAO
Solicitor
Communications
Other: Brad Trinquish, Charles Lloyd
Date: September 12/06
Item No. 7.10

Peter J. Kelly
Mayor

1641 Argyle Street
PO Box 1749
Halifax, Nova Scotia
Canada B3J 3A5

Tel: (902) 490-4010
Toll free: 1-800-835-6420

Fax: (902) 490-4012
Email: kellyp@halifax.ca
Website: www.halifax.ca

Dear Minister Muir:

Re: Provincial Capital Assistant Program (PCAP) Funding -
Station Road, Hubbards, NS

It has been brought to Halifax Regional Council's attention that
there is an potential public health issue related to the release
of effluent from a private sewage collection and treatment system
into the harbour in the community of Hubbards.

In July of 2004 the NSDEL produced a report entitled "Station Road
- Hubbards, Sanitary Sewage Treatment Options". The report
explains that the existing system consists of a collection pipe
that runs along Station Road, crosses Highway 3 and runs through a
private property to what appears to be a large septic tank. From
there the effluent is discharged to the ocean; and the current
system has virtually no treatment, except for solids settlement in
the tank. The report went on to discuss (generally) the various
treatment options that may be available to address the Station
Road sewage problem.

HRM understands that the discharge point is located near the
center of the community and empties directly into Hubbards Cove,
an area used for boating and recreation. As far as we know, other
homes in the area are serviced with individual on-site septic
systems and wells. It has been our experience that in many of
these older communities there may be other on-site systems that
are not performing as intended and public health issues from these
systems may exist or be emerging elsewhere in the community.

We believe the most economical long term solution to the known
sewage issue at Station Road (and the potential other sewer and



Page 2

water issues in Hubbards) requires a more comprehensive study of the community to understand the nature and extent of other potential failing on-site systems in the community. With the adoption of the 25 year Regional Plan, HRM has identified the community of Hubbards as a growth centre and transit hub that may one day support central sewer services. A more comprehensive approach will help the community develop a more sustainable solution.

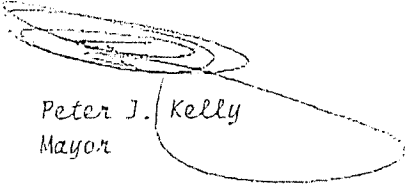
Please accept this letter as a formal application to the Province of Nova Scotia requesting that the PCAP program provide \$60,000 to hire a consultant to complete a detailed servicing study and cost estimates for the long term management and solutions for the water and wastewater servicing issues facing (generally) the property owners of Hubbards and (specifically) the residents connected to the existing Station Road system.

HRM staff are willing to issue and receive the RFP and manage the study. We would be pleased to have provincial staff help to develop the RFP, provide input as the study progresses and / or share the conclusions and recommendations of the study with you.

If you require discussions with staff on any technical details related to our application, please contact Charles Lloyd, P.Eng. Senior Environmental Engineer of Environmental Engineering Services at 490-6942.

We look forward to a positive response to our request.

Respectfully, I remain


Peter J. Kelly
Mayor

Att

cc Halifax Regional Council
The Honourable Judy Streatch, MLA
Gerald Keddy, MP
Brad Anguish, Director, EMS
Darlene Fenton, NS Environment and Labour

19986



Service Nova Scotia and Municipal Relations
Office of the Minister

PO Box 216, Halifax, Nova Scotia, Canada B3J 2M4 • Telephone 902 424-5560 Fax 902 424-0581 • www.gov.ns.ca

DEC 14 2006

RECEIVED
 DEC 18 7 00 AM
 Mayor's Office
 Date: September 12/06
 Item No. 7-10
 Communications
 Other Brad Anguish
Charles Lloyd

HALIFAX REGIONAL MUNICIPALITY
 DEC 13 2006
 MUNICIPAL CLERK

Mr. Peter Kelly
Mayor
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Mayor Kelly:

Re: Station Road, Hubbards - Request for Funding

Thank you for your recent letter requesting financial assistance to undertake a detailed servicing study for the Station Road area in Hubbards, Nova Scotia.

I am pleased to inform you that the Department of Service Nova Scotia and Municipal Relations will contribute 50% of the cost of the project, up to a maximum contribution of \$30,000.00. The funding will be available from the Provincial Capital Assistance Program (PCAP) in the current fiscal year (2006 - 2007). All expenditures for the project must be made by March 31, 2007.

As a funding partner the Department requires a seat on the Steering Committee overseeing the work. Please contact Marvin MacDonald, Director of Grants and Contribution Programs at (902) 424-3858 for details on the terms and conditions of this funding offer.

Yours truly,

Jamie Muir

- c Honourable Judy Streach, MLA
- Gerald Keddy, MP
- Brad Anguish, Director EMS - HRM
- Darlene Fenton, Regional Manager, NSDEL

**MAYOR'S OFFICE
DISTRIBUTED TO:**

CAO: _____

CLERK:

COUNCILLORS
OFFICE: _____

DATE: Dec 19/06



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Fax: (902) 527-5656
keddyg@ns.sympatico.ca

Gerald Keddy, M.P.
South Shore - St. Margaret's

January 15, 2007

Gary Meade
Councillor – District 23 (Hammond's Plains – St. Margaret's)
Halifax Regional Municipality
18 Oakland Point Lane
Head of St. Margaret's Bay, NS B3Z 2H6

Re: Station Road

Dear Councillor Meade:

Per our recent meeting in my office on December 18, 2006, please find below the options that are available to the Halifax Regional Municipality (HRM) for the clean up of Station Road, which we all agree requires immediate attention.

Following our meeting, I had multiple conversations with management of the Municipal-Rural Infrastructure Fund (MRIF). They informed me that HRM only has \$50,000 remaining in its 2006 county allocation. Furthermore, all MRIF funding has been totally invested and the MRIF program expires this year; therefore no further applications are being accepted. As a result, the federal government, who is responsible for the MRIF program, is currently in the process of reviewing this program. It is expected that a new program, very similar to MRIF, will be announced shortly. Nonetheless, funds from this new program will not be available until this summer. Obviously, Station Road cannot wait that long to be fixed as it represents an environmental, health and safety situation.

As such, there are three options available to HRM:

Option #1: The residents of Station Road can utilize the 99-year lease agreement that they have on Madeline Myer's property and build a new septic system, which meets provincial standards, that is totally financed by HRM.

Option #2: HRM can ask MRIF to scale back or withdraw one of its already approved projects and have those funds transferred for Station Road. I understand that HRM currently has two approved projects through MRIF, however, they are not scheduled to begin for another couple years. As such, HRM can transfer those funds to Station Road and then apply to the new program that will be announced for the other two projects.

Option #3: HRM can request (in the form of a letter) 'emergency funding' from the Province of Nova Scotia through *Service Nova Scotia and Municipal Relations* and whatever emergency money HRM receives from the Province may be able to be

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8384 St. Margaret's Bay Rd
Black Point, NS B0J 1B0
Tel: (902) 858-3586
Fax: (902) 858-3101



P.O. Box 582
Causeway Professional Centre
Barrington Passage, NS B0W 1G0
(902) 637-3945
Fax: (902) 637-3946
keddyg1@parl.gc.ca

Page 2
Station Road
January 15, 2007

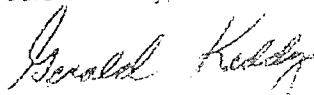
stacked with its \$50,000 county allocation. Please note, however, that HRM will have to contribute 1/3 of the total cost required for Station Road.

Depending on the amount of the two approved projects mentioned above, perhaps HRM could (via Option #2) build a treatment plant that services Station Road and the others requesting service? If not, then it is suggested that HRM submit a new application, similar to the one that the *Hubbards Cove Waterfront Development Association* has already submitted, once this new program puts out a call for applications. I am not sure what guidelines the new program will outline, however, it is very important to remember that when submitting an application it needs the support of the municipality via a resolution of council and be one of the municipality's top priorities. The application will also have to highlight the owner/manager of the treatment plant, including its financials.

I trust that the above information will help HRM move forward with correcting the current situation at Station Road and help in planning for the future of Hubbards.

Should you have any further questions, please do not hesitate to contact me. I can be reached at my Bridgewater office by calling toll free 1-888-816-4446.

Yours Sincerely,



Gerald Keddy, MP
South Shore – St. Margaret's

cc: Judy Streach, MLA Chester – St. Margaret's
cc: Madeline Myers
cc: Jeffrey Pinhey
cc: Shaun Fraser
cc: Peter Stow
cc: Heather Conrad



March 6, 2007

Mr. G. Keddy, M.P.
Bizee Centre 2B Comp 2,
8384 St. Margaret's Bay Rd.
Black Point NS, B0J1B0

Sent via Facsimile: 902-858-3101

No. of Pages: 5

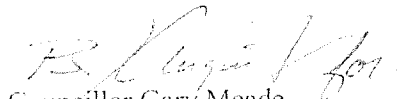
Reference: Station Road Septic

Dear Mr. Keddy:

Please find HRM staff's response to your letter of January 15, 2007 attached. I have requested a formal staff report on the recommended way ahead for Station Road which I anticipate will be delivered by the end of March.

Should you have any questions, please do not hesitate to contact me at (902) 826-3336.

Yours sincerely,


Councillor Gary Meade
District 23 – St. Margaret's Bay

c: Brad Anguish, Dir-EMS
Dan English, CAO – HRM
Wayne Anstey, DCAO – HRM
Judy Streach, MLA Chester – St. Margaret's
Jeffrey Pinhey, P. Eng.
Madeline Myers
Peter Stow
Shaun Fraser
Heather Conrad

Enc.



P.O. Box 1749
Halifax, NS
B3J 3A5

MEMORANDUM

TO: Councillor Meade

FROM: Brad Anguish, Director

DATE: March 06, 2007

SUBJECT: Station Road Septic

Councillor Meade:

This memorandum is provided in response to your request for staff's perspective regarding the letter you received from Mr. Keddy, M.P., on January 15th, 2007.

HRM staff understand that the residents of Station Road are currently serviced by a private septic system that discharges into Hubbards Cove and is constructed on land that is leased to the residents under a 99 year lease agreement. We further understand from Provincial staff that the septic system performance is inadequate to meet public health/environmental regulations of the Province. We have also learned that the septic system property owner has stated through her solicitor that the 99 year lease agreement has been terminated.

Regulation of septic systems within HRM is the responsibility of the Province. HRM has no mandated municipal responsibility in this matter. We understand that provincial staff are fulfilling their obligations as regulators by taking necessary action toward managing this private septic system back into compliance with regulations. We trust that this action will continue in order to limit the impact of the effluent discharge into Hubbards Cove.

HRM staff certainly empathize with the residents of Station Road and their non-compliant septic system. Unfortunately, this situation is not unique within HRM. Not unlike the residents of Station Road, HRM is responsible to Provincial Regulators for the satisfactory performance of all publicly-owned sewage systems. Currently, there is a backlog in excess of \$200 million of projects that must be completed to meet provincial regulations. As a result, there is significant pressure for Regional Council to fund its legislated responsibilities first before considering the provision of financial assistance to private property matters such as Station Road.

In Mr. Keddy's letter he refers to some options whereby HRM could potentially provide financial assistance to the residents of Station Road, despite the fact that HRM has no regulatory obligations. HRM Regional Council has recently on occasion provided financial assistance to residents to assist with the cost of extending central piped services by directing external infrastructure funds (only) from other levels of government to the project. As stated in his letter, HRM has currently allocated all external infrastructure dollars to other projects, with the exception of approximately \$50,000.00 in the Municipal Rural Infrastructure Fund (MRIF). These funds are anticipated to be allocated by Regional Council as part of the 2007/08 business planning process and a subsequent request made to the MRIF secretariat for approval.

Despite the lack of external infrastructure funds from other levels of government, HRM has most recently proceeded with service extensions to Armshore Drive and the Glenmount/Millview subdivision. In the case of Armshore Drive, the residents paid 100% of the servicing costs and in Glenmount/Millview the residents paid approximately 80% of the costs with the remainder coming from a local developer and the Province. Upon direction from Regional Council, HRM staff would be prepared to survey the residents of Station Road (as we do with all servicing projects) to understand their willingness to fund 100% of the septic system replacement project. This action would potentially enable the project to proceed right away subject to a Public Hearing and approval from Regional Council and subject to satisfactory resolution of the land ownership issue surrounding the septic system.

Under "Option #1" in Mr. Keddy's letter he suggests that HRM could totally finance and build a new septic on Madeline Myer's property. This option is an unlikely solution given that HRM has historically used external funding from other levels of government for service extension projects with HRM's share paid for by the residents receiving the service. Further, it would appear there is a current private legal dispute over the siting and use of the septic system to which HRM would not wish to become involved.

Under "Option #2" Mr. Keddy suggests that HRM Council could withdraw and re-prioritize its current MRIF funding allocations to accommodate the Station Road project. As it currently stands, all projects approved by Regional Council for MRIF funding are progressing as planned within the timelines defined by the program. Further, he correctly states in his letter that any MRIF application must have "the support of the municipality via a resolution of Council and be one of the Municipality's top priorities". From a staff perspective, Station Road is not a "top priority" project when compared with the backlog of projects required to meet HRM's legislated wastewater obligations. That said, you could certainly still choose to pursue this option with Regional Council.

Under "Option #3" Mr. Keddy suggests that HRM can request "emergency funding" from the Province and stack it with unallocated MRIF funding of \$50,000. HRM staff

have discussed this funding with provincial staff and are unaware of any "emergency funding" available from the Province at this time. Should such funding be made available to HRM in an adequate amount to fund the project, this option could be revisited. As well, HRM staff would be pleased to follow-up on any suggestions Mr. Keddy may have to access similar "emergency funding" from the federal government.

Based on a review of the provincial study of the Station Road problem and based on some very rough cost estimates, HRM staff estimate that the costs for replacement of the Station Road septic system and collection piping could range upward to \$750,000. We feel that this is an extremely high cost for servicing relatively few residents. We understand that there are several other residences in the area who are directly discharging wastewater to the Cove and that there are likely many more residences, given the relative age of the community, where on-site systems (septic systems and wells) are not performing as intended.

HRM staff believe the most economical long term solution to the known sewage issue at Station Road (and the potential other sewer and water issues in Hubbards) requires a more comprehensive study of the community to understand the nature and extent of other potential failing on-site systems in the community. With the adoption of the 25 year Regional Plan, HRM has identified the community of Hubbards as a growth centre and transit hub that may one day support central sewer services. A more comprehensive approach will help the community develop a more sustainable and affordable solution. To this end, HRM submitted a formal application to the Province requesting the Provincial Capital Assistance Program (PCAP) provide \$60,000 to complete a detailed servicing study and cost estimates for the long term management and solutions for the water and wastewater servicing issues facing (generally) the property owners of Hubbards and (specifically) the residents connected to the existing Station Road system. HRM subsequently received only \$30,000 from PCAP funds; however, staff are prepared to recommend to Regional Council to proceed with the study subject to additional HRM funds being designated for this purpose as required. If this study was to proceed, central public servicing for Hubbards would not likely occur for a minimum of five years, subject to available funding and Regional Council approval. In accordance with Regional Council's February 27th, 2007 request for a staff report, staff will be proceeding to Council by the end of March to seek direction on the way ahead with this approach.

In the meantime, HRM staff understand there are immediate concerns from the local residents and boaters regarding the Station Road septic discharge into Hubbards Cove. While provincial staff have made it clear that the septic system is out of compliance, HRM staff are unaware of the frequency and volume of discharge and whether this discharge is having any discernable impact on the local water quality such that it would constitute a safety concern. We understand that provincial staff plan to conduct a sampling program in the immediate area. Once the results are known, we are recommending that provincial staff from Environment and Labour meet with the

provincial Medical Officer Health to discuss the immediate interim measures to be taken, if any, to protect the users of Hubbards Cove. HRM continues to work closely and successfully with the staff of Nova Scotia Environment and Labour and the Medical Officer of Health in managing a number of these situations throughout HRM where the public infrastructure is non-compliant and discharging to the respective watercourse.

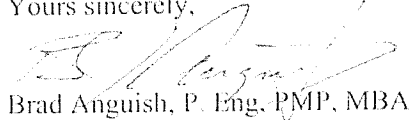
In summary, HRM staff understand that the Province is actively regulating the non-compliant discharge from the Station Road septic system. HRM has no mandated responsibility regarding the Station Road discharge, however, upon direction and funding from Regional Council, HRM staff will become involved as required. HRM staff are unaware of any significant funding source for Station Road at this time. There are numerous legislated wastewater priorities to be addressed within HRM that are currently unfunded and are having a more severe environmental impact. HRM staff are prepared to proceed with a comprehensive study of the community's servicing needs as part of the Regional Planning process using PCAP funding, subject to approval by Regional Council. As an interim measure to ensure protection of the health and safety of those who recreate in Hubbards Cove, HRM staff recommend that water quality testing be undertaken in cooperation with the Medical Officer of Health to determine if any necessary mitigative measures need to be implemented.

Finally, HRM staff are certainly disappointed with the \$15 - \$20 million annual funding shortfall required to maintain HRM's public wastewater infrastructure in compliance with provincial regulations. This short fall does not consider the much increased infrastructure funding gap felt by local governments when other important municipal infrastructure beyond wastewater responsibilities are included. We certainly wish there were adequate infrastructure funds to address our public obligations as well as to provide assistance to private property owners struggling with their on-site system performance.

Given that HRM receives the lowest level of funding from other levels of government of any Canadian municipality, recently compared at \$27 per capita in Halifax to Montreal, Ottawa and Toronto at \$245, \$426 and \$645 respectively, we certainly hope that Mr. Keddy will do his part in Ottawa to increase the flow of infrastructure dollars to our Region. It is our hope that the recent report by the Conference Board of Canada outlining the economic return for investing in hub cities, such as Halifax, is a tool that Mr. Keddy could use to help solidify the argument that local governments need adequate infrastructure to support and encourage growth in communities and thus the nation.

Should you have any questions, please do not hesitate to contact me at 490-4825.

Yours sincerely,



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

BA/mm



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Our File Number:

Marvin MacDonald
Director
Grants & Programs

March 8, 2007

Mr. Brad Anguish, Director EMS
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

RE: Hubbards - Wastewater Collection & Treatment Study

Further to our recent discussion I am pleased to inform you the Department of Service Nova Scotia and Municipal Relations (SNSMR) will provide the \$30,000.00 conditional grant to Halifax Regional Municipality (HRM) to undertake the Hubbards Wastewater Collection & Treatment Study.

The grant is made conditional on HRM's agreement that the funds will be used exclusively for the above mentioned project. If for some reason the project does not proceed for any reason, HRM will be required to refund the unused portion of funding. To validate expenditures, copies of invoices and proof of payment must be submitted and a final audited statement of claim is required at the completion of the project and prior to March 31, 2008.

Please sign the statement below and return to my attention. Upon receipt of the returned signed letter I will requisition the release of the \$30,000.00 grant. This will be done through an electronic funds transfer.

If you have any questions please contact me at 424-3858.

Sincerely,

Marvin MacDonald, P.Eng.
Director, Grants & Programs

On behalf of HRM, I am accept and agree to the terms and conditions set out in this letter of funding (\$30,000.00) approved under the PCAP Program.