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Item No. 8.1

Halifax Regional Council
July 8, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Handwritten signature of Geri Kaiser in cursive.

Geri Kaiser, Acting Chief Administrative Officer

Handwritten signature of Paul Dunphy in cursive.

Paul Dunphy, Acting Deputy Chief Administrative Officer - Operations

DATE: June 27, 2008

SUBJECT: Responses to Questions - By-Law S-308, an Amendment to By-Law S-300, Respecting Streets

SUPPLEMENTARY REPORT

ORIGIN

On June 24, 2008, a public hearing on the proposed changes to the existing Streets By-Law S-300 took place. As a result of a presentation made by Heritage Gas a number of questions were raised. Council moved to defer the motion on the proposed changes to July 8, 2008, at which time HRM staff was instructed to provide answers to those questions.

RECOMMENDATION

It is recommended that Halifax Regional Council approve in principle and begin the formal process for the adoption of By-Law S-308, Amendments to Streets Bylaw S-300 "By-Law Respecting Streets".

BACKGROUND

The process for approval of the proposed amendments to the Streets By-Law commenced on May 27, 2008 when it was MOVED by Councillor Younger, seconded by Councillor Hendsbee, that Halifax Regional Council approve in principle and begin the formal process for the adoption of By-Law S-308, Amendments to Streets By-Law S-300 "By-Law Respecting Streets".

At the public hearing on June 24, 2008, Heritage Gas made a presentation and as a result, a number of questions were generated. HRM staff was requested to respond to the following questions.

1. How can HRM better coordinate work with the utilities?
2. Is there a need to differentiate between repair and installation?
3. Going to 30 inches depth from the present 24 inches.
4. Could natural gas lines be installed in sewer lines?
5. Comment on Heritage Gas recommendations which included:
 - *utilize a 2-tier fee to ensure that utilities installing shallow infrastructures are not unfairly penalized;*
 - *implement a 20-year moratorium on the application of increased fees on pipeline installations during the natural gas system period of growth;*
 - *repeal the construction moratorium on installation of newly paved streets;*
 - *maintain the current standard of depth of installation.*

DISCUSSION

1. How can HRM better coordinate work with the utilities?

HRM is actively involved with the Halifax Utility Coordination Committee (HUCC), where the Municipality and utilities share their capital work plans for the next budget period, as well as, longer range plans. HUCC provides a forum for coordinating capital programs that each utility is planning for the upcoming year, and beyond. Annually, HRM and utilities provide details of their upcoming capital programs, enabling everyone to identify where work is taking place and initiating coordination discussions on specific projects. In addition, HRM initiates more focused discussions with Heritage Gas, Halifax Regional Water Commission, Nova Scotia Power and other stakeholders during development and after its project list is approved. This is followed up with individual project meetings with HRM project managers and impacted utilities. HRM Design and Construction staff meet monthly with Heritage Gas to discuss existing and upcoming projects.

2. Is there a need to differentiate between repair and installation?

The proposed changes to the By-Law will enable Heritage Gas to obtain an annual permit which allows them access to the right of way to undertake maintenance and emergency work. This requires a \$1,000.00 fee and a \$20,000.00 security deposit. In addition, charges relating to pavement impact shall apply. For installation of new pipe, Heritage Gas will be required to adhere to the provisions of the By-Law, which include applying for a permit (\$100.00), and paying future resettlement charges, as the By-Law now requires, or a Pavement Impact charge, as stipulated in the Amendments. Regardless of the application, every utility is required to compensate the Municipality for any loss of value to the paving assets. Because Heritage Gas is in the process of installing piping infrastructure, does not alter the fact that pavement cuts negatively impact the life of HRM roads. In fact, their expansion highlights this serious concern. In 2007, Heritage Gas installed between 30 and 40 km of pipe under HRM streets, and in 2008, they plan to install an additional 15 to 20 km. Because of the extent of street cuts, it is critical that HRM recover an amount that will offset the loss in life of these assets.

3. Going to 30 inches depth from the present 24 inches

This clause has caused some confusion between Heritage Gas and HRM. While the present instruction to utilities is that HRM will accept a minimum of 24 inches of depth for all infrastructure under local streets, the existing By-Law states 30 inches minimum depth for all right of way, and HRM applies the 30-inches depth requirement to all other streets, such as collectors. HRM is amending the By-Law to reduce that depth to installations in the right of way outside the pavement to 24 inches, such as boulevard areas, but instructing utilities that they will be required to adhere to the 30 inches under all paved surfaces.

Heritage Gas has indicated that an increase in depth would

“...potentially interfere with other underground facilities, especially catch basin leads and water and sewer laterals.”

However a review of the “Red Book” which also provides guidelines for sewer installations states that the crown of sewer mains should be a minimum of 1.2 metres, and that it should be situated as close to the centre of the street as possible. This would put the top of sewer laterals at 1m depth for normal installations. In addition, Section 5.6.1.5(d) of the “Red Book” states that catch basin leads must have 1.2 metres of cover after completion of construction. The Halifax Regional Water Commission indicated that the standard minimum depth for water laterals is 1.3 metres. Due to changes in the location of sewer or water mains, or the profile of the properties being connected, these standards may not always be adhered to, and the Engineer will evaluate and approve any variances. However, in general, Heritage Gas should, for the most part be able to excavate to allow for a 30-inches (0.8 metres) installation depth without encountering CB leads or water and sewer laterals. If not, HRM is receptive to modifying the regulation where the utility is not able to install its pipe at 30 inches. However, this would best be managed by exception.

HRM is advocating an adherence to the By-Law because this additional depth will enable future road reconstruction to take place without concern for damage to gas lines under the pavement. A full reconstruction requires removal of the asphalt and underlying gravels. At 24", excavation becomes more difficult, and increases the likelihood of disturbance or possible damage to shallow utility infrastructure. This will ultimately be reflected in higher reconstruction costs. The additional six inches will provide additional buffer between excavating equipment and the gas lines.

4. Could natural gas lines be installed in sewer lines?

The main objection to allowing a natural gas pipeline into a sewer system would be the potential impact a break in the gas line would have. The sewer system would enable a gas leak to migrate throughout entire areas of the Municipality which could have catastrophic implications.

5. Heritage Gas Recommendations:

Utilize a 2-tier fee to ensure that utilities installing shallow infrastructures are not unfairly penalized.

Because the fees are based on a square foot of pavement cut, rather than volume of a trench, the depth of the trench is reflected in the cost to the utility. If you compare the installation of a 1 inch pipe at 30 inches depth to one that has to be installed at 72 inches, the 30 inches trench will require no sloping of its sides, where as the 72 inches deep trench will. The Provincial Department of Labour regulations require a slope of 1 foot horizontal slope for every foot of vertical trench above 5 feet. This would require an opening of 5 feet to install a 1 inch pipe at a depth of 6 feet, unless the utility opted for a trench cage, or shoring or bracing (which also has a cost component). This compares to a 3 feet wide trench to install a 1 inch pipe at 30 inches. With the fees based on surface area, the 6 feet deep trench would impact the paving surface more dramatically, and as a result would be required to pay a fee based on that increased surface area. As a result, HRM would argue that the shallow trench utilities, by the nature of their excavation, are benefiting from this application of fees.

Implement a 20-year moratorium on the application of increased fees on pipeline installations during the natural gas system period of growth.

Using Heritage Gas' past trenching fees payments as an estimate for future expansion, HRM would expect to collect an additional \$50,000 annually for the next 20 years if the proposed fee changes are implemented. This would represent a \$1.0 million loss in value to HRM's paving assets that will not be recovered. This highlights the concern about the need to retain value in these assets due to the extensive restoration (\$245.0 million) required to about 800 km of the Municipality's paved streets. It would add to an already difficult situation with respect to streets' restoration. It is important to note that all these fees are used to carry out restoration of HRM streets that need upgrading, and have been impacted by Heritage Gas trenching.

Repeal the construction moratorium on installation of newly paved streets.

HRM has introduced the moratorium provision to attempt to limit damage to newly paved streets, encourage utilities to take advantage of options made available to them, such as orphan systems, and to ensure that coordination efforts are not overlooked. The provision allows for street cuts on newly paved streets by exception, rather than by right. As the Ottawa study indicates, the maximum impact resulting from street cuts is to the streets that are under two years old, because the impact lasts for the life of that street which could be 10 to 12 years. Therefore, HRM wants to maintain control of access to the newest streets, and evaluate requests on a case by case basis. This does not remove utility access to their infrastructure, for maintenance/emergency situations, which is provided through their annual permit.

Maintain the current standard of depth of installation.

This is a repeat of Question No 3.

BUDGET IMPLICATIONS

The Pavement Impact Charge should result in increased revenue which will be directed to an account to be used solely for pavement management purposes.

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

There are no recommended alternatives.

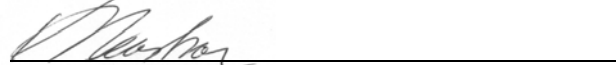
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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