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PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
September 5, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Stephen Adams".

Councillor Stephen Adams, Chair
Western Region Community Council

DATE: August 29, 2006

SUBJECT: Request for Provincial Capital Assistance Program Funding for the
Station Road Sewage Study

ORIGIN

Western Region Community Council meeting of August 28, 2006.

RECOMMENDATION

It is recommended 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 \$60,000.00 to conduct a study in regard to sewage problems on Station Road, Hubbards.

BACKGROUND

As per the Information Report dated January 5, 2005, attached to this report as Attachment "B", approximately 15 residents of Station Road in Hubbards are currently connected to a common sanitary sewer collection and disposal system. The Nova Scotia Department of Environment and Labour indicated that the existing disposal system "has virtually no treatment except for solids settlement in the tank." The Information Report further explains that staff had reviewed various funding sources and, if directed to do so by Council, would investigate one or more of the options in more detail.

The Station Road sewage problems have been ongoing since 2004. The Western Region Community Council recommend that Regional Council request PCAP funding in the amount of \$60,000 to conduct a study on the Station Road, Hubbards sewage issues.

BUDGET IMPLICATIONS

As per the Information Reports dated January 5, 2005 (page 5) and August 25, 2005 (page 4), staff were not recommending that Municipal funds be allocated to extend sewer services at Station Road therefore, there are no budget implications 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

Council may choose not to forward the request for Provincial Capital Assistance Program funding. This is not a recommended alternative.

ATTACHMENTS

- | | |
|----------------|---|
| Attachment "A" | Copy of Information Report to Western Region Community Council dated August 25, 2005. |
| Attachment "B" | Copy of Information Report to Regional Council dated January 5, 2005. |
| Attachment "C" | Information, including criteria, on the Provincial Capital Assistance Program. |

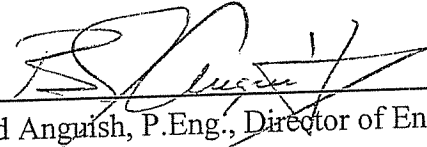


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Western Region Community Council
September 6, 2005

TO: Chairman and Members of Western Region Community Council

SUBMITTED BY:


Brad Anguish, P.Eng., Director of Environmental Management Services

DATE: August 25, 2005

SUBJECT: Station Road Sewage Problem

INFORMATION REPORT

ORIGIN

Western Region Community Council meeting of January 25, 2005. Moved by Councillor Meade and seconded by Councillor Rankin that the Western Region Community Council request staff to further investigate the three potential funding sources outlined in an Information Report sent to Regional Council on January 11, 2005.

BACKGROUND

On January 11, 2005, staff submitted an Information Report to Regional Council entitled Station Road Sewage Problem. The report discussed problems residents living on or near Station Road, in the community of Hubbards, are having with their existing on-site sewage disposal system, and potential Municipal, Provincial and Federal funding programs that may be available to assist the residents in implementing a solution. The report indicated that, if directed to do so by Regional Council, staff will investigate one or more of the funding options further, along with one or more of the potential technical solutions to the on-site problems.

DISCUSSION

The Nova Scotia Department of Environment and Labour (NSEL) investigated the Station Road problems and developed a number of preliminary options for the treatment of the domestic sewage. The costs of the various options ranged between \$200,000 and \$450,000, not including land costs, engineering fees, contingency allowances, legal or financing costs.

HRM staff have not reviewed the options or the cost estimates as to their viability or accuracy, but are presenting the cost information to give a sense of the size of the project.

An update on the possible funding sources is as follows:

Municipal

As per the previous report, staff are not recommending that funding from the Municipal Capital Sewer Budget be allocated to provide sewer services to the Station Road area, as this would be inconsistent with the Stormwater and Wastewater Priority Rating Process approved by Regional Council on February 1, 2005.

On February 1, 2005, staff provided a report to Regional Council entitled "25 Year Stormwater and Wastewater Forecast". The report included a Priority Rating Process as follows:

Priority 1. Legal/Liability

Priority 2. Compliance

Priority 3. Operational Efficiency

Priority 4. Sewer Extensions to Unserved Communities

Priority 5. Non-HRM Issues

The recommendation approved by Regional Council stated as follows:

"That Halifax Regional Council endorse the Priority Rating Process as currently utilized by staff, and as defined in this report, for determining priorities related to capital projects, allocating infrastructure funding, and assigning staff resources."

The Station Road Sewage Problem is a Priority 4 project. It involves extension of services to a community which currently does not have municipal water or sewer service.

For this reason, and consistent with the motion approved by Regional Council, staff cannot support the use of funding (internal or external) for any Priority 4 projects, when HRM has so many unfunded Priority 1, 2 and 3 projects.

Further, staff are currently in the process of developing and implementing five projects related to the extension of water and/or sewer to unserved communities. Committing more resources to other Priority 4 projects at this time would seriously jeopardize progress on approved capital budget projects.

Having said this, if Regional Council directs staff to develop and implement a project to provide services to Station Road, staff will certainly do so.

Provincial

Staff submitted a report to Regional Council on May 3, 2005, recommending that funding under the Provincial Capital Assistance Program (PCAP) be applied for, for three specific Priority 1 and 2 wastewater projects. This request was turned down by the Province. The reason provided was that HRM was already receiving PCAP funding for the Harbour Solutions Project and for the Bedford Highway-Millview Servicing project.

Based on this, it would seem redundant to apply at this time for PCAP funding for any HRM project.

Further, and as indicated previously, because Station Road Sewage is a Priority 4 project, staff are not in a position to support funding being provided from PCAP for this project.

Federal

The \$1-billion Municipal Rural Infrastructure Fund (MRIF) is part of the Government of Canada's latest contribution of \$3 billion toward renewing Canada's public infrastructure. It is staff's understanding that the MRIF Program will be similar to CNSIP, in that it will be a federal/provincial application based program. The focus will be on water, wastewater, solid waste, municipal energy improvements, and public transit. At least 80 percent of funding under the MRIF will be dedicated to municipalities with a population of less than 250,000. An MRIF agreement is not in place in Nova Scotia yet.

In anticipation of MRIF, staff are developing a corporate list that will recommend projects for council to consider for potential funding under MRIF. Based on the Priority 4 ranking of this project, it will not be recommended high on the priority list by staff for consideration.

There are a number of communities in HRM which have requested that water and/or sewer be extended to their community, or at least some interest has been shown in this regard. HRM staff have arranged a meeting with staff of Nova Scotia Environment and Labour (NSEL) and with the Nova Scotia Medical Officer of Health (NSMOH) to discuss how these requests might be prioritized from the perspective of protection of the environment and public health. That meeting is scheduled for early September.

Another agenda item for that meeting will be the role of the Province in the provision of services to currently unserved communities.

After the meeting or meetings with the NSEL and the NSMOH, staff are intending to provide a report to Regional Council with respect to the issue of providing services to unserved communities. Two of the key issues to be addressed in the report are how projects are to be prioritized and how such projects are to be funded.

It is anticipated that that report will go to Regional Council late this fall.

If sewer services are to be provided to Station Road, consideration must also be given to the possible future servicing of the remainder of the community of Hubbards. Hubbards is one of the communities which is being considered under the Regional Plan to be provided with services, and thereby encouraged to be a rural growth center. Station Road is within the area of Hubbards that is being considered for servicing under the Regional Plan. Any plan to service Station Road should therefore be done in full consideration of the servicing of the full community.

BUDGET IMPLICATIONS

Because the Station Road Sewage project is a Priority 4 project, and because there are many Priority 1, 2 and 3 projects that are currently unfunded, staff does not recommend that municipal funds be allocated to extend sewer services at Station Road. Therefore, there are no budget implications 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 recommended.

ATTACHMENTS

None.

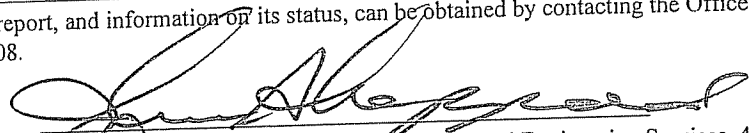
Station Road Sewage Problem
Western Region Community Council Report

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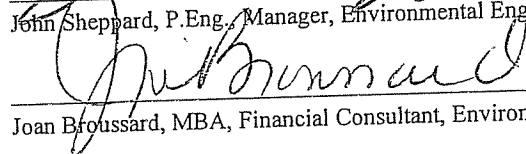
September 6, 2005

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:


John Sheppard, P.Eng., Manager, Environmental Engineering Services, 490-6958

Financial Review by:


Joan Broussard, MBA, Financial Consultant, Environmental Management Services, 490-6267

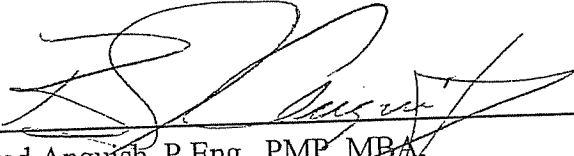


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
January 11, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


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

DATE:

January 5, 2005

SUBJECT:

Station Road Sewage Problem

INFORMATION REPORT

ORIGIN

At the Regional Council Meeting of August 17, 2004, Item No. 10.3.3 (ii), it was MOVED by Councillor Meade, seconded by Councillor Hetherington, that Council request a staff report on the sewage problems on Station Road in Hubbards as per information from Sandy Cameron, District Manager, Department of Environment and Labour, to determine what sources of funding are available from all levels of government to address this problem.

BACKGROUND

Approximately 15 residents of Station Road in Hubbards are currently connected to a common sanitary sewage collection and disposal system. 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. The Nova Scotia Department of Environment and Labour (NSDEL) have indicated that the existing disposal system "has virtually no treatment except for solids settlement in the tank."

The NSDEL have prepared a report dated July 19, 2004, which reviews possible sanitary sewage treatment options for the residents. The report identifies nine possible treatment systems and includes cost estimates and constraints associated with implementing each option. Two options involving conventional on-site disposal systems were deemed to be not feasible due land availability (ie. insufficient land area available to locate individual on-site systems).

The report considered three other on-site systems. Provincial legislation requires that an individual on-site system be located on the same lot as it serves, so for some properties land availability may continue to be an issue.

Four common sewage treatment systems were also considered. Common treatment systems are required to be located on property that is in the ownership or control of an entity responsible for the system. A property large enough to accommodate a common system would have to be acquired. These systems also require a certified operator and that a routine monitoring and reporting program be established.

The study concluded that the costs to install a new system to service the affected properties range from \$200,000 to \$450,000 plus any additional costs associated with land acquisition, engineering fees, contingencies, legal, financing fees and other costs. The re-occurring cost associated with each option also varied.

DISCUSSION

Staff have reviewed a number of potential funding sources and have included discussion of each below. If directed to do so by Council, staff will investigate one or more of these options further.

Municipal

From time-to-time Halifax Regional Municipality (HRM) and/or the Halifax Regional Water Commission (HRWC) are requested to help provide new water and/or sewer infrastructure to communities that are not currently serviced. These requests may originate from two properties, or from a much larger area comprised of hundreds of properties or more.

In many communities there is an expectation that HRM and/or HRWC will fund such projects either in whole or in part. HRM currently has no defined funding source for such projects. Funding the extension of services presents a significant challenge for HRM given the current shortfall of capital funding for the effective operation, maintenance and rehabilitation of wastewater and stormwater systems for which HRM has a legislated responsibility. Capital funds utilized to provide new water and sewer services requested by property owners will divert funds from HRM's legislated obligations regarding existing wastewater and stormwater systems.

However, staff intend to develop a program this year with respect to HRM involvement in new water and sewer projects for existing communities and will present it to Regional Council for consideration. It is contemplated that the program will generally address the following:

- establish a consistent method for requests to be forwarded to HRM and to staff;
- establish criteria for the prioritization of projects;
- define various roles, responsibilities and expected time-lines for stakeholders;
- define resource requirements;
- identify potential internal and external funding sources;
- consult with and define the role of the Halifax Regional Water Commission, Nova Scotia Department of Environment and Labour, the Medical Officer of Health, and other regulatory agencies as required;
- harmonize efforts with the Regional Planning project; and
- identify other possible factors.

Once the program has been presented to Council, staff will be in a better position to respond to this type of request. In consideration of the above, staff are not recommending any funding from the Capital Sewer Budget be allocated to extend sewer services to new areas.

Provincial

The province has established the Provincial Capital Assistance Program (PCAP) which is designed to enable the Government of Nova Scotia to contribute financially towards the cost of high priority infrastructure projects in order that the cost burden to municipal governments and taxpayers alike might be reduced to an affordable level. PCAP states that grants of up to 50% for eligible infrastructure projects and up to 100% of engineering may be available.

One type of project eligible for funding under PCAP is the installation of individual and communal in-ground sewage disposal facilities within a Wastewater Management District (WMD). Section 342 of the Municipal Government Act gives municipalities the authority to create a WMD and states as follows:

- 342 (1) A council may, by by-law, establish wastewater management districts.
- (2) A by-law establishing a wastewater management district shall include
- (a) the boundaries of the wastewater management district;
 - (b) the system of wastewater management to be used in the district;
 - and
 - (c) the extent to which the municipality is responsible for the repair, upgrading or replacement of private and municipal sewer systems.
- (3) Where the council has established a wastewater management district, the municipality, its servants and agents may enter on any property within the wastewater management district to repair, upgrade or replace a public or private wastewater system and may, in accordance with the by-law, charge any or all of the costs to the owners of the property served by the system.
- (4) HRM staff have spoken to the Province of Nova Scotia in a general way about PCAP. Staff understand that available funding for this Program is limited with roughly \$750,000 available province wide and \$50,000 individual grants being the norm.

Municipal units wishing to obtain assistance under the PCAP are required to submit a formal written request to the Department of Service Nova Scotia and Municipal Relations. Requests are to be directed to the Minister and need to include some detailed information describing the proposed project.

Federal

The \$1-billion Municipal Rural Infrastructure Fund (MRIF) is part of the Government of Canada's latest contribution of \$3 billion toward renewing Canada's public infrastructure. The MRIF is designed to primarily address the public infrastructure needs of Canada's municipalities and rural and remote areas. The MRIF will be delivered federally through regional agencies. In Atlantic Canada, the program is delivered through Atlantic Canada Opportunities Agency (ACOA).

In total across Canada, a minimum of 60 percent of funding under the MRIF, with a minimum of 40 percent per jurisdiction, will target 'green infrastructure' that provides a better quality of life and benefit through sustainable development. These include water, wastewater, solid waste, municipal energy improvements, and public transit. Project selection for the MRIF will be guided by joint federal-provincial/territorial Management Committees. As well, a role for municipal associations will be defined during the negotiations with the provinces and territories. At least 80 percent of funding under the MRIF will be dedicated to municipalities with a population of less than 250,000.

MRIF is not up and running anywhere across the country yet, although some areas have their agreements in place. The deal with Nova Scotia is not signed as they are still working out the terms and conditions and which projects will be prioritized.

It is proposed that a joint application form to be available on Infrastructure Canada's web site be used for the MRIF. It will be based on the form used with most jurisdictions for the delivery of the Infrastructure Canada Program. A time line on when applications will be accepted will also be determined during the negotiations with the provinces and territories.

BUDGET IMPLICATIONS

Staff does not recommend that municipal funds be spent to extend sewer services, therefore there are no budget implications 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 recommended.

ATTACHMENT

None


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:

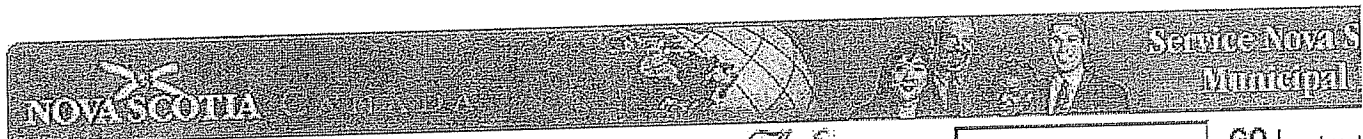

for Charles Lloyd, P.Eng., Sr. Environmental Engineer

490-6942

Report Approved by:


John Sheppard, Manager, Environmental Engineering Services

490-6958



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Community Programs & Infrastructure - Provincial Capital Assistance Program

Assistance for Municipal Infrastructure Projects

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
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1. Program Purpose

The Government of the Province of Nova Scotia recognizes that the cost of under water supply, sewer disposal and solid waste projects can place significant financial burden on municipal governments and taxpayers alike. The Provincial Capital Assistance Program is designed to enable the Government of Nova Scotia to contribute financially towards the cost of high priority municipal infrastructure projects in order that this cost burden may be reduced to an affordable level.

2. Eligible Projects

The following projects are eligible for funding assistance under this program:

- Construction or expansion of facilities for the treatment and disposal of sanitary sewage.
- Construction of sanitary sewage collection systems.
- Installation of individual and communal in-ground sewage disposal facilities within a Wastewater Management District.
- Construction of water intake, treatment, pumping and storage facilities.
- Installation of water transmission and distribution systems.
- Construction, acquisition, upgrading or expansion of solid waste management facilities and equipment.
- Municipal infrastructure engineering and research studies.

3. Program Emphasis

The amount of funding available for distribution on an annual basis is limited. Provincial Capital Assistance funding applications are ranked according to the severity of the problems being addressed.

as well as other factors. Generally, funding requests for projects designed to eliminate serious environmental and health problems (actual and potential) are accorded priority attention in the allocation of program funding. Pollution abatement is a primary objective of the program.

In allocating program funds, emphasis will be placed on projects designed to eliminate existing problems. Funding will not generally be available under this program for projects designed to open up land for new development (residential, commercial or industrial).

The provincial government wishes, where practical, to encourage intermunicipal cooperation in the provision of water supply, sewage disposal and solid waste management. Consequently, intermunicipal projects may receive special consideration in the distribution of program funding.

4. Eligible Project Costs

The following components of an Eligible Project qualify for cost sharing under the Capital Assistance Program:

a. Engineering:

- o Cost of preliminary engineering studies.
- o Cost of preparing design drawings and specifications.
- o Cost of construction inspection and administration.

b. Construction/Equipment:

- o Cost of construction and equipment acquisition as per plans and specifications.

c. Land:

- o Cost of acquiring land and property easements.

Interim financing costs are not considered eligible for sharing under this program.

5. Program Administration

The Provincial Capital Assistance Program will be administered by the Department of Municipal Services and Municipal Relations.

Grant funds will be paid out over the term of the project upon receipt, by the Department, of periodic progress claims including copies of all paid invoices. Upon completion of the project, the Department will require a final statement of claim, certified by a registered municipal auditor.

6. Assistance For Eligible Projects

Grants of up to 50% may be made towards the cost of eligible infrastructure projects.

Grants of up to 100% may be made towards the cost of engineering studies and

investigations.

7. Application Requirements

Municipal units wishing to obtain assistance under the Provincial Capital Assistance Program shall submit a formal written request to the Department of Service Nova Scotia and Municipal Relations. Requests should be directed to the Minister.

Unless otherwise agreed to by the Department, requests for assistance shall be accompanied by:

- a. Documentation clearly substantiating the need for the capital work. The nature and extent of problems being addressed shall be described in detail.
- b. A detailed project description, including a drawing showing the layout of the project components.
- c. A total estimated cost for the project, a detailed cost breakdown for individual components showing quantities and assumed unit prices and a proposed implementation and cash flow schedule.
- d. A report describing the proposed financing arrangement for the project and substantiating the municipal unit's financial and technical ability to operate and maintain the project under completion.
- e. And, in addition, for water projects:
 - o A report which indicates the impact that financing the project, with a provincial assistance, will have on water rates.

8. General Conditions and Requirements

Municipal units undertaking projects with financial assistance from the Province of Nova Scotia through the Provincial Capital Assistance Program shall comply with the following general conditions and requirements:

1. Provincial Capital Assistance Program funding for the construction of a project shall not be advanced to a municipal unit until such time as:
 - a. all necessary regulatory approvals have been obtained by the project proponent; and
 - b. project financing arrangements have been finalized and all necessary regulatory and/or withdrawal from special reserve approvals have been obtained.
2. Work carried out in violation of conditions set by regulatory authorities will not be shared by the Department.
3. Grants for tendered projects will be based upon the price submitted by the qualified bidder. Unless otherwise agreed to, Municipal Units will be required to follow the Nova Scotia Government Procurement Policy in awarding engineering and construction contracts.

4. Municipal units may be required to submit general progress and evaluation during the course of construction on an approved project and will be required to operate with Departmental staff in monitoring the implementation of approved projects.

Other project specific conditions and requirements may be included in the approved documentation.

Contact:

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