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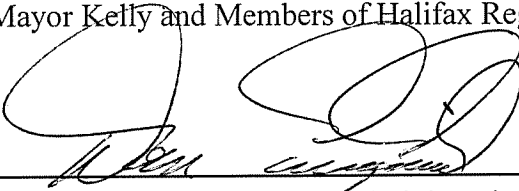
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Halifax Regional Council

July 5, 2005

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

**SUBMITTED BY:**

  
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Dan English, Acting Chief Administrative Officer

**DATE:** June 28, 2005

**SUBJECT:** Capital Budget Increase - Solid Waste Resources-EMS

**ORIGIN**

- December 6, 2004, SWRAC and subsequent 05/06 Budget Discussions; and
- In accordance with the Municipal Government Act, any increase to the Capital Budget must be approved by Regional Council.

**RECOMMENDATION**

It is recommended that Council approve an increase in the amount of \$388,520 to Capital Account No. CWI00446 - Otter Lake, Cell 4, with funding to be approved from Q123 Waste Resource Capital Reserve.

## **BACKGROUND**

Each year during the capital budget preparation, staff identifies and incorporates all known projects for the coming year. Capital Project No. CWI00446, Otter Lake Cell 4, is included in the 2005/06 approved capital budget. During the preliminary preparations for the design of Cell 4, staff and MIRROR NS agreed to seek opportunities to optimize the design and capacity of cell 4 and potentially cells 4 through 9 for the purpose of maximizing the value of the significant investment in the Otter Lake facility by the HRM tax payer. The additional cost of the expanded cell was unknown when the 05/06 Budget was drafted; however, staff had hoped that all of the additional cost of the cell could be accommodated within the 05/06 capital envelope through an adjustment of capital expenditure priorities. This was largely achieved with the exception of \$388,520.

## **DISCUSSION**

The process implemented to achieve the increased capacity for cell 4 is as follows:

- Fall 2004, discussion with MIRROR NS, and subcontractor Dillon Consulting;
- Survey by HRM Survey staff (using GPS technology), along with Dillon Consulting, to confirm property locations, confirmed that the shifting of the placement of Cell 4 (and future Cells 5 through 9) achieves an increase in the total capacity (i.e. total tonnes of waste disposed) of future Cells, while maintaining the 3 km separation distance, plus all other regulatory requirements;
- Presentation of the findings and confirmation by SWRAC on December 6, 2004, to proceed with the proviso that the Community Monitoring Committee be advised;
- Review of findings with Executive members of the Community Monitoring Committee on December 16, 2004. Agreement to proceed;
- As part of EMS proposed 05/06 Budget process, presentation to Program and Service Review Committee;
- Design, quantity and per unit price cost review by HRM and CBCL (owner engineer for the Region), with agreement by MIRROR NS and subcontractors Dexter and Dillon Consulting in the Spring of 2005;
- Approval by NSDEL on April 5, 2005, to proceed with the construction of cell 4.

Optimizing the location and slightly enlarging Cell 4 (and Cells 5 through 9), has several substantial benefits for the HRM, including:

- access to and better use of natural soil deposits at the site for future Cell construction and/or capping (reducing the future need for importation of soils);
- maximizing the usage of the existing infrastructure at the site (including the sedimentation control systems and leachate storage); and
- increasing the capacity of the residuals disposal facility (Cells 4 through 9) by approximately 420,000 tonnes.

The twenty-five (25) year partnership agreement between HRM and MIRROR NS, Section 15, provides for the construction of all Cells. MIRROR NS, with their subcontractors Dexter and Dillon, submit a design and construction cost proposal for review.

Cell 3 and Cell 4 Cost and Capacity Comparison:

	<u>Cost</u>	<u>Capacity</u>
<u>Cell 4</u>	\$14,433,154 (net HST)	430,000 tonnes.
<u>Cell 3</u> (2001)	\$12,244,883 (net HST)	360,000 tonnes

Cell 4 will accommodate approximately 20% more waste. In the interim four years since Cell 3 was constructed (2001), the ENR/Construction Index has increased by 16%. Applying 20 % for the size increase, and 16% ENR/construction index to the price of cell 3 in 2001, yields a price of approximately \$17,000,000; therefore, the cost of cell 4 at \$14,433,154 is good value for HRM.

Upon the approval of the 2005/06 Capital budget, and in consideration that Cell 4 requires a full construction season (i.e. from April to November), this capital project has commenced.

### **BUDGET IMPLICATIONS**

The 2005/06 Capital Budget includes \$16,074,000 in the Solid Waste Resources Reserve Q123 for the following projects:

- design and construction of Cell 4;
- replenishment, as per the contract with MIRROR NS, of stationary and mobile equipment at Otter Lake;
- replenishment of organic green cart inventory (for new residential properties); and
- replacement of two (2) long haul refuse compaction trailers.

Only \$12,200,000 was approved from Q123 - Waste Resource Capital Reserve for capital project CWI00446 - Otter Lake Cell 4 in 05/06. To offset the additional \$2,200,000 (approx) required to build the expanded Cell 4, staff conducted a detailed review of planned capital expenditures. Through a combination of a detailed assessment of the operational life of stationary and mobile equipment at Otter Lake, a reassessment of the forecasted number of replacement green carts required for 2005/06, and a deferral of the long haul refuse trailers, staff has offset all of the additional cost of Cell 4 with the exception of \$388,520. Therefore staff are requesting an additional withdrawal of \$388,520 from Q123 in 05/06 to cover the additional cost of constructing Cell 4.

The projected balance of Reserve Q123 at March 31, 2006 is \$995,000 which can sustain the additional withdrawal of \$388,520 reducing the projected balance of the Reserve to \$606,480.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

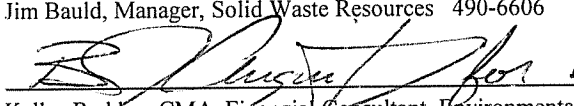
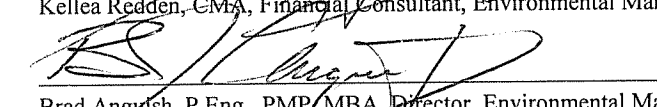
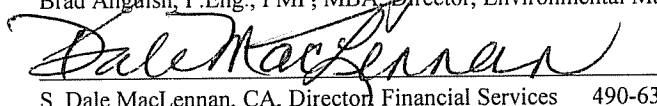
This report complies with the Municipality's Multi-Year Financial Strategy and the approved Operating budget, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. If approved, this will increase the 2005/06 Capital Budget as well as withdrawals from Reserves.

**ALTERNATIVES**

There are no recommended alternatives.

**ATTACHMENTS**

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.	
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