
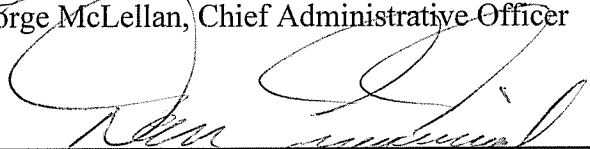


Halifax Regional Council
January 21, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: January 13, 2003

SUBJECT: Aerotech Park/Halifax International Airport Water/Sewer Rate Increase

ORIGIN

2003/04 Environmental Management Services/Wastewater Treatment Business Plan

RECOMMENDATION

It is recommended that :

Council approve a \$0.222 per cubic meter increase to the Aerotech Park/Halifax International Airport water and sewer rate, effective April 1, 2003.

BACKGROUND

Halifax Regional Municipality provides full water treatment, distribution wastewater treatment and collection services for Aerotech Business Park and the Halifax International Airport commercial customers. Under a contractual agreement (1987) with the Government of Canada, HRM is eligible to recover full operating service costs by means of a sewer and water rate. The same is applied to Aerotech Park customers. Funding required to operate the Aerotech/Airport services originates from the following revenues: Fire Protection charges, Air Carrier wastewater discharge charge, Aerotech Lagoon transfer and the water/sewer rate. All revenues, with the exception of the water/sewer rate, are fixed yearly amounts.

The present water/sewer rate is \$1.102 per cubic metre. Under the terms of the Agreement, the water and sewer components are 65% and 35% respectively. The proposed increase will result in an overall rate of \$1.324 per cubic metre = \$.861 (water) and \$.463(sewer)

DISCUSSION

Although a substantial increase of 20% is requested, this is necessary in order to meet the demands of operations and maintenance in aging water and sewer infrastructure. There will also be additional costs incurred in fiscal 2003/04 as a result of:

1. the Bennery Lake Protected Water Area Designation. HRM is responsible to ensure that regulations are followed within the watershed. This includes Watershed Committee costs, policing, and placement of signs;
2. enhanced security requirements for the water distribution system; and
3. increased frequency of water quality testing, and changes to the Canadian Drinking Water Standards.

Water/sewer customers, including HIAA, commercial businesses located in Aerotech Park, Airport zone and Bell Boulevard, do not pay quarterly meter (based upon size) or sprinkler charges. In comparison with the core/urban area, the total of water, environmental protection, wastewater management charges (2002) equal \$1.0378 per cubic meter, not including water meter charges. As an example, a commercial user with a 3" meter (\$199.22/mo) consuming 2000 cubic meters of water quarterly with the proposed increase will pay essentially the same amount as a similar consumer within the urban core.

It is expected that there will be an additional request to Council in late 2003 for a rate increase effective in fiscal 2004. The actual amount is not known at this time and will depend upon actual total revenues, water consumption and expenditures experienced in 2003.

BUDGET IMPLICATIONS

The rate increase is expected to increase Aerotech/Airport Services yearly revenues by approximately \$70,000.

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

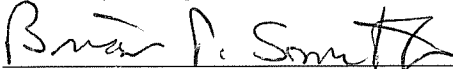
Status quo or maintaining the present water/sewer rate, would result in lowering of service standards, safety and diligence levels.

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.

Report Prepared by: Alan Brady, Manager of Wastewater Treatment 835-9566

Report Approved by: 

Brian T. Smith, Acting Director, Environmental Management Services 490-6606