


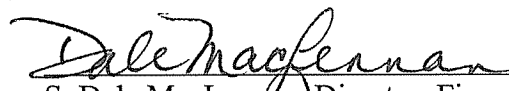


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Halifax Regional Council  
June 10, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:   
For Carl D. Yates, General Manager, HRWC

  
S. Dale MacLennan, Director, Financial Services

DATE: June 4, 2003

SUBJECT: Hillside Water Utility - Bomont Subdivision

**INFORMATION REPORT**

**ORIGIN**

Halifax Regional Water Commission.

**BACKGROUND**

The Halifax Regional Water Commission wishes to bring HRM Council up to date with respect to the ongoing operation of a small water system within the Bomont Subdivision near Lantz. This system takes its raw water from the nearby Shubenacadie River after which it receives basic filtration and chlorination prior to discharge in the local distribution system. In recognition that many small systems are under close scrutiny with respect to compliance to higher standards and associated liability, the Commission was approached by Hillside Utilities Association to take over operation of the water system. As of April 1, 2002, the Halifax Regional Water Commission has assumed operation of the system on an annual basis with ownership still resting with Hillside Utilities. We have recently extended the operating agreement for the 2003/04 fiscal year. The residents of the Bomont Subdivision have also expressed their desire for the Water Commission to eventually own

and operate this system in a similar manner to the other eight small systems currently under our control. However, with the transfer of the private system to a public utility, compliance to new provincial regulations would be required.

### DISCUSSION

Staff of the Halifax Regional Water Commission has put together estimates for capital upgrades which would be necessary to ensure compliance with the new surface water treatment standard which was established by the Nova Scotia Department of Environment and Labour in December 2002. These regulations, amongst other things, would require two filters, confirmation of three log removal for giardia cysts, four log removal for viruses, and a filter to waste system. Our review indicates that these requirements alone would necessitate the construction of a brand new treatment facility to ensure compliance. There are several options for treatment of the source water, but HRWC staff believe that the best alternative is the installation of a membrane filtration plant which has more flexibility to treat the ever changing conditions of the Shubenacadie River. It is estimated that a membrane filtration plant would cost in the order of \$300,000 with an operational cost of approximately \$15,000 per year. We believe the operational costs for this plant could be absorbed by the current customers of the system, but the capital costs would place a significant financial hardship on the residents. Accordingly, capital upgrades could be considered for funding under the Infrastructure Works Program. This project warrants consideration to ensure a sustainable and safe water supply for the residents of Bomont Subdivision. If this project is successful in obtaining Infrastructure Works funding, we propose to follow the same process that was carried out with respect to the transfer of ownership for the Miller Lake system in Fall River. This project would not have been successful without the capital assistance available through the Infrastructure Works Program. Similar to the process followed with respect to the Miller Lake system, the acquisition of the Bomont system would be subject to the approval of the Halifax Regional Water Commission board and ultimately the Nova Scotia Utility and Review board.

We trust the above comments summarize the background and our proposal to eventually take ownership of the system, and have requested that staff review the budget implications of considering this project for funding under the Infrastructure Works Program.

### **BUDGET IMPLICATIONS**

There are no current budget implications beyond the funding pressures being experienced by the HRWC.

As part of the 2003/04 Capital Budget, Regional Council approved that the remaining \$10,077,800 available under the Canada/Nova Scotia Infrastructure Program be allocated to 5 projects. It was staff's recommendation that the application list be limited to these projects, and that the total value of the applications not exceed the available funds.

At this point in time, there are no funds available to be allocated to additional projects. Should funds become available (ie. projects come in under cost) staff will return with additional recommendations or applications. There are 42 other outstanding requests from the list approved by Council on May 28, 2002. Council could direct that this project be added to that list and then re-prioritize the list.

### **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**

Information Report Only

### **ATTACHMENTS**

N/A

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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