

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL COMMITTEE OF THE WHOLE MINUTES

April 11, 2006

PRESENT: Mayor Peter Kelly
Deputy Mayor Russell Walker
Councillors: Krista Snow
David Hendsbee
Harry McInroy
Gloria McCluskey
Andrew Younger
Bill Karsten
Becky Kent
Mary Wile
Patrick Murphy
Dawn M. Sloane
Sheila Fougere
Linda Mosher
Brad Johns
Robert P. Harvey
Len Goucher
Reg Rankin
Gary G. Meade

REGRETS: Councillors: Steve Streach
Jim Smith
Sue Uteck
Debbie Hum
Stephen Adams

STAFF: Mr. Dan English, Chief Administrative Officer
Ms. Mary Ellen Donovan, Municipal Solicitor
Ms. Jan Gibson, Municipal Clerk
Ms. Sheilagh Edmonds, Legislative Assistant

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1. CALL TO ORDER

The Mayor called the meeting to order at 2:07 p.m.

2. APPROVAL OF THE MINUTES

MOVED by Councillor McCluskey, seconded by Councillor Wile that the minutes of February 28, 2006 be approved. MOTION PUT AND PASSED.

3. COUNCIL FOCUS AREA: INFRASTRUCTURE - STORMWATER AND WASTEWATER

C An information report dated March 6, 2006 was submitted.

Mr. Brad Anguish, Director of Environmental Management Services addressed Council and advised that today's presentation was a continuation of a series of presentations to update Council on the stormwater and wastewater services. He explained that staff was looking for Council's concurrence on the direction in which staff believes it should proceed, as well as providing input on the next steps of the process. Mr. Anguish noted that, ultimately, staff is attempting to work toward a rate strategy, whether it is done through rates or the capital budget.

Using a PowerPoint presentation Mr. Anguish elaborated on the concerns and complaints staff have received with regard to infrastructure of wastewater and stormwater; and he provided an overview of wastewater/stormwater services, the challenges staff are facing, and wide-sweeping reforms staff are recommending. Highlights of his remarks are as follows:

- C HRM Wastewater assets total approximately \$1.1 billion.
- C Funding for the wastewater system comes from the water rate, sewer redevelopment reserve, capital cost contributions, capital budget and support, and external infrastructure funds.
- C Total average annual funding is \$42.56 million. Expenditures include \$20.77 million for Harbour Solutions project; \$13.26 million for the collection system operations; and \$5.13 million for treatment plant operations; thus, leaving \$3.40 million of available capital.
- C The system operates in critical failure mode with the replacement of pipes only after visible failure and plants are upgraded only after they reach the level of non-compliance. Pumping stations are upgraded only after wet weather flows.

- C Overall, the challenge is that it will take \$600 million dollars over the next 25 years to bring the entire system to a level of compliance.
- C A minimum of \$24 million per year of capital reinvestment is required to close the compliance funding gap. Currently, there is a \$20 million per year funding gap.
- C Four key areas considered for wastewater service reform are: Governance Organization, Financial, and Technical.

At approximately 2:20 p.m. Councillors Murphy, Sloane, and Fougere entered the meeting.

Mr. Anguish and Mr. Paul Dunphy, Director, Planning and Development, responded to questions.

The Chair questioned why the gas tax funds would not be put toward some of the infrastructure issues, noting that the funds can be used for underground infrastructure as well as streets and roads.

In response, Mr. Anguish indicated that the gas tax funds have been placed in the capital budget and are being directed to priorities and, currently, those priorities are streets and roads.

Further to this Mr. English, the Chief Administrative Officer advised that the preliminary capital budget presented to Council in January showed the gas tax as a funding source. He added that it is Council's decision as to how that is allocated, and if more money goes to underground services than streets, then the capacity for streets has to be replaced, and this would be done by borrowing. He added that the gas tax is new incremental funding and will fund new projects.

The following comments were put forward by Council:

- C The dividends from the Water Commission should go to wastewater and not stormwater.
- C In terms of the water bill, first choice would be to show two charges: Harbour Solutions, and another charge showing a sewer charge. Second choice would be to show one rate. It is important to make it clear to residents on what the Municipality is charging for and why.
- C If the decision is to take funds out of capital budget then tax rate should drop accordingly.
- C Want to see a plan of how the \$600 million will be allocated over 25 years.

Councillor Younger advised that Council has indicated that HRM can afford the Commonwealth Games without a tax increase. He questioned how Council can justify the Games and yet Council is essentially considering a tax increase, which is the purpose of the water rate increase, to pay for wastewater/stormwater infrastructure. Councillor Younger noted that he has posed this question to various staff and no one has responded.

The CAO advised Councillor Younger to forward the e-mail of the question to him and he would ensure it is answered.

MOVED by Councillor McInroy, seconded by Councillor Sloane that Regional Council endorse the directions as outlined by staff, and amend number 8 to state that the water bill will show two separate charges, distinguishing the water charge from the wastewater charges.

The staff directions read as follows:

1. Continue to adopt 'utility-like' practices, research merger with HRWC, and pursue alternative (to Council) rate setting strategies.
2. Pursue review of alternative stormwater revenue methods but maintain current water rate approach in the interim.
3. Investigate Impacts of a fully burdened Wastewater Rate (Water Bill) to support full cost recovery and a true User Pay system.
4. Commence negotiation with HIAA to raise rates and raise Aerotech and Area wastewater rates in the interim.
5. Help offset current capital funding pressure by:
 1. Recommending increase to interim wastewater rate/sewer redevelopment/trunk sewer charges.
 2. Closing out old projects and directly reinvesting in new projects (bypass CRESPOOL)
 3. Phase in HRWC dividend over 3 years to directly invest in wastewater/stormwater projects.
6. Investigate a rate escalation policy.
7. Simplify and improve financial accountability & expenditure flexibility by collapsing current reserve structures (and associated bylaws) to maximum extent possible.
8. Simplify the water bill to show two charges; one for the water charge and the other for wastewater charges.

Following further comments, the Chair suggested that due to time constraints, this matter be deferred to the next Committee of the Whole.

MOVED by Councillor McCluskey, seconded by Councillor Fougere that this matter be deferred to the next Committee of the Whole. MOTION PUT AND PASSED.

4. ADJOURNMENT

The meeting adjourned at 3:28 p.m.

Jan Gibson
Municipal Clerk