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**Underground Services  
Council Report**

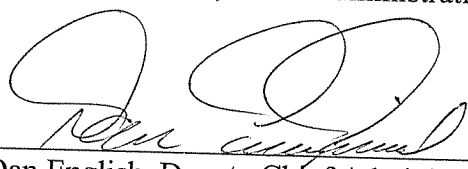


PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Halifax Regional Council  
June 29, 2004**

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

**SUBMITTED BY:**   
George McLellan, Chief Administrative Officer

  
Dan English, Deputy Chief Administrative Officer

**DATE:** June 29, 2004

**SUBJECT:** Underground Services

**ORIGIN**

Staff in continuation of the objective to take advantage of any opportunities afforded by Harbour Solution trenching to do other underground services at the same time, such as running natural gas line, fibre optic cable conduit, and burying overhead power lines.

**RECOMMENDATIONS**

It is recommended that HRM Council approve Harbour Solutions Project working with Dexter Construction and Heritage Gas to install 4" PVC conduit through which natural gas pipeline can be threaded, along Morris Street, from Hollis St. to Barrington St. (100 metres) and Barrington Street from Green St. to Morris St. (450 m), at a cost of \$118 per metre (\$65,000 total).

**BACKGROUND**

The Harbour Solutions project is underway and there is \$250,000 included in the 2004/05 capital budget to be used to take advantage of underground service opportunities as a result of Harbour Solutions trenching, or trenching conducted for other large capital projects.

**Underground Services  
Council Report**

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On April 27, 2004 HRM Council approved the Harbour Solutions Project working with Dexter Construction and Heritage Gas to install 4" PVC conduit through which natural gas pipeline can be threaded, along Hollis Street from the Sackville Street intersection to the Morris Street intersection, at a cost of \$118 per metre (\$64,000 total).

**DISCUSSION**

The Harbour Solutions project has now moved on to Barrington St. with the next phases being Barrington St. from Green St. to Morris St. and Morris Street, from Hollis St. to Barrington St. This next phase has been discussed with Dexter Construction and Heritage Gas and Dexter has offered to continue with the gas carrier pipe installation for the same price as the Hollis St. portion, that is, \$118. per metre.

Therefore, staff are seeking Council approval to continue with gas carrier pipe installation along Morris Street, from Hollis St. to Barrington St. (100 metres) and Barrington Street from Green St. to Morris St. (450 m) for a total cost of \$65,000. Continuation of this project was endorsed by the Pipeline Review Committee at their May 20, 2004 meeting.

As with the previous Hollis St. phase, Heritage Gas will either purchase the "orphan system" outright from HRM, or the line would form part of the basis of an equity investment in Heritage Gas by the Halifax Regional Municipality. HRM and Heritage Gas are still in discussion regarding the details of an equity investment, subject to approval by the Province. There would be a small element of risk that Heritage Gas may abandon their plans to distribute gas before they reach the Halifax side of the harbour. In this case, HRM would be left with an asset (PVC conduit) in the ground. This asset would have some value for other use, e.g., to run fibre optic cabling, or to other companies who may someday wish to distribute natural gas in Halifax.

**BUDGET IMPLICATIONS**

The total cost of this phase of natural gas carrier pipe is \$65,000 to be paid from the Underground Services account #CSE00900 (\$250,000) approved in the 2004/05 budget. The total expended to date from this account is \$64,000; and this additional expenditure of \$65,000 would leave a balance remaining of \$121,000.

**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.

**Underground Services  
Council Report**

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**ALTERNATIVES**

HRM could choose not to take advantage of opportunities to co-locate conduit for other utilities in the Harbour Solutions trenching. Future interventions to run conduit or carrier pipe in this area, not incorporated with the Harbour Solutions work, will incrementally be more costly and disruptive.


**ATTACHMENTS**

Letter from Heritage Gas to HRM regarding Barrington St. and Morris St. conduit

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: Cathie O'Toole, CGA - Executive Assistant, CAO's Office  
Phil Francis, P. Eng. - Right of Way Engineer

Report Approved by:



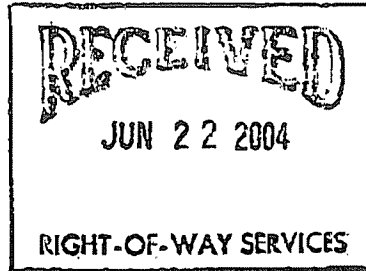
Dale MacLennan, CA Director of Financial Services



Putting Our Energy Here. Naturally.

June 18, 2004

Mr. P. Francis, P.Eng.  
Halifax Regional Municipality  
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Dartmouth, NS B3J 3A5



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www.heritagegas.com

**Call Before You Dig**  
**1-866-313-3030**

Dear Mr. Francis:

**Re: Natural Gas Distribution - Installation of Conduit in Morris and Barrington Streets**

Further to Heritage Gas' letter dated June 11, 2004, and Dexter Construction's quote dated June 17, 2004, we understand that HRM is currently contemplating the construction of a perforated conduit in Morris and Barrington Streets for purposes of future natural gas pipeline extension. This perforated conduit will be installed to Heritage Gas standards by Dexter Construction, in the same trench as the new sewer collector system in accordance with attached Figures Nos. 04-08-C6 and 04-08-C10 respectively.

The conduit will be 100 mm diameter PVC for a future NPS 2 gas pipeline insertion. The price quoted by Dexter Construction for installing this conduit will be \$118 per m. The estimated lengths and costs of the proposed conduits are:

• Morris Street	100 m	\$11,800.00
• Barrington Street	450 m	\$53,100.00

The total cost is not to exceed \$64,900.00.

This is to confirm to HRM that, when Heritage Gas succeeds in bringing natural gas to the Halifax Peninsula and customer demand meets the economic feasibility requirements for the area in question, Heritage Gas will reimburse HRM for the cost paid to Dexter Construction, not to exceed the above noted cost.

While early indications are encouraging, we are still working on securing the necessary agreements from major customers that will enable gas distribution to proceed on the Halifax Peninsula. We will keep you apprised of our progress. We appreciate HRM's contribution on this matter, and recognize the value of this initiative. This is a one-time opportunity to provide cost effective natural gas service to potential customers on Morris and Barrington Streets. We thank HRM for this opportunity.

Should you have any questions or require additional information, please contact the undersigned at 466-2019.

Yours truly,

**HERITAGE GAS LIMITED**

  
Ray Ritcey  
President

Enclosure (2)

cc: Harvey Fedyk - Heritage Gas  
Michel Sarrouy - Heritage Gas