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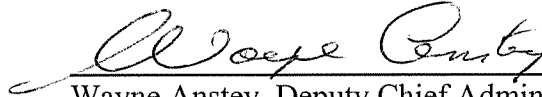
Halifax Regional Council
December 12, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: December 4, 2006

SUBJECT: Commencement of Water and Wastewater Merger

ORIGIN

HRM Council motion of June 27, 2006, and HRWC Board motion of June 28, 2006.

RECOMMENDATION

It is recommended that HRM Council:

1. Authorize HRM and HRWC staff to proceed with water and wastewater merger activities with a target date of April 1, 2007, for a combined utility operation.
2. Authorize HRM and HRWC staff to negotiate a transfer agreement to be approved by the HRWC Board and HRM Council with ultimate approval by the Nova Scotia Utility and Review Board.

BACKGROUND

At the Regional Council meeting of June 27, 2006, a recommendation was approved by Council to authorize HRM and HRWC staff to pursue an amendment to the Halifax Regional Water Commission Act to facilitate a merger of HRM Wastewater Services with the HRWC. The HRWC Act amendment is enabling legislation to permit future regulation of a combined water and wastewater utility under the jurisdiction of the Nova Scotia Utility and Review Board (NSUARB). An information report was provided to Council at the meeting of November 7, 2006, as an update on merger activities.

DISCUSSION

Through the diligent efforts of HRM and HRWC staff, the HRWC Act Amendment, Bill 72, received third reading and royal assent on Thursday, November 23, 2006. The Bill did not need proclamation, and therefore, it is now in full force and effect. Although this enabling legislation was a critical element to facilitate a water and wastewater merger, there is a significant amount of work to be undertaken to ensure a successful transition to a combined water and wastewater utility. HRWC will be taking the lead role in conducting merger activities with significant support from HRM staff which may require reprioritization of current activities. The dedication of HRWC and HRM resources are necessary to ensure a smooth transition with an anticipated date of April 1, 2007, for an initial transfer of assets. This date is not cast in stone, but is a practical date as it represents the beginning of a fiscal year. Best efforts will be made to meet this target, however, it is important that the transition and transfer be as smooth as possible. It should also be recognized that a formal transfer agreement will need approval from HRM and HRWC, and ultimately, the NSUARB.

BUDGET IMPLICATIONS

It is recognized that HRWC will have expenses related to merger activities. These expenses will be tracked and presented to the NSUARB in the future with a recommendation to amortize these costs over a five to ten year period as part of an approved wastewater rate structure. It is anticipated that HRM's merger workload will be managed within existing staff resources.

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

None Recommended.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.


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