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Halifax, Nova Scotia  
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Halifax Regional Council  
September 4, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Dan English, Chief Administrative Officer

SUBMITTED BY:

Wayne Anstey, Deputy Chief Administrative Officer

DATE: August 22, 2007

SUBJECT: MRIF Top Up Funding Priorities

**RECOMMENDATION REPORT**

**ORIGIN**

July 3, 2007 Information Report  
August 22, 2007 HRWC Board Report

**RECOMMENDATION**

It is recommended that Halifax Regional Council support, by resolution, the application by Halifax Regional Water Commission to the Municipal Rural Infrastructure Fund for the additional \$2,993,200 to provide funding to North Preston and Middle Musquodoboit Small System Upgrades; both rural communities within the HRM, as the highest priority water and wastewater projects relative to the MRIF program criteria.

## **BACKGROUND**

With respect to a process for recommending projects for infrastructure funding, staff have existing Council direction by which to develop a proposal for Council consideration.

- A Stormwater and Wastewater Priority Rating Process was approved by Regional Council February 1, 2005.
- On October 11, 2005, Council approved general infrastructure criteria.
- At the time the general infrastructure criteria was approved, it was agreed that additional layers of criteria would be considered to meet specific program requirements when opportunities come available.
- Additional MRIF criteria were approved October 25, 2005 and includes:
  - 80% of MRIF funding be allocated to rural projects and 20% elsewhere.
  - rural is defined as in the proposed Regional Plan definition for rural and rural commutershed, rural resource and agriculture. Herring Cove and Kinsac were agreed to by council to be considered as rural for the purpose of MRIF criteria consideration.
- On November 22, 2005 Council approved the direction on the projects relative to the 80% rural allocation
  - the motion included the statement that projects that are underway or phased are to be considered as alternatives should the projects (as were outlined) not be accepted.
- On March 28, 2006 - Council motion approved that Halifax Regional Council will respond to any requests for support to MRIF applications indicating that: Halifax Regional Council will not consider, or make a formal resolution, indicating support for any MRIF application other than those already approved by Council.
- On July 3, 2007 an Information Report was provided to Council summarizing the project prioritization process for infrastructure funding projects.

In developing project recommendations for consideration, staff will utilize the series of Council approved criteria (as noted) as follows:

- projects recommended will be consistent with specific funding program parameters
- 80% of MRIF funding be allocated to rural projects and 20% elsewhere.
- general infrastructure criteria include (as approved):
  - Strategic Importance
  - Risk
  - Fiscal Considerations
  - Capacity
  - Success Likelihood
- for stormwater and wastewater projects, the Stormwater and Wastewater Priority Rating Process will be an additional layer of criteria

**DISCUSSION**

On August 8, 2007 further detail on additional MRIF funding available to the Halifax Region was provided by the Canada-Nova Scotia Infrastructure Secretariat. Up to \$2,993,200 is available for water and wastewater infrastructure projects. According to the program criteria, the projects are to be considered essential for meeting the 2008 Nova Scotia Drinking Water Guidelines. Applications must be supported by a resolution of Halifax Regional Council, ranked according to municipal priority and submitted by September 28, 2007.

HRM Wastewater and Stormwater Services have recently merged with the Halifax Regional Water Commission. Even though the MRIF criteria are specifically targeted towards wastewater and water, and even more specifically, towards the 2008 Drinking Water Guidelines, the MRIF program criteria still requires municipal council endorsement of the application.

Utilizing the MRIF program and Council criteria (as noted above) for infrastructure project funding priority setting, HRWC have recommended North Preston and Middle Musquodoboit Small System Upgrades as the highest priority projects. These projects were approved by the HRWC Board on August 22, 2007.

**BUDGET IMPLICATIONS**

No HRM budget implication.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

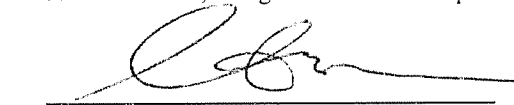
This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ATTACHMENTS**

- Attachment A - Prioritized List of MRIF projects for application and Strategic Initiative Fund project for application
- August 22, 2007 HRWC Board Report, "MRIF Top Up Funding Priorities".

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.

Report Prepared by : Jennifer Church, Intergovernmental & Corporate Affairs, 490-3677



Report Approved by Catherine Sanderson, Sr. Manager, Finance, 490-1562

**Attachment A\***

**Prioritized list of MRIF projects for application  
and  
Strategic Initiative Fund project for application**

**Municipal Rural Infrastructure Funds**

<b>Project Name</b>	<b>Year of Start</b>	<b>Gross Cost Estimate</b>	<b>MRIF Request</b>
North Preston Water and Sewer	2005/06	\$ 4,550,000	\$ 3,030,000
Potable Water	2006/07	\$ 500,000	\$ 333,000
Broadband	2006/07	\$ 5,500,000	\$ 2,800,000
Halifax Urban Greenway	2006/07	\$ 880,000	\$ 600,000
Fall River Recreation Centre	2006/07	\$ 4,500,000	\$ 2,000,000
Shubie Trail	2006/07	\$ 450,000	\$ 257,000
Prospect Recreation	2007/08	\$ 4,000,000	\$ 2,000,000
Dartmouth Harbourfront	2006/07	\$ 528,000	\$ 352,000
Bedford Highway Bikeway Trail	2008/09	\$ 352,000	\$ 235,000
Transit Buses (Bio-diesel)	2006/07	\$ 1,350,000	\$ 771,000
Total		\$ 22,610,000	\$ 12,378,000

**Strategic Initiative Fund**


<b>Project Name</b>	<b>Year of Start</b>	<b>Gross Cost Estimate</b>	<b>MRIF Request</b>
Municipal Services Extension to Lively Subdivision	2007/08	\$ 6,000,000	\$ 3,000,000
Total		\$ 6,000,000	\$ 3,000,000

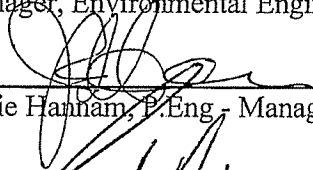
\*Approved by Halifax Regional Council February 7, 2006.



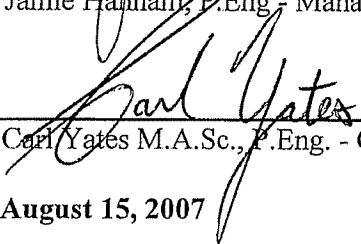
**TO:** Donald L Mason P. Eng, MCIP, Chair, and Members of the  
Halifax Regional Water Commission Board

**SUBMITTED BY:**

  
\_\_\_\_\_  
John Sheppard, P.Eng.  
Manager, Environmental Engineering Services

  
\_\_\_\_\_  
Jamie Hannam, P.Eng - Manager, Engineering & IS

**APPROVED:**

  
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Carl Yates M.A.Sc., P.Eng. - General Manager

**DATE:** August 15, 2007

**SUBJECT:** MRIF Top Up Funding Priorities

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**ORIGIN**

HRWC 2007/2008 Capital Budget

**RECOMMENDATION**

It is recommended that the HRWC Board endorse the North Preston and Middle Musquodoboit Small System Upgrades as the highest priority water and wastewater infrastructure projects relative to the MRIF program criteria and request HRM Regional Council to approve a supporting resolution in advance of a formal funding application to the MRIF program.

**BACKGROUND**

On November 24, 2005, the Canada-Nova Scotia Municipal Rural Infrastructure Fund (MRIF) was signed by the Government of Canada and the Province of Nova Scotia. The Agreement constitutes a substantial investment in Nova Scotia municipal infrastructure (\$111 million over six years). To date, \$11,464,072 in federal/provincial funding has been committed to eleven projects, through the HRM allocations. In addition, \$2,878,600 federal/provincial funding has been committed to three projects from the Nova Scotia strategic element of the MRIF Program. The North Preston Water System upgrade received \$460,000 (2/3 of \$690,000 original cost estimate) funding from the original MRIF allocation.

On May 29, 2007, Canada and Nova Scotia signed an amendment to the MRIF Agreement that provides top-up funding for deployment up to March 31, 2011. This amendment provides for an additional \$14,966,000 federal/provincial funding in Nova Scotia, of which HRM is allocated to receive up to 20% or \$2,993,200 (fed/prov) under the eligible Schedule "A" project categories of water and wastewater infrastructure.

HRM has been invited to submit new applications for project funding assistance under the MRIF Program. These should be related to priority water/wastewater system improvements, require external financing, and be considered essential for meeting the 2008 Nova Scotia Drinking Water Regulations.

### DISCUSSION

HRWC operates the following three surface water small systems:

- Collins Park (78 service connections)
- North Preston (277 service connections)
- Middle Musquodoboit (105 service connections)

These plants generally operate trouble free and produce good quality water, and were designed with appropriate technology at the time of their construction.

The new Surface Water Treatment Standard (SWTS) released by the Province in December 2002, however, contains a greater standard for turbidity removal and giardia cyst removal that is not achievable by the technology currently in place in these facilities. The SWTS and our operating permits for these facilities require that the standard must be met by April 1, 2008.

The Pre-Design Reports for the Upgrade of these three small systems was completed in March 2007 by CBCL Limited. The Pre-Design Reports recommended a nano-filtration technology-based solution for both the Collins Park and the Middle Musquodoboit systems, and that the most cost-effective solution for meeting the 2008 Water Quality standards for the North Preston system would be the extension of a supply main from the Lake Major system and decommission the existing North Preston water plant.

It was recognized by staff that the cost of upgrading all three systems in the same fiscal year to meet the April 1, 2008 requirements would have significant impacts on the existing HRWC capital budget and the HRWC Business Plan. The Collins Park upgrade has approved funding for the total cost of \$1,840,000 from the HRWC 2007/08 capital budget. However, the current budget provides funding for the design portion only of the North Preston watermain extension and the Middle Musquodoboit WTP upgrade. The HRWC and NSEL are currently discussing the opportunity for a phased approach to the

facility upgrades that extends past April 2008 to allow for a reasonable funding plan to be developed.

The two identified water system upgrade projects are within the eligible Schedule "A" project categories for MRIF and are high priority as the completion of these projects is essential for meeting the 2008 Nova Scotia Drinking Water Regulations. The external funding for these projects is required to meet the short timeframe for compliance and work within the established capital budget restrictions and rate base of the HRWC. Thus staff have concluded that Middle Musquodoboit system upgrade and the North Preston watermain extension are the highest priority infrastructure projects eligible for MRIF funding.

The total required funding to undertake these two projects is as follows:

Middle Musquodoboit	\$1,900,000
North Preston	\$3,340,000
Less previous MRIF funding	<u>(\$690,000)</u>
Total Cost	<u>\$4,550,000</u>
Funding request (MRIF 2/3 ratio)	<u>\$3,033,333</u>

The process for making application for the additional MRIF funds includes:

- HRWC Board endorsement of the highest priority projects under MRIF criteria,
- HRM Regional Council approval of a supporting resolution, and
- HRM/HRWC staff preparing and submitting a formal application to the MRIF program prior to September 28, 2007.

### **BUDGET IMPLICATIONS**

Prioritization of the aforementioned projects for MRIF funding application has no direct budget implications. However, successful receipt of MRIF funding would allow completion of these projects within our current business plan capital funding plan and avoid Provincial non-compliance issues due to significant time overrun.

### **ALTERNATIVES**

There are no reasonable alternatives to the suggested priority recommendations.