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Item No. 6

Halifax Regional Council
February 24, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Brad Anguish".

Brad Anguish, Director of Business Planning & Information Services

DATE: February 17, 2009

SUBJECT: **Harbour Solutions Project - Halifax Wastewater Treatment Facility Update**

INFORMATION REPORT

ORIGIN

Halifax Wastewater Treatment Facility (WWTF) suffered wastewater flooding damage due to an extended local area power outage on January 14, 2009. As a result, the Halifax WWTF has been temporarily shut down and all wastewater previously routed through the Halifax WWTF is being screened through various Combined Sewer Overflow (CSO) chambers and discharged into Halifax Harbour.

This report is an update from the previous Information Report to Regional Council dated January 17, 2009 and presented on January 20, 2009.

BACKGROUND

The Halifax WWTF is the first of three WWTFs to be constructed in accordance with a \$133M contract with D&D Water Solutions Inc. (D&D) as part of the overall \$333M Harbour Solutions Project. Construction of the Halifax WWTF commenced in August 2004 and the WWTF started accepting wastewater flows in November 2007 as part of the commissioning process. The WWTF has an approximate value of \$54.7M (net of inflation and HST) and is currently within the second month of a three-year warranty period. The WWTF is operated by Halifax Water staff on behalf of HRM who assumed ownership on December 17, 2008. D&D is in the second month of a six month deficiency rectification period to remediate all deficiencies within the Halifax WWTF which were documented and agreed upon as of December 17, 2008.

DISCUSSION

Since the last update to Regional Council on January 20, 2009, considerable recovery progress has been made as follows:

- a. the WWTF has been successfully isolated from all wastewater flows;
- b. all wastewater and sewage sludge has been pumped out of the WWTF, greatly reducing/eliminating any noise and nuisance odours to local residents and improving working conditions within the plant;
- c. all chemicals have been purged from tanks and lines, and properly stored or disposed;
- d. with the exception of the wet well (80 ft deep beneath the plant), all previously flooded areas of the plant have been cleaned;
- e. the main boiler system for the plant has been temporarily repaired and returned to safe operation allowing for all portable systems to be removed and exterior noise signature to be reduced. It would appear that the rapid response by staff and contractors toward installation of portable heating systems immediately following the flooding event was successful in protecting the plant from any further damage due to freezing during the past few weeks of severely cold temperatures;
- f. equipment damage investigations are well under way and discussions with suppliers regarding the optimum repair approach have commenced;
- g. the forensic investigation team for HRM's Insurer has completed its initial site visit and claim confirmation analysis is under way; and
- h. contract deficiency work by D&D continues to be advanced during the plant shutdown.

As previously reported to Council, the wastewater flooding in the plant was limited to the basement and wet well areas of the plant. The equipment/systems in those areas that were exposed to wastewater and will need to be repaired and/or replaced includes: motor control centres, pumps, electrical panels, conduit lines, ventilation ducts, programmable logic controllers, piping, lighting, among others. Through HRM's Insurer, discussions have commenced with a number of suppliers to determine the optimum repair approach for each system/equipment. These discussions must carefully balance the desire to return the plant to operation as soon as possible with the need for long term reliable and safe operation and protection of all of HRM's rights under the STP Development Agreement with D&D, including

the extensive warranties originally provided to HRM and the right to recover damages for losses incidental to the flooding that may not be recoverable through insurance. Accordingly, it will take several more weeks before a comprehensive repair plan can be fully developed along with a reasonable cost estimate and schedule for the plant's return to operation.

Forensic investigations as to the specific cause of the incident are under way by the Insurer and HRM. At the direction of HRM's Insurer, specific areas of the plant remain out of bounds until the investigations are complete.

Staff will continue to provide updates to Regional Council as substantive information becomes available. Staff will also continue to field all media calls and respond directly to citizen concerns as they arise.

BUDGET IMPLICATIONS

None to report at this time. The Halifax WWTF is in the second month of a three (3) year warranty period and substantial insurance policies are in place. This matter is currently being pursued as an insurance claim under HRM's property insurance policy. Further investigation will be required to determine whether there will be any financial exposure to HRM arising from this incident.

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.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.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 :

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