

**Halifax Regional Council
December 15, 2009**

TO: Mayor Kelly and Members of Halifax Regional Council



SUBMITTED BY: _____
Brad Anguish, Director of Business Planning & Information Services

DATE: December 7, 2009

SUBJECT: **Harbour Solutions Project - 2nd Quarter Report
July 1 to September 30, 2009**

INFORMATION REPORT

ORIGIN

This report originates from the Council session of October 22, 2002 when staff was authorized to submit quarterly reports for the duration of the project.

BACKGROUND

HRM has entered into five contracts to date for the implementation of the Halifax Harbour Solutions Project, namely:

- an infrastructure development agreement for the construction of the three Wastewater Collection Systems on October 15, 2003 with Dexter Construction; and
- a development agreement for the construction of three advanced primary Wastewater Treatment Facilities on June 15, 2004 with D&D Water Solutions, Inc.; and
- a development agreement for the construction of a Biosolids Processing Facility on November 30, 2004 with SGE Acres Limited, and
- an operating and maintenance agreement for the Biosolids Processing Facility on November 30, 2004, with N-Viro Systems Canada Inc.; and
- an operating agreement for the transportation of dewatered biosolids from the three new Wastewater Treatment Facilities on May 31, 2006, with Seaboard Liquid Carriers Limited.

DISCUSSION

The primary purpose of this report is to provide a historical report of project activities over the previous quarter up until September 30, 2009 in accordance with Regional Council direction. The attachment to this report provides the required historical accounting of project activities in the format that has been used throughout the Harbour Solutions Project.

Where there has been much progress during the current quarter since September 30, 2009, staff are providing a brief executive overview of the project progress against the three current strategic project priorities identified in consultation with Regional Council, as follow:

1. Restore the Halifax Wastewater Treatment Facility as soon as possible and mitigate future flooding;
2. Shield tax and water/wastewater ratepayers to maximum extent possible from potential additional costs;
3. Complete the entire Halifax Harbour Solutions Project as soon as possible.

Restore the Halifax Wastewater Treatment Facility ASAP and Mitigate Future Flooding

The Halifax WWTF was shut down on January 14, 2009 due to the wastewater flooding in the wet well and basement areas of the plant. As reported in the first quarter report, a two phase plan was developed to fully restore the facility and re-establish the required treatment levels. Phase 1 included re-establishing the wastewater flows through the plant which involved screening and by-passing the treatment process with effluent discharge into the harbour via the existing HWWTF outfall. Phase 2 involves restoring the remainder of the facility, particularly replacing and/or repairing the damaged equipment in the basement back to the original or modified condition to re-establish the treatment capacity at the HWWTF.

Phase 1 has been completed. The components in the wet well have been repaired and all of the junction boxes that were prone to damage from submergence have been relocated to street level. The original wastewater pumps have been refurbished and re-installed in the bottom of the wet well to enable flow diversion through the plant. Partial re-commissioning of the plant began on September 28, 2009, when the flow was re-introduced to the plant. Since then the plant has been working well with volumes up to two times average dry weather sewage flow now directed through the plant with screening and odour control. As a result, the surface discharge of floatables and debris from the combined sewer overflow points around the Harbour have been significantly reduced and odours caused by stagnant wastewater in the Halifax collection system have been eliminated.

In terms of mitigating a flood occurrence in the future, all of the junction boxes for the raw water pumps and the environmental sensors have been moved upstairs in the plant to the street level. There is also a Supervisory Control and Data Acquisition (SCADA) interlock in place that will shut down the pump stations feeding the plant to reduce flows to the HWWTF, should the inlet gate fail

to close in the future. There have been other improvements implemented such as backup systems in case of failure of the existing systems. Significant work has been completed on the power distribution system, and the control power panels have been backed up from various power sources.

A significant effort is underway for the planning of Phase 2. A detailed schedule is expected to be finalized in December. A preliminary scope of work has been submitted to the insurance company and an agreement has been reached on Phase 2 work which entails replacement/repair of most of the equipment in the basement that was submerged. The key pieces of equipment are the boilers, motor control centre, process pumps, valves, control panels, and other mechanical equipment. Halifax Water is currently in the process of procuring this equipment. As previously reported, Halifax Water has ordered new raw water pumps which are scheduled to arrive in January 2010. A commissioning plan is being developed for Phase 2 work that will take into account the full return of the plant to the total treatment capacity with the desired effluent quality. The plant is scheduled to be back in full operation by late Spring 2010.

A tour of the Halifax WWTF will be conducted in the near future for the benefit of council and the media.

Shield Tax and Water/Wastewater Ratepayers to Maximum Extent Possible From Potential Additional Costs

Overall, the \$333 million Harbour Solutions Project remains within budget. As a result of the flooding incident at the Halifax WWTF, there has been widespread public speculation that tax and/or rate payers will be "on the hook" for any additional costs that arise. In addition to a substantial security package that guarantees contractor performance during the three year performance warranty period following delivery of each asset to HRM, the Harbour Solutions Project also has numerous substantial insurance policies in place including property, builder's risk, professional liability, and wrap-up liability policies. The flooding incident is insured under the Project's builder's risk policy. Policy coverage provides for repair of the WWTF to its pre-incident state with all affected equipment/systems being repaired or replaced and three year warranty provisions restored. As a result, HRM and HW staff are working very closely with the Insurer to ensure their position is not prejudiced in any way such that full cost recovery in accordance with the terms of the policy can be expected.

Thus far, roughly \$2.5 million has been spent on the plant recovery. Insurance claims are being submitted on a frequent schedule. Halifax Water (HW) has received about \$1.1 million to date from the insurance company and expect another claim payment of approximately \$1.2 million next week. HW staff have met with the insurance representatives and the scope of work for Phase 2 has been agreed upon and is under way.

A preliminary estimate has been developed for the overall project at an estimated cost of approximately \$11 million, the vast majority of which will be covered under the Builders Risk insurance policy that was in place at the time of the flood incident.

To the extent that HW/HRM may incur WWTF recovery costs not eligible for reimbursement under the terms of the insurance policy, staff will seek recovery from the Contractor if it is determined that the associated work should have initially been provided under the scope and terms of the Project Agreement. To ensure maximum focus remains on repairing the WWTF and completing all Project assets as soon as possible, both staff and the Contractor agree that this matter should only be dealt with after the Halifax WWTF has been returned to full operation.

Regarding the successful completion of the Harbour Solutions wastewater collection systems and treatment plants in each of Halifax, Dartmouth and Herring Cove, each of these assets has a three year performance warranty backed by corporate guarantees and a security package designed to mitigate financial risk in the event of a default by the contractors. The security package includes:

Wastewater Collection Systems:

- Performance Bond in the face amount of 100% of the Guaranteed Maximum Price (approx. \$120M)
- Labour and Materials Payment Bond in the face amount of 50% of the Guaranteed Maximum Price (approx. \$60M)
- Corporate Guarantee by Municipal Enterprises Limited, parent company to Dexter Construction

Wastewater Treatment Plants:

- \$15 million irrevocable, stand-by Letter of Credit
- \$20 million Performance Bond
- \$20 million Labour and Materials Payment Bond
- Corporate Guarantees from Municipal Enterprises Limited, Degremont Ltee and Suez, all parent companies to D&D Water Solutions

The Project Agreements also include provisions which permit HRM to withhold payments if there are defaults and to hold back monies to cover the costs of any unremedied deficiencies at the Date of Substantial Completion. Additionally, HRM has withheld 10% of all payments made to date to D&D under the WWTF Agreement and Dexter under the WWCS Agreement in accordance with the requirements of the Builder's Lien Act to address any lien claims that may arise.

Staff will continue to employ the substantial remedies provided under the Project Agreements and outlined above to shield tax and water/wastewater rate payers from potential additional costs to the maximum extent possible.

Complete the full Harbour Solutions Project ASAP

Despite the flooding incident of January 14, 2009, all Project contractors continue to rectify deficiency items in the Biosolids Processing Facility (BPF) and the Halifax WWTF and WWCS. They also continue to commission the Dartmouth WWTF and WWCS and prepare for commissioning of the of the Herring Cove WWTF and WWCS with sewage.

In accordance with the Transfer Agreement approved by Regional Council in June 2007, transfer of ownership, custody and control of the Halifax WWCS (with the exceptions noted below), the Halifax WWTF and the BPF, from HRM to Halifax Water, occurred on June 1st, 2009.

Halifax

Substantial Completion of the of the Halifax Wastewater Treatment Facility (WWTF) and the Wastewater Collection System (SCS) was achieved on December 19, 2008. The exceptions are Pier A Pumping Station and Combined Sewer Overflow (CSO) chamber, as well as the other Halifax CSO chambers, (excluding Balmoral CSO chamber). These exceptions remain the responsibility of the Contractor until satisfactory substantial performance can be proven.

Work on the WWCS continues to focus on the identification and rectification of deficiencies and application of the Substantial Completion process for those components that have not yet achieved Substantial Completion.

Regarding the Halifax WWTF, beyond the flooding restoration work being conducted as described above, D&D Water Solutions Inc. continues to focus on the rectification of identified deficiencies during the Substantial Completion process.

Dartmouth

The Dartmouth WWCS and WWTF have been commissioning and treating flows since July 2008.

In October 2009, the contractor submitted the documentation for Substantial Completion of the Dartmouth WWCS. The documentation is being reviewed by staff and the Contractor continues to focus on the rectification of deficiencies. That said, Substantial Completion for Dartmouth cannot be contractually achieved until the treatment facility demonstrates performance that meets Project requirements.

The Dartmouth WWTF commissioning activity continues with a focus on meeting the project specifications for odour and effluent quality prior to achieving Substantial Completion. A permanent solution to prevent the release of foam and odour from the vent pipes around the exterior of the plant has proven to be effective to date and no further complaints have been received from local residents. The Contractor has also completed the 14 day Performance Test required by contract and the test results are currently under review by staff. If the test is evaluated as a success, it would clear the way for the Contractor to submit all required documentation for staff review prior to awarding Substantial Completion.

Herring Cove

Construction of the WWCS and WWTF is essentially complete, with deficiency identification and rectification already underway. The “dry” testing of individual components and hydro testing of

various tanks within the Herring Cove WWTF using clean water is still ongoing. Clean water was introduced into the plant in November 2009 from the Herring Cove Pumping Station.

Staff have received required notice from the Contractor that they may be ready to commence processing sewage and commence the commissioning phase as early as next week.

Regarding the WWCS, the new additional holding tank at Roaches Pond has already received Substantial Completion and is working in combination with the newly upgraded pumping station at Roaches Pond to significantly reduce historical wet weather sewage overflows and greatly improve the water quality of MacIntosh Run.

Biosolids Processing Facility

The Biosolids Processing Facility (BPF) has been processing product since July 2007. Since the shutdown of the Halifax WWTF in January 2009, biosolids continue to be processed from the Aerotech Dewatering Facility and the Dartmouth WWTF. The finished product continues to meet the "Class A" biosolids standard for the Province of Nova Scotia with some product meeting the "exceptional" quality standard. Consumer demand for the finished product remains high.

The resolution of outstanding plant deficiencies by the Contractors has been rather slow, although progress has been made on many of the smaller, lower cost related items. Halifax Water and HRM staff are in the process of reaching an agreement with both SGE and N-Viro for final resolution of all plant deficiencies. The most significant deficiency is the replacement of the current dust collection system with a more improved and efficient system.

BUDGET IMPLICATIONS

As of September 2009, the Harbour Solutions Project has spent \$307.58 million of its \$332.7 million capital budget. Projections to meet the capital budget of \$332.7 million remain on target based on staff's understanding of the forecasted insurance recoveries at this time relative to the Halifax WWTF flooding incident. Staff are very encouraged by the claims experience and discussions with the Insurer to date.

As all completion "dates certain" for the various project components have now passed, there should be no additional inflation risk to the Project. Staff has estimated the actual total inflation to the end of the project to be \$24.1 million, based on the inflation rates experienced and the invoices received to date. As the original inflation budget assumed at a rate of 2.8% was \$12.3 million, the remainder of \$11.8 million has been allocated from the contingency budget. The resultant uncommitted contingency balance stands at \$3.18 million as of September 30, 2009.

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

Appendix A - Halifax Harbour Solutions Project - 2nd Quarter Report -July to September, 2009.

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.

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**Halifax Harbour Solutions Project
2nd Quarter Report - July 1 to September 30, 2009**

Introduction

The intent of this document is to provide Council and staff with a general overview of the Harbour Solutions Project progress during the period between July to September 2009.

It is presented in sections:

Section 1 - Wastewater Collection System (WWCS)

Section 2 - Wastewater Treatment Facilities (WWTF)

Section 3 - Biosolids Processing Facility (BPF)

Section 4 - Pollution Prevention Program

Section 5 - Water Quality Sampling Program

Section 6 - Financial Information

Section 7 - Public Involvement and Information Program

Section 8 - Construction Safety

Section 1

Halifax Wastewater Collection System

The Halifax Wastewater Collection System work during the 2nd quarter of 2009/10 focused on the identification and rectification of deficiencies, finalizing the punch list and application of the Substantial Completion process.

Substantial Completion was achieved on December 19, 2008 on the Halifax WWCS with the exception of Pier A Pumping Station and Combined Sewer Overflow (CSO) chamber, as well as the other CSO chambers, excluding the Balmoral CSO chamber.

Dartmouth Wastewater Collection System

The Dartmouth WWCS work during the 2nd quarter of 2009/10 continued to focus on finalization of the deficiency list. Documentation for Substantial Completion for Dartmouth had not been submitted by the end of the quarter. However, as of the writing of this report, the documentation has been submitted.

Herring Cove Wastewater Collection System

During the 2nd quarter of 2009/10, work focused on preparation of Substantial Completion documentation for the Roaches Pond retention tank. Substantial Completion was achieved for this facility on September 25th, 2009. The new holding tank is working in combination with the newly upgraded pumping station at Roaches Pond to significantly reduce historical wet weather sewage overflows and greatly improve the water quality of MacIntosh Run.

At the Herring Cove Pumping Station, work during the quarter focused on remaining electrical work, grinder installation, air balancing, landscaping and fencing.

Section 2

Halifax Wastewater Treatment Facility

As a result of the significant wastewater flooding incident which occurred at the Halifax WWTF on January 14, 2009, the plant had not been operational for the majority of this quarter. Significant progress on Phase 1 of the recovery effort was made. As of September 28, 2009 partial recovery of the plant had been achieved as discussed in the overview report attached. As a result, the surface discharge of floatables and debris from the combined sewer overflow points around the Harbour have been significantly reduced and odours caused by stagnant wastewater in the Halifax collection system have been eliminated.

Dartmouth Wastewater Treatment Facility

The Dartmouth WWCS and WWTF has been commissioning and treating flows since July 2008.

In October 2009, the contractor submitted the documentation for Substantial Completion of the Dartmouth WWCS. The documentation is being reviewed by staff and the Contractor continues to focus on the rectification of deficiencies. That said, Substantial Completion for Dartmouth cannot be contractually achieved until the treatment facility demonstrates performance that meets Project requirements

The Dartmouth WWTF commissioning activity continues with a focus on meeting the project specifications for odour and effluent quality prior to achieving Substantial Completion. Fine-tuning of the facility's treatment system is ongoing.

A permanent solution to prevent the release of foam and odour from the vent pipes on the exterior of the plant appears to have been achieved. To date, the solution has proven to be effective.

Herring Cove Wastewater Treatment Facility

Construction of the WWCS and WWTF is essentially complete, with deficiency identification and rectification already underway. The "dry" testing of individual components and hydro testing of various tanks within the Herring Cove WWTF using clean water was still ongoing at the end of the quarter.

Section 3

Biosolids Processing Facility

The Biosolids Processing Facility (BPF) has been processing product since July 2007. Since the shutdown of the Halifax WWTF in January 2009, biosolids continue to be processed from the Aerotech Dewatering Facility and the Dartmouth WWTF. The finished product continues to meet the "Class A" biosolids standard for the Province of Nova Scotia with some product meeting the "exceptional" quality standard. Consumer demand for the finished product remains high.

The resolution of outstanding plant deficiencies by the Contractors has been rather slow, although progress has been made on many of the smaller, lower cost related items. Halifax Water and HRM staff are in the process of reaching an agreement with both SGE and N-Viro for final resolution of all plant deficiencies. The most significant deficiency is the replacement of the current dust collection system with a more improved and efficient system.

Section 4

Pollution Prevention Program

In support of the Harbour Solutions Project and as a requirement of Provincial legislation, HRM initiated a Source Control Strategy, now referred to as the Pollution Prevention (P2) Program. This program has been designed and implemented to reduce the levels of organic and inorganic compounds, toxins and other matter currently entering the municipal stormwater and wastewater sewer systems, and ultimately, freshwater and marine environments including Halifax Harbour.

The P2 program requires compliance with Halifax Water's Rules and Regulations through planning, education, inspections and monitoring at the source of these discharges from all industrial, commercial and institutional locations within HRM. Additionally, educational information is provided through various mediums for the residential sector to allow direct participation by the public in the protection of our natural marine and freshwater resources.

Staff previously provided updates to Council on the status of this program. Since the last update provided to Regional Council, activities that P2 staff have undertaken or completed include the following:

- Staff, during this reporting period, continued with inspections of businesses within the Dartmouth WWTF sewershed to ensure compliance of wastewater discharges with Halifax Water's Rules and Regulations. Initial inspections of ICI locations within this sewershed have been completed.
- Monitoring to identify the source of observed elevated pH values and conductivity levels of the influent wastewater at the Dartmouth WWTF is on-going. A systematic approach was developed that started at the Dartmouth WWTF and tracked conductivity and chloride concentrations through the Dartmouth collection system to identify possible sources. Field measurements of conductivity are performed to use as a surrogate measurement of chloride concentrations in the raw wastewater. Chloride concentrations are also measured by taking grab samples at representative locations and used in establishing a correlation with conductivity measurements.
- Sampling and inspections conducted over the past several months have identified several sources of sea water intrusion to the collection system. These locations were identified by P2 staff and provided to the Contractor. Repairs were reported to be completed.
- The inflow of sea water to the collection system adds to the total volume of wastewater to the wastewater collection system, adds to the total volume required to be pumped and adds to the total volume of wastewater entering into the WWTF for treatment. Additionally, seawater intrusion may increase corrosion and affect wastewater treatment efficiencies. Ongoing monitoring will be maintained for the foreseeable future to locate and identify any additional source of seawater intrusion.
- Elevated pH levels in raw wastewater have been frequently reported by staff at the Dartmouth WWTF and have gone through periods of reduced and increased frequencies. P2 staff continue to monitor various manhole and pumping station wet wells in the Dartmouth collection system and have deployed continuous recording pH meters to assist in locating any industrial source of pH. One new location discharging elevated pH

wastewater has been detected and is being investigated at the time of this report.

Sources of elevated pH may come from floor and surface cleaning activities as well as private lateral maintenance in which caustic cleaners may have been employed. Staff will continue to monitor to identify and correct any new or recurring sources of elevated pH discharges as they are located.

- Elevated chloride and conductivity levels believed to be a result of seawater inflow has also been observed in the Halifax WWTF sewershed. Staff have inspected and confirmed that components of the Harbour Solutions project such as the Halifax based CSO locations are not significant sources of sea water inflow. Staff have conducted inspections of the wastewater collection system and have identified suspected direct connections to the sanitary system which is believed to be subject to tidal influence. Investigation to confirm these locations as possible sources of sea water intrusion to the Halifax WWTF collection system is ongoing.

Section 5

Harbour Water Quality Monitoring

The Harbour water quality monitoring program was initiated in June, 2004. The present 5-year contract with AMEC for monitoring the harbour ended in June, 2009. It was decided to suspend the regular sampling program until such time as the Halifax plant resumes operation, targeted for spring of 2010. A set of samples was collected in August, 2009 and again in November, 2009, which confirmed that bacteria levels are elevated throughout the harbour, to levels unsuitable for opening of the swimming beaches. Samples will be collected in early spring of 2010 leading up to the re-commissioning of the Halifax plant.

Further regular sampling will begin again after the Halifax plant resumes full operation, either under a renewed or new sampling contract, will confirm whether the water quality targets are met on a consistent basis, as required under the federal CEAA approval.

Quarterly reports and weekly/bi-weekly data reports and spreadsheets are available online at:
<http://www.halifax.ca/harboursol/waterqualitydata.html>

Section 6

Financial Information

As of June 2009, the Harbour Solutions Project has spent \$307.58 million of its \$332.7 million capital budget. Spending for the 2nd quarter of 2009/10 just completed was \$0.32 million, which was mainly spent on contract management and administration.

Inflation

Contract progress payments are subject to inflation adjustments over the life of the WWCS and WWTF contracts provided that the work is completed by the Contractors before the specified “Date Certain” for each project component. Payment for all work completed after the respective “Date Certain” receives no inflation adjustment.

Over the life of the project, 2004/05 was an extraordinary year for construction-related inflation in HRM in terms of its strong increase. In 2005/06 the inflation trend stabilized somewhat, and was lower than the revised inflation projection of 6% (4.31% vs. 7.87% in 2004/05). Inflation for fiscal years 2006/07 and 2007/08 was 5.25%, and 7.78% respectively, while the first quarter of 2008/09 saw inflation of 6.24%.

As of June 2008, the final “Date Certain”, \$11.82 million over and above budgeted inflation of \$12.3 million has been spent on the wastewater collection system and the wastewater treatment plants. As the completion dates for all components have passed, there should be no further inflation incurred.

Contingency Spending

The contingency budget of \$18.20 million is largely set aside for addressing inflation beyond budgeted levels. The contingency is also being used to fund small items that have arisen through the contract amendments. At this point, the uncommitted contingency balance needs to be allocated to cover costs associated with the cleanup and repair and restoration of the Halifax WWTF - at the very least until these costs can be recovered through insurance or contractual obligations. Actual and planned spending of contingency funds is as follows (shown in millions).

Realized inflation in excess of budget	\$11.82
Amount committed for diffusers net of CSIF contribution	2.50 (2.50)
Project amendments	0.91
HST on amendments	0.12
Herring Cove Water & Sewer	1.66
Commitments	0.51
Uncommitted	<u>3.18</u>
Total	\$18.20

	2 nd Quarter	Year to Date	Project Total	Budget	Budget Adjustments		Revised Budget
					Net HST	Contingency	
Firm Price Contracts							
Wastewater Collection System	0.01	0.06	118.33	112.3	3.9	1.28	117.5
Wastewater Treatment Facilities	0.01	0.01	124.37	136.9	4.7	.26	141.9
Biosolids Processing Facility	-	-	12.58	12.5	0.5	-	13.0
Net HST	-	-	-	9.6	-9.6	-	-
Community Liaison Committees	-	-	6.75	7.0	-	1.66	8.7
Land	-	-	4.92	4.8	-	-	4.8
Pre-Construction Contract	-	-	7.11	7.1	-	-	7.1
Total Firm Price Costs	0.02	0.07	274.06	290.2	-0.5	3.2	293
Variable Costs							
Admin., Contract Mgmt., Communications	0.30	0.48	10.78	12.0	-	-	12.0
Contingency	-	-	-	18.2	0.5	-15.02	3.2
Inflation	-	-	22.74	12.3	-	11.82	24.6
Total Variable Costs	0.3	0.48	33.52	42.5	0.5	-3.2	39.8
Harbour Solutions Project Total Cost	0.32	0.55	307.58	332.7			332.7
Funding							
EP Reserve Levies	-	-	160.2	160.2	-	-	160.2
Long Term Debt	-	-	110.00	110.00	-	-	110.00
N.S. Municipal Finance Corp. Federation of Canadian Municipalities	-	-	20.0	20.0	-	-	20.0
Cost Sharing: Province* Canada Strategic Infrastructure Fund	-	-	10.01 20.85	10.0 30.0	-	-	10.0 30.0
Potential short-term debt	-	-	-	2.5	-	-	2.5
Total Funding	-	-	321.06	332.7			332.7

* The Province of Nova Scotia has committed \$30 million to the Project over a 15 year span. The \$10 million shown above in the table represents the portion that will be received during the construction period

Section 7

Public Information and Involvement Program (PIIP)

Halifax Water, in conjunction with The Marketing, Design and Print Services section of the Corporate Communications Office is responsible for the Public Information and Involvement Program for the Harbour Solutions Project. Since the January 14th shutdown, much activity has taken place on the communications front.

Public Messaging

Since the January 14th malfunction at the Halifax WWTF there has been a great deal of progress on the WWTF restoration, efforts to mitigate odours in the Cogswell St. interchange area, divert flows to the facility in mid/late September, and keep residents and the business community informed of progress.

Communications for the time period July 1-September 30th have been extensive and on-going, building on the previous months of messaging since the January 14th malfunction.

The effort over this summer period has been on messaging related to floatables, the mitigation of odour issues in the Cogswell St interchange area, and updates on the Halifax WWTF recovery. This has been undertaken on many fronts.

A new pollution prevention radio ad was created to add to the existing series that had been airing on Metro Radio Group stations over the last couple of years on proper disposal practices. The current campaign which began airing in late June, focuses on educating the public on what not to flush. The full script can be found on the Harbour Solutions website at <http://www.halifax.ca/HWWTF/HWWTFFAQs.html>. Previous ad campaigns have been award-winning and it is hoped this latest campaign will be equally successful.

A TV ad, also focusing on what not to flush, has been airing since late June. These ads will continue to make the link between the Harbour Solutions Project and the Pollution Prevention Program. These ad campaigns ran until mid September.

Four Harbour Solutions Project updates have been created for the purpose of communicating direct to stakeholders and residents. The updates contain timely and relevant information on the status of each of the plants. These communication pieces have been well-received and the communications team will continue to produce them.

Our direct to stakeholder list includes the Restaurant Association of Nova Scotia, The Downtown Halifax Business Commission, the Downtown Dartmouth Business Commission, Destination Halifax, Casino Nova Scotia, Murphy's on the Water, Canadian Restaurant and Food Services Association to name just a few. A direct link to these pieces can be found at <http://www.halifax.ca/HWWTF/StakeholderUpdates.html>

HRM and Halifax Water hosted a media tour of the Halifax facility for Mayor Kelly, members of Regional Council and the media in order to provide an up-close look at the flood damage.

Halifax Water also participated in a Special Tall Ships publication put out by the Halifax Herald. The piece outlined efforts to mitigate odours, divert dry weather flows and the full Halifax WWTF restoration effort. Halifax Water staff were also on site at Tall Ships for the full event

to answer questions and provide information materials.

Halifax Water staff also participated, on-site, in the Canoe 09 event. This event was extremely well attended and provided an excellent venue for getting the HSP message out.

Halifax Water and HRM staff have also had direct contact with many of the stakeholders mentioned above, as well as responding to public questions as required.

Following the June 30th in-camera HSP forensic report, another high profile media scrum and release outlined the known sequence of events and efforts to date with respect to Halifax WWTF restoration and planned flow diversion efforts slated for mid/late September.

Halifax Water and HRM will continue with this extensive communications effort for as long as is required. We will and are making every effort to let residents and businesses know what is happening to get the Halifax WWTF back to full operation, as well as providing updates on the Dartmouth and Herring Cove WWTFs.

Section 8

Construction Safety

There were no lost time incidents during the 2nd quarter of 2009/10.