

**Halifax Regional Council
February 23, 2010**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Brad Anguish, Director of Business Planning & Information Services

DATE: February 1, 2010

**SUBJECT: Harbour Solutions Project - 3rd Quarter Report
October to December 31, 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 December 31, 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 December 31, 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 follows:

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

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.

Along with commissioning of Phase 1, detailed planning for Phase 2 was advanced during the 3rd quarter. The scope of work and a preliminary schedule was developed. A detailed inventory of

equipment to be replaced was developed and most of the equipment was ordered by mid-December. The recovery effort is on schedule for the plant to be fully operational by late spring, 2010.

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 Halifax Wastewater Treatment Facility (HX WWTF), 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.

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 ratepayers 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 for 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 Halifax Water (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 \$5 million dollars has been spent on the plant recovery. Insurance claims are being submitted on a frequent schedule. Halifax Water (HW) has received about \$2.4 million to date from the insurance company and expect another claim payment of approximately \$1.6 million within the next two weeks. HW has also made a request for advance cash flow to the insurance company; the request is being considered and a response is expected by the end of February.

A preliminary estimate has been developed for the overall project at an estimated cost of approximately \$11million, 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 HX 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 HX 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 (WWCS):

- Performance Bond in the face amount of 100% of the Guaranteed Maximum Price (approximately \$120 million);
- Labour and Materials Payment Bond in the face amount of 50% of the Guaranteed Maximum Price (approximately \$60 million);
- Corporate Guarantee by Municipal Enterprises Limited, Degremont Ltd. and Suez, all parent companies to D&D Water Solutions.

Wastewater Treatment Facilities (WWTF):

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

The Project Agreement also includes 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 completion remedies provided under the Project Agreements outlined above to shield tax and water/wastewater ratepayers 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 completed the commissioning of the Dartmouth WWTF and WWCS and have started the 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 1, 2009.

Halifax

Substantial Completion of the Halifax Wastewater Treatment Facility (WWTF) and the Wastewater Collection System (WWCS) 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. Gearbox drives for the automated screens within various Halifax CSO chambers were changed out for new ratio models. Staff remain optimistic that this will improve system performance once the whole Halifax system is restored to full operation.

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 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 completed the 14 day Performance Test required by contract and has submitted all required documentation necessary to achieving Substantial Completion for staff review. Staff are still reviewing the contractors' documentation and deficiency lists at the time of writing this report.

Herring Cove

Construction of the WWCS and WWTF is essentially complete, with deficiency identification and rectification already underway.

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.

The Herring Cove Pumping Station and the Herring Cove WWCS and WWTF have been treating sewage flows since December 14, 2009. The 30 day running test, required by contract, was started on January 23, 2010. The Contractor has indicated they may be in position to start the 14 day performance test immediately upon completion of the 30 day running test.

On January 26, 2010 the Herring Cove systems were impacted by heavy rain and significant snow melt that resulted in the surcharging of a manhole at the intersection of Village Rd. and the Herring Cove wastewater treatment facility (WWTF) access driveway. Contractor staff from Dexter Construction and D&D Water Solutions, who presently own and operate the system, responded quickly to minimize and stop the overflow. Also, as part of HRM and Halifax Water's due diligence and standard protocol, Nova Scotia Environment and Labour officials were notified of the event. Staff are fully investigating the incident to understand any procedural/infrastructure improvements that may be required to ensure this does not occur again.

Biosolids Processing Facility

The Biosolids Processing Facility (BPF) has been processing product since July 2007. Since the shutdown of the Halifax WWTF in January 2006, 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. Consumer demand for the 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 an improved and more efficient system.

BUDGET IMPLICATIONS

As of December 2009, the Harbour Solutions Project has spent \$318.97 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 relative to the Halifax WWTF flooding incident as discussed earlier in this report. 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 \$3.2 million as of December 31, 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 - 3rd Quarter Report - October to December 2009.

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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Appendix A
Halifax Harbour Solutions Project
3rd Quarter Report - October to December 31, 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 October to December 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

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.

The Halifax Wastewater Collection System work during the 3rd quarter of 2009/10 focused on the identification and rectification of deficiencies, finalizing the punch list and application of the Substantial Completion process for the excluded items.

Dartmouth Wastewater Collection System

The Dartmouth WWCS work during the 3rd quarter of 2009/10 continued to focus on finalization of the deficiency list and minor deficiency rectification. Substantial Completion for Dartmouth WWCS cannot be contractually achieved until the treatment facility achieves Substantial Completion as well.

Herring Cove Wastewater Collection System

During the 3rd quarter of 2009/10, substantial Completion was achieved for the Roaches Pond holding tank 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 the identification and rectification of deficiencies, landscaping and fencing. The Herring Cove Pumping Station has been operating with wastewater flows since December 14, 2009.

Section 2

Halifax Wastewater Treatment Facility

Phase 1 of the WWTF recovery 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.

Along with commissioning of Phase 1, detailed planning for Phase 2 was advanced during the 3rd quarter. The scope of work and a preliminary schedule was developed. A detailed inventory of equipment to be replaced was developed and most of the equipment was ordered by mid-December. The recovery effort is on schedule for the plant to be fully operational by late spring, 2010.

At the time of writing this report, all of the new raw water pumps have been delivered, new dual fuel boilers have been installed and commissioned, all of the required equipment to complete the Phase 2 plan (re-establishing of the treatment process) has been ordered and deliveries are expected in the coming weeks. All gas sensors have been replaced and commissioned. Most of the damaged electrical panels and instrumentation have been removed and the areas made ready for the installation of new panels and wiring as it arrives throughout February and March. A detailed commissioning schedule is expected to be completed shortly and will be updated weekly as new information becomes available. The plan is to have all equipment installed by the end of April with various stages of dry and wet commissioning to follow.

Dartmouth Wastewater Treatment Facility

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. The Contractor has completed the 14 day Performance Test required by contract and the test results are acceptable and have cleared the way for the Contractor to submit all required documentation for staff review prior to awarding Substantial Completion.

Herring Cove Wastewater Treatment Facility

Construction of the 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 have been completed. Clean water was introduced into the plant in November 2009 from the Herring Cove Pumping Station and the Herring Cove WWCS and WWTF have been treating wastewater flows since December 14, 2009.

The 30 days running test was started on the January 23, 2010 and the contractor's target is to start the 14 day performance testing as early as February 22, 2010.

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. 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 in support of the Harbour Solutions Project include the following:

- During this reporting period, staff completed initial inspections of ICI locations within the Dartmouth WWTF sewershed to insure compliance of wastewater discharges with Halifax Water’s Rules and Regulations.
- Monitoring to identify the source of observed elevated pH values and conductivity levels of the influent wastewater at the Dartmouth WWTF continued as a priority activity. Sources

of periodic elevated pH levels were identified. ICI locations discharging elevated pH were required to install and operate pH pretreatment to meet HW's discharge parameters. No elevated pH events have been observed for the past two months.

- Sampling and inspections have identified several locations of sea water intrusion to the collection system. These locations were 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. Ongoing monitoring will continue to locate and identify any additional locations of seawater intrusion should this occur.
- Elevated chloride and conductivity levels believed to be caused by seawater inflow to the wastewater collection system has 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 December 2009, the Harbour Solutions Project has spent \$318.97 million of its \$332.7 million capital budget. Spending for the 3rd quarter of 2009/10 just completed was \$11.38 million, which was mainly spent on payments for the Wastewater Treatment Facilities.

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. This report shows an expenditure for inflation of \$1.06 million. This is a result from an allocation error between the Wastewater Collection System, the Wastewater Treatment Facilities, and the Inflation line items within the table section of this report. The total amounts spent have not changed, and the amount allocated over and above budgeted inflation remains as previously reported, i.e. at \$11.82 million.

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 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	2.50
net of CSIF contribution	(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

Harbour Solutions Project

3rd Quarter Report October to December 2009 - (in millions of dollars)

	3 rd Quarter	Year to Date	Project Total	Budget	Budget Adjustments		Revised Budget
					Net HST	Contingency	
Firm Price Contracts							
Wastewater Collection System	-0.55	-0.49	117.78	112.3	3.9	1.28	
Wastewater Treatment Facilities	10.07	10.08	134.44	136.9	4.7	.26	
Biosolids Processing Facility	-	-	12.58	12.5	0.5		
Net HST	-	-	-	9.6	-9.6		
Community Liaison Committees	-	-	6.75	7.0		1.66	
Land	-	-	4.92	4.8			
Pre-Construction Contract	-	-	7.11	7.1			
Total Firm Price Costs	9.52	9.59	283.58	290.2	-0.5	3.2	
Variable Costs							
Admin., Contract Mgmt., Communications	0.80	1.28	11.58	12.0			12.0
Contingency	-	-	-	18.2		-15.02	3.2
Inflation	1.06	-1.06	23.80	12.3	0.5	11.82	24.6
Total Variable Costs	1.86	2.34	35.39	42.5	0.5	-3.2	39.8
Harbour Solutions Project Total Cost	11.38	11.93	318.97	332.7			332.7
Funding							
EP Reserve Levies	-	-	160.2	160.2			160.2
Long Term Debt							
N.S. Municipal Finance Corp.	-	-	110.00	110.00			110.00
Federation of Canadian Municipalities	-	-	20.0	20.0			20.0
Cost Sharing:							
Province*	-	-	10.01	10.0			10.0
Canada Strategic Infrastructure Fund	-	-	20.85	30.0			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 External & Corporate Affairs 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 have been ongoing to mitigate odours in the Cogswell St. interchange area, divert flows to the facility in mid/late September, and keeping residents, council and the business community informed of progress.

Communications for period October 1-December 31, 2009 have continued to focus on the Halifax WWTF recovery. Public/media attention to the restoration effort decreased with Phase 1 of the 2 stage recovery completed successfully and on schedule..

The efforts over this period included two “Stakeholder Updates” outlining progress on the Halifax, Dartmouth and Herring Cove WWTFs. These updates continue to be well received and are also available on the HRM and Halifax Water websites.

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>

Also during this period, Harbour Solutions had a full page article in the Naturally Green newsletter. This newsletter goes to every household in HRM. Along with another update on the full Harbour Solutions Project (HSP), the article references another environmental enhancement that has taken place in conjunction with HSP, that being the upgrades to the Roaches Pond Pumping station in the Spryfield area. This linkage is made in order to show the HSP brings with it other environmental upgrades.

On Dec.22nd, two tours of the Halifax WWTF were undertaken. The morning tour was for Councillors. Many took part and were able to see the extensive progress made during Phase 1 of the recovery, as well as the on-going work toward full restoration. The afternoon saw Mayor Kelly and media fully tour the facility. The event was very well attended with all major media outlets taking part. This tour gave reporters the opportunity to see first-hand the extent of the work being undertaken, as well as the major progress already made. The tour was also an opportunity for HRM and Halifax Water to more fully explain some of the equipment costs involved as reporters were able to see the equipment that had been replaced, or needed replacement.

In late December a media release was issued informing media and the public that the Herring Cove WWTF had began accepting sewage flows and commissioning of the facility was underway. This is a significant milestone for the project as Herring Cove is the third and final WWTF in the Harbour Solutions Project.

Halifax Water and HRM will continue with this extensive communications effort for as long as is required. We 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.

Communication Plan

PIIP staff continue to implement a detailed communication plan for the Project.

Presentations

Presentations are developed on an on-going basis for conferences, workshops and community groups. The presentations are updated regularly to correspond with project progress. These presentations are available on compact discs and on the HSP website.

Three Harbour Solutions display units continue to be used at public meetings, trade/home shows, WWTF openings and other events. The display units focus on the positive message of the project, stewardship and integrating of messaging with HRM's Pollution Prevention Program.

As part of our presentation materials, Mayflower Models has been contracted to construct three scale models of the new wastewater treatment plants. The Halifax and Dartmouth models are complete. These are valuable tools in explaining the advanced primary treatment process.

Harbour Solutions Website

The Harbour Solutions website continues to be updated on a regular basis and is a valuable, user-friendly public source of information on the Project. PIIP staff continue to maintain the site for Harbour Solutions. The site features a large photo gallery, reference materials, past and current presentations, construction notices informing residents of any possible traffic impacts and a large collection of information related to the SCS, WWTF and BioSolids processes. The site is housed both on the HRM and Halifax Water websites.

Signage

PIIP staff liaised with the federal and provincial governments to design, produce and install temporary construction signage for the sites of the three Wastewater Treatment Facilities. The temporary signage has now been replaced with permanent facility signage.

Correspondence

As requested/required, letters and e-mails are drafted to address concerns/enquiries from citizens regarding the Project. PIIP staff regularly respond to numerous requests for HSP information from the general public, interest groups, media, Mayor Kelly and HRM Councillors, staff, and others.

Letters are also drafted for the CLC's and other levels of government.

Community Liaison Committees (CLC)

Herring Cove CLC

The Herring Cove CLC has essentially completed their mandate with respect to the WWTF exterior design. The focus of the CLC is now on the landscaping around the WWTF at Hospital Point, the Herring Cove pumping station and Latter's Pond recreation area. With respect to WWTF landscaping, the committee is waiting to see the full extent of landscaping to be undertaken by project contractors prior to developing a final plan of their own. Approximately \$300k funding (\$200k from CLC funds, \$100k from HRM's 08/09 Capital Budget) has been allocated to property improvements at Hospital Point.

The CLC has also set aside funds for development of a local swimming area called Latter's Pond. A sub-committee of the CLC has been working with staff from HRM's Community Development division in these efforts. The Latter's Lake Committee Chaired by Mr. Brian Dempsey, held a public meeting October 14, 2009 at William King Elementary School which dealt with two community issues, one of which is unrelated to HSP. The meeting was called by Councilor Stephen Adams. The meeting was publicly advertised and approximately 100 residents of Herring Cove attended the public meeting. The Latter's Lake Project Committee is a Committee that was struck under the auspices of the Herring Cove Community Liaison Committee and the proposal drafted has the full support of the CLC.

At the meeting, Chairman Brian Dempsey, along with Deputy Chair Wallace Scallion presented the vision for the proposed park along with drawings and sketches. The costs were outlined in the proposal and funding of \$ 150,000.00 (\$100k from CLC funds, \$50k from HRM, 08/09 Capital Budget) - to date - was announced. The reception was one of appreciation and thanks from the community residents present. Several people took the time to peruse the documents presented and endorsed the project as presented. There were no negative comments and a couple of people in attendance offered their assistance.

Corporate Communications staff will continue to meet with CLC members and the community as required.

Dartmouth CLC

In Dartmouth, the new WWTF has been operating since July 2008. Halifax Water communications addressed a number of calls from residents over the summer related to foam and odour at the facility. These issues have been rectified.

The former CLC allocated its \$1M fund toward the development of the extensive trail system now in place along the Dartmouth waterfront. There is a balance of \$179k remaining to be allocated. These funds have been augmented by \$20k allocated in HRM's 08/09 Capital Budget for park development at the WWTF site.

Halifax CLC

In Halifax, the CLC has disbanded, and the Halifax Community Investment Fund Society was established. The Greater Halifax Partnership provides oversight to the fund board on behalf of HRM.

The focus of the Halifax CIF over the past two years of its existence has been primarily to deliver a community bursary program. In 2008, eight bursaries of \$3000 each were awarded to students accepted at universities or community colleges. In 2009, twelve bursaries in the same amount were awarded. The organization's bursary program is funded with interest earned on the \$1 Million which has been deposited in an investment account at ScotiaMcLeod. The organization has also undertaken to have an audited financial statements prepared.

The Halifax CIF has achieved Society incorporation and its by-laws are completed. Their website is up and running at www.HalifaxCIF.org.

Section 8

Construction Safety

There were no lost time incidents during the 3rd quarter of 2009/10.
