

**Item No. 11.3.1**

**Halifax Regional Council**

**September 10, 2013**

**September 17, 2013**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by Director

**SUBMITTED BY:**

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Jane Fraser, Director, Planning & Infrastructure

**DATE:** August 7, 2013

**SUBJECT:** Cow Bay Road, Deep Storm Sewer Project

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**INFORMATION REPORT**

**ORIGIN**

Regional Council, Item 11.6.1, August 6, 2013.

**LEGISLATIVE AUTHORITY**

- HRM Charter:
- Power to expend money, 79 (1), (p) preventing or decreasing flooding
- By-Law regarding payment of charges, 104
- By-Law L-100, Local Improvements

**BACKGROUND**

Regional Council approved the following motion on August 6, 2013:

That Halifax Regional Council request a report regarding the status of the Cow Bay Road, Eastern Passage Deep Storm Water Infrastructure project including:

- 1) Results of the May 15, 2013, Public Information Meeting, and subsequent survey to create a Local Improvement Charge to initiate the infrastructure project; and
- 2) The implications of the Storm water Infrastructure Interim Funding Solution on the advancement of the project.

**DISCUSSION**

On February 26, 2013, Regional Council approved an interim funding solution for stormwater infrastructure. The solution proposed equitable contribution from all benefiting parties, including Halifax Water, Halifax Regional Municipality and residents. The Cow Bay Road project is the first project to be developed under the new funding solution.

**Project Overview:** In 2011, Halifax Water engaged a consultant to review the problems and identify a recommended solution. The conclusion of the study, which confirmed that the existing minor storm system meets the utility design specifications to convey the 1 in 5 year storm, recommended the installation of a deep storm sewer to remedy localized basement flooding. The report and findings can be viewed at:

[http://www.halifax.ca/hrwc/documents/CowBayRoadDrainageReportNovember2011.\\_000.pdf](http://www.halifax.ca/hrwc/documents/CowBayRoadDrainageReportNovember2011._000.pdf)

**Technical Solution:** In January 2013, Halifax Water engaged a consultant, Genivar, to carry out the detailed design of a deep storm sewer, as recommended in the 2011 SNC Lavalin report. The design has been completed and the proposed deep storm sewer system consists of approximately a 1000 metre length of concrete pipe, installed within the southern portion of Cow Bay Road (Horne's Brook to Aubrey Terrace) as well as Citadel Court. The pipe diameter is generally 1050mm with the most downstream portion of the system increasing to 1200mm and the portion within Citadel Court at 375mm. The system will be installed to an approximate depth of 4 metres below the existing road grade.

The proposed deep storm sewer, in conjunction with laterals to each property, would allow gravity connection for residents to their foundation drains to convey groundwater and stormwater away from their properties and would also enhance the existing street drainage, with interconnections to the existing catch basins and ditch system. Residents would be responsible for the private property portion of the lateral and the connection to the foundation drains.

The estimated total cost including design, construction, contingencies and overheads, is estimated to be \$4,400,000.

**Financial Solution:** In accordance with the Interim Stormwater Infrastructure Funding Solution, approved by Regional Council on February 26, 2013, the proposed funding model for the project is:

Halifax Water	\$1,466,666.67
Halifax Regional Municipality	\$1,466,666.67
102 Property Owners (via Local Improvement Charge) to a maximum of 10% of assessment	\$1,466,666.67 (or \$14,379.08 per property)

The Local Improvement Charge can be paid off over a maximum of twenty years, plus interest on the outstanding balance at the rate of prime plus 2%. The average annual payment would be \$1,061 per year.

*The results of the May 15, 2013, Public Information Meeting, and subsequent survey to create a Local Improvement Charge to initiate the infrastructure project are as follows:*

The community engagement process included a public meeting and resident survey. The public meeting was held on May 15, 2013, within the community and provided an overview of the financial and technical details of the proposed project and an opportunity for resident’s feedback. Approximately 50 residents attended. A follow up survey was sent to all residents abutting the project limits, which reiterated the project details and sought residents input. The survey results are as follows:

- 102 homes were provided a survey;
- 68 responded; and
- 100% of responses were “no”.

The community had consistent feedback and questions, as summarized in the following table:

<b>Community Question or Key Point</b>	<b>Municipal/Utility Response</b>
Belief that the causation of the localized flooding is development impacts	Findings of SNC Lavelin Report: There is no engineering evidence that would indicate that recent development has created the flooding problem in Eastern Passage.
The 1992 Community Plan infers the area is to receive a stormwater system	The 1992 Eastern Passage Municipal Planning Strategy indeed confirms that the community identified that the stormwater infrastructure requires upgrades. The Interim Stormwater Infrastructure Funding Solution approved by Council on February 26, 2013 provides the means to pay for the infrastructure.
Perception that property taxes and utility charges cover funding for new stormwater infrastructure	The Stormwater Rate, formerly charged under the HRM tax bill and now on the Halifax Water bill, covers for the operations and maintenance of the existing stormwater system. It does not fund new or enhanced infrastructure.
The cost is excessive / unaffordable	The proposed Local Improvement Charges will essentially double the effective tax burden on local residents.

As this project presents (twenty-one years following adoption of the Eastern Passage Municipal Planning Strategy), the proposed funding model requires equitable funding contribution from the benefitting parties. The Interim Stormwater Infrastructure Funding Solution approved by Council on February 26, 2013 addresses the stormwater infrastructure expectation in a manner consistent to the Public Utilities Act and taxation principle of benefiter pay, whereby the three parties receiving benefit have an equitable funding obligation.

<b>Funding Contributor</b>	<b>Benefit</b>
Halifax Water	Increases capacity at the Wastewater Treatment Facility by diverting rainwater from wastewater system. This reduces operating costs, creates capacity, and reduces environment impacts.
Halifax Regional Municipality	Increases the stormwater drainage from the road bed resulting in an increase to asset life expectancy and decrease to flooding and icing events.
Property Owner	Enables connection to a system to prevent private property basement flooding, resulting in increased property value, reduced exposure to insurance claims, and increased enjoyment.

***Implications of the Storm water Infrastructure Interim Funding Solution on the advancement of the project:***

Any change in this project delivery model will set precedence to future projects developed. The approved Interim Stormwater Management Funding Solution maintains the principle of Benefiter Pay, and tries to alleviate the exposure to financial hardship through a Community Affordability Feature which caps property owner exposure to 10% of assessment. In practice for the first time, as demonstrated in the Community Consultation, the Community Affordability Feature was insufficient to address that financial hardship.

The broader implications of a policy decision to remove funding obligation from property owners, sets a long term precedent for the municipality with an approximate financial implication, based on an additional estimated \$50 million to \$100 million need across the community for deep storm sewers, of \$16 million to \$33 million over the long term deep storm sewer infrastructure solution, and potentially sets precedent on other Local Improvement Charge projects that Regional Council may review in the future.

In order to advance the project under the approved February 26, 2013, Regional Council direction, the Local Improvement Charge must either be:

1. Petitioned by the community; or
2. Initiated by Regional Council.

As a result of the public feedback, neither action has occurred. As such, project development is being undertaken in other areas of the municipality in accordance with the approved Council direction.

As per the following table, Regional Council has two alternatives for the Cow Bay Road Project. Regional Council may initiate the project with the Local Improvement Charge. Or, should Regional Council wish to change the approved solution, to alter (and lower) the contribution from residents, the original motion must be rescinded first.

<b>Alternatives</b>	<b>Impacts</b>	<b>Notes</b>
1. Regional Council may initiate the Cow Bay Road, Phase 1 project under approved interim solution.	<ul style="list-style-type: none"> <li>• Diversion of stormwater from wastewater system;</li> <li>• Flooding exposure mitigated;</li> <li>• Effective tax burden of property owners doubled.</li> </ul>	Community contrary to current project funding model
2. Regional Council may: <ul style="list-style-type: none"> <li>a. Rescind the February 26, 2013 Regional Council decision: Stormwater Infrastructure Interim Funding Solution;</li> <li>b. Revise the Stormwater Infrastructure Funding; and</li> <li>c. Initiate the Cow Bay Road, Phase 1 project under the revised interim solution.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversion of stormwater from wastewater system;</li> <li>• Flooding exposure mitigated;</li> <li>• Property owner financial burden reduced;</li> <li>• Increases Municipal funding share.</li> </ul>	<p><i>Short term:</i> Funding approved for Interim Solution will be allocated to Cow Bay Road, Eastern Passage Project delaying opportunity to examine infrastructure needs in other communities.</p> <p><i>Long Term:</i> Setting precedent of forgoing or reducing property owner funding contribution may diminish Regional Council long term funding options for the Integrated Stormwater Policy.</p>

**Principle of Benefiter Pay:** The Interim Stormwater Infrastructure Funding Solution adopts the principle of benefiter pay. The principle is supported by public infrastructure expenditure precedence in previous Local Improvement Charge projects, and it maintains options for Regional Council for long term sustainable funding solutions required to implement the Integrated Stormwater Management Policy.

**Challenge:** The challenge remains of affordability and precedent. The Cow Bay Road, Eastern Passage project is similar to future stormwater infrastructure projects requiring remedy. As such, with the majority of residents contrary to the proposed funding model of this project, the project cannot be agreeably progressed in accordance to the solution approved by Regional Council on February 26, 2013.

**FINANCIAL IMPLICATIONS**

Funding not used for this project, Project No. CR000001 – Storm Sewer Upgrades, will be redirected for the development and execution of other stormwater infrastructure projects.

**COMMUNITY ENGAGEMENT**

- Stormwater policy development was initiated as a result of community input and concerns with respect to local flooding problems;
- Residents from Eastern Passage, Cow Bay Road, have been contacting staff with respect to flooding problems for several years;
- May 15, 2013, staff held a Public Meeting on this proposed project and Local Improvement Charge; and
- Should Regional Council initiate the project through the Local Improvement Charge, a Public Hearing will be initiated with respect to the Local Improvement Charge (By-Law L-100).

**ATTACHMENTS**

None

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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:

Original Signed

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Richard MacLellan, Manager, Energy & Environment, 490-6056

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