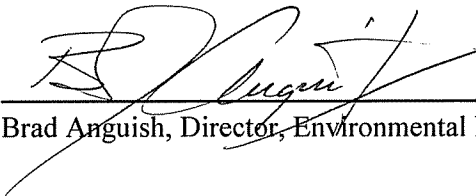




PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
April 26, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Brad Anguish, Director, Environmental Management Services

DATE: April 13, 2005

SUBJECT: Otter Lake Contract, MIRROR NS

INFORMATION REPORT

ORIGIN

Supplementary Agreement # 3 between MIRROR NS and the HRM for the operation of the Otter Lake facility.

BACKGROUND

On July 25, 1997, as approved by Regional Council, HRM and MIRROR NS entered into a 25 year contract for the design, construction and operation of the Otter Lake facility. MIRROR NS is responsible for all environmental liabilities of the facility, including 30 years post closure.

On April 1, 2001, HRM entered into a four year cost stabilization contract, Supplementary Agreement # 3, with MIRROR NS for the operations of the Otter Lake facility. Supplementary Agreement # 3 secured for HRM a fixed price for the operations of the Otter Lake facility by MIRROR NS, regardless of the change in tonnes of waste received and processed annually. During the four years of the contract, the increase of waste has been approximately 2% annually, with a total of 157,477 tonnes received at Otter Lake in 2004/05. The fixed service fees paid to MIRROR NS, as per Supplementary Agreement # 3, by HRM over the past four years was \$45,201,460 (excluding taxes).

DISCUSSION

In order to facilitate a new multi-year operating agreement, HRM performs a cost review to determine the cost of operations of the Otter Lake facilities for a twelve (12) month period, as per the requirements of the Supplementary Agreement # 3. MIRROR NS has provided staff with documentation that supports the cost of operations of the Otter Lake facilities, for the period of December 1, 2003 to November 30, 2004. This substantive documentation, consisting of some ninety-one (91) files, has been reviewed by staff. The review of the files consisted of analyzing costs incurred at the site over a twelve (12) month period (to verify actual costs) and possible areas where efficiencies could be made.

Staff and MIRROR NS are currently negotiating the numerous issues that will influence the price of a new multi-year agreement, for the period from April 1, 2005 to March 31, 2010. Issues include tonnage projections, fuel, electricity and labour rates, etc. Staff anticipates the conclusion of the contract negotiations with MIRROR NS within the next six to eight weeks, with a possible recommendation forthcoming to Regional Council for a new four or five-year cost stabilization agreement in June, 2005.

Until such time as the new agreement between HRM and MIRROR NS is entered into, the current service fee contained in Supplementary Agreement # 3 will remain in effect. Reconciliation of any change in fees for the period after April 1, 2005, will occur once the new agreement is signed.

BUDGET IMPLICATIONS

Not at this time

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.

ALTERNATIVES

N/A

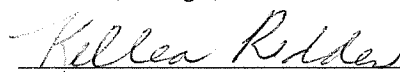
ATTACHMENTS

N/A

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jim Bauld, Manager, Solid Waste Resources 490-6606

Report Approved by:

 *Kellea Redden* April 19/05
Kellea Redden, Financial Consulting, EMS 490-6267