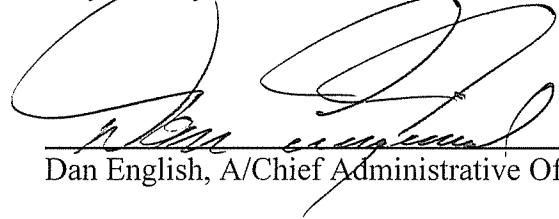


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Halifax Regional Council  
October 22, 2002

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

**SUBMITTED BY:**



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Dan English, A/Chief Administrative Officer

**DATE:** October 15, 2002

**SUBJECT:** Beaver Bank Sewer and Water Servicing - Adjustment to Area Rate  
Application and Update

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**ORIGIN**

1. Regional Council Meeting of December 4, 2001 setting an area rate for water and sewer servicing for Phase III and Phase IV A-E , Beaver Bank Sewer and Water Servicing Strategy.
2. Regional Council Meeting of April 23, 2002 approving servicing for Phases IV A -C Sewer and Phase IV A- C Water with B & C Water pending infrastructure funding approval.
3. Regional Council meeting of June 11, 2002 approving By-Law L-108 setting an interim rate of \$70 per lineal foot.
4. Request from some residents that:
  - 1) The area rate be applied only upon installation of water & sewer services.
  - 2) The water service boundary be the same as the sewer service boundary.

**RECOMMENDATION**

**IT IS RECOMMENDED THAT:**

1. The approved area rate be applied as properties receive sewer and water services.
2. The area rate boundary for water be the same as sewer with the associated water servicing costs being carried by the Halifax Regional Water Commission until such time as water service is provided.

**BACKGROUND**

Halifax Regional Council approved a sewer area rate of \$.0425 per \$100 of assessment and a water area rate of \$.0352 per \$100 of assessment on all properties for each fiscal year starting 2002/03 until \$539,414 plus interest would be fully recovered. The area rate was to be applied to all Phase III and Phase IV properties receiving services.

In addition on April 23, 2002 Halifax Regional Council approved a plan for water and sewer servicing Phase IV A to E plus a Reservoir. The plan included a By-Law which was subsequently adopted and provided for an interim rate of \$70 per lineal foot.

Although the community was desirous of having only a frontage charge of \$70 per lineal foot, after applying the frontage charge, a shortfall resulted which was financed by the area rate. The final tax billing for 2002/03 included the area rate.

Phase IV A commenced earlier in the summer and is expected to be substantially completed by the end of October, 2002.

The application for Phase IV B & C water infrastructure funding has not, as yet, been approved by the federal and provincial governments. Although Phase IV B & C sewer infrastructure funding has been approved, there has been a conscious decision by staff to delay sewer servicing until water servicing can be provided.

**DISCUSSION**

During all aspects of the servicing project staff have been working with the community and the councillor. The issuing of tax bills including the area rate has caused anxiety for some property owners within the community. Two concerns have been raised to staff.

1. Some property owners are of the opinion that they should not have to pay the area rate until they have been serviced by sewer and water irrespective of the fact that they would be accessing the existing sewer and water infrastructure.
2. Some property owners have objected to being charged an area rate for water for a servicing boundary which is larger than the sewer servicing boundary . They believe there is a high probability that water may never be provided to their properties.

The financial objective of the servicing strategy was a desire for a uniform frontage charge throughout all phases of the project with a rate not exceeding \$70 per lineal foot. As a result, an interim rate of \$70 was imposed . This rate was based upon the best estimates at the time. During the public consultation process staff stated that they would return to the community should costs exceed the estimated amount.

With phase IV A ( Tucker Lake Road )nearing completion and final costs now coming in for this phase, staff anticipate some savings. As previously discussed the objective of a uniform rate of \$70 for all phases of the project would result in any saving being used to finance more costly phases. Notwithstanding, staff have always agreed to work with the community and where minor adjustments could be made and financing available, staff would request approval from Council for minor adjustments.

Acommodate some property owners' request to not charge the area rate until sewer and water services are installed will result in a recovery shortfall for 2002/03 of approximately \$32,140. As a result, at current rates, interest income that would otherwise be earned is estimated at \$894.00. This additional cost can easily be absorbed by the Phase IV A savings. In addition, with Phase IV B & C water infrastructure funding, and construction commencing early in 2003, over 2/3 of the project would be completed. Therefore, the carrying costs are not expected to escalate much further.

Some property owners have objected to an area rate for water which includes a boundary larger than the sewer servicing boundary. Their concern is that they may never have water available. The Halifax Regional Water Commission (HRWC) has reviewed the resident's request. As a result, for the future water customers within the undeveloped areas of the Beaver Bank Water Service District (outside of the current project plan scope) the HRWC will cover these costs at this time and recover them from the future customers when, and if, service is extended. The servicing boundary difference affects a small number of properties and therefore the investment income reduction as a result of the reduced recovery is estimated at approximately \$65.00 annually. The attached map identifies the Water Service Area Outside the Sewer Service Boundary.

BUDGET IMPLICATIONS

There are no budget implications since the reduced investment income will be charged as a capital cost and the carrying costs for the water boundary adjustment will be the responsibility of the HRWC

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 and the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Not approve an amendment to the area rate application and allow the change when all phases have been completed and final costs are available. This is not recommended.

ATTACHMENTS

- 1) Map - Beaver Bank Proposed Water Service.

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.

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Approved by:

  
S. Dale MacLennan, C.A., Director, Financial Services

490-6308

